Annual Report 2023

Enduring Prosperity

Perpetual GROUP

Perpetual Group[1] has a strong heritage in Australia, operating since 1886 where it began as a trustee company for individuals.

Our Group

Perpetual Limited (Perpetual) is an ASX-listed company (ASX: PPT) headquartered in Sydney, Australia, providing asset management, wealth management and trustee services to local and international clients.

Our purpose

To create enduring prosperity

1. Perpetual Limited and its subsidiaries.

Our values

Excellence,
Integrity,
Partnership

Acknowledgement of Country

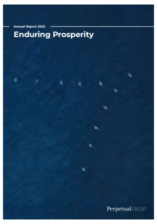
Perpetual acknowledges Aboriginal and Torres Strait Islander peoples of this nation. We acknowledge the Traditional Custodians of the lands on which our company is located and where we conduct our business. We pay our respects to ancestors, Elders, past and present. Perpetual is committed to honouring Aboriginal and Torres Strait Islander peoples' unique cultural and spiritual relationships to the land, waters and seas and their rich contribution to society.

Reporting suite

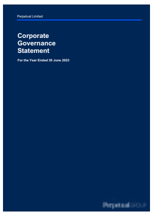
Perpetual Group presents its 2023 Annual Reporting suite for the year ended 30 June 2023.

Visit perpetual.com.au/shareholders/reports-and-presentations for more.

Annual Report



Corporate Governance Statement



Sustainability Report

Perpetual Group at a glance

Today, Perpetual Group consists of 11 brands across three distinct businesses: Asset Management, Wealth Management and Corporate Trust. Through these businesses, we aim to protect and grow our clients' wealth, knowing that by doing so we can make a difference in their lives. Our clients include Australian and international institutions, not-for-profit organisations, private businesses, financial advisers, individuals and families.

Asset Management

A global multi-boutique asset management business offering an extensive range of specialist investment capabilities through seven boutiques and brands in key regions globally.

Read more about
Asset Management on page 12 >

Perpetual

PENDAL

BARROW HANLEY GLOBAL INVESTORS

J O Hambro Capital Management Group

Regnan

TRILLIUM ASSET MANAGEMENT

T | S | W

Office locations

We have a growing global footprint, underpinned by our recent acquisition of asset management business, Pendal Group, that spans Australia, Asia, Europe, the United Kingdom and United States.

Americas

Boston
Chicago
Dallas
New York
Philadelphia
Richmond
San Francisco

UK & Europe

Amsterdam
Dublin
Edinburgh
London
Munich
Paris

Asia

Hong Kong
Singapore

Perpetual · Trillium · Barrow Hanley · Pendal · J O Hambro · Regnan · TSW

Australia

Sydney (Head Office)
Adelaide
Brisbane
Canberra
Melbourne
Perth

Wealth Management[1]

The Wealth Management business consists of Perpetual Private and three other distinct specialist businesses (Fordham, Priority Life and Jacaranda), offering a unique mix of wealth management, specialised financial advice and trustee services.

Read more about Wealth Management on page 14

Corporate Trust[2]

Our Corporate Trust business is a leading provider of fiduciary and digital solutions to the banking and financial services industry in Australia and Singapore.

Read more about Corporate Trust on page 16

1. Formerly Perpetual Private.
2. Formerly Perpetual Corporate Trust.

Financial and operational highlights

Building strong foundations for future growth

The financial result for the year marks our first as a newly combined Group, with five and a half months of Pendal Group earnings contributing.

Five-year profile

	June 2019	June 2020	June 2021	June 2022	June 2023
Total revenue[1] ($m)	512.1	487.6	650.2	748.2	**1,028.0**
Operating revenue[2] ($m)	514.1	489.2	640.6	767.7	**1,013.8**
Underlying EBITDA[3,4,11] ($m)	196.0	178.9	214.0	248.5	**310.0**
Underlying profit before tax (UPBT)[4,5,11] ($m)	162.2	136.1	169.3	201.2	**219.2**
Underlying profit after tax (UPAT)[4,5,11] ($m)	115.9	95.1	122.8	148.2	**163.2**
Net profit after tax (NPAT)[6] ($m)	115.9	82.0	72.9	101.2	**59.0**
Earnings per share (UPAT)[7,11] (cents)	246	200	218	258	**197**
Earnings per share (NPAT)[7] (cents)	246	173	130	177	**71**
Return on average shareholders' equity – UPAT[8,11] (%)	17.5	14.4	15.7	16.2	**9.9**
Return on average shareholders' equity – NPAT[9] (%)	17.5	12.5	9.3	11.0	**3.6**
Dividend per share – ordinary[10] (cents)	250	155	180	209	**155**
Total equity at 30 June[11] ($m)	662.2	650.8	907.1	925.8	**2,372.0**
Assets under management – Asset Management[12,13] ($b)	27.1	28.4	98.3	90.4	**212.1**
Funds under advice – Wealth Management[12,14] ($b)	14.8	14.3	17.0	17.4	**18.5**
Funds under administration – Corporate Trust[12,15] ($b)	764.5	941.9	922.8	1,092.3	**1,162.5**
Capital expenditure ($m)	38.8	12.5	26.2	19.1	**22.3**
Market capitalisation ($m)	1,967	1,406	2,266	1,637	**2,912**
No. of shares on issue – weighted average[16] (m)	47.1	47.8	56.2	57.3	**83.0**
No. of shares on issue at 30 June (m)	46.6	47.4	56.6	56.7	**112.5**
Share price at 30 June ($)	42.24	29.67	40.05	28.88	**25.88**
Share price range for year ($ low)	29.70	20.27	27.03	27.87	**20.32**
($ high)	46.11	47.27	40.05	42.27	**34.80**

1. Excludes income from structured investments.
2. Excludes income from structured investments, transaction and integration costs and unrealised gains/losses on financial assets.
3. EBITDA represents earnings before interest, taxation, depreciation, amortisation of intangible assets, equity remuneration expense and significant items.
4. June 2020 figure re-presented based on the revised definition of UPAT. Figures prior to June 2020 have not been re-presented.
5. Excludes significant items.
6. Attributable to equity holders of Perpetual Limited.
7. Diluted earnings per share calculated using the weighted average number of ordinary shares and potential ordinary shares on issue.
8. Calculated using underlying profit after tax.
9. Calculated using net profit after tax.
10. Dividends declared with respect to the financial year.
11. June 2021 and June 2020 figures have been restated for the change in accounting policy relating to Software-as-a-Service (SaaS) arrangements.
12. Represents 30 June closing balances.
13. Formerly Perpetual Asset Management Australia and Perpetual Asset Management International.
14. Formerly Perpetual Private.
15. Formerly Perpetual Corporate Trust.
16. Includes ordinary shares and potential ordinary shares. The weighted average number of ordinary shares for the June 2021 and June 2020 period were adjusted retrospectively in accordance with AASB 133 Earnings per Share following the issues of new shares at a discount to market value during the period.

Group financial highlights

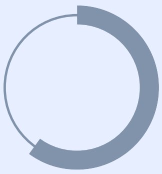
$1,013.8m
Operating revenue[1]
▲ 32% on FY22

$163.2m
Underlying profit after tax
▲ 10% on FY22

$59.0m
Statutory net profit after tax
▼ 42% on FY22

155cps
Dividends
▼ 26% on FY22

Asset Management



60%

Operating revenue (excluding Group Services[2])

$132.7m
Profit before tax

$132.7m FY23
$102.8m FY22

78%
of strategies outperformed their benchmarks over three years[3]

$212.1b
in assets under management, up from $90.4 billion in FY22

Wealth Management

22%

Operating revenue (excluding Group Services[2])

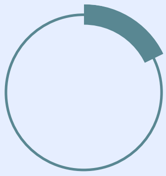
$47.0m
Profit before tax

$47.0m FY23
$44.3m FY22

24%
increase in non-market revenue, supported by strong performance in Fordham and Priority Life

$1b
surpassed in funds under advice for Native Title trusts

Corporate Trust



18%

Operating revenue (excluding Group Services[2])

$81.6m
Profit before tax

$81.6m FY23
$72.6m FY22

20%
revenue growth in Perpetual Digital

>$1.16t
Funds under administration as at 30 June 2023

1. Excludes income from structured investments, transaction and integration costs and unrealised gains/losses on financial assets.
2. Group services provides technology, operations, vendor management, marketing, property, legal, risk, financial management and human resources support to the business units.
3. Returns are presented gross of investment management fees. Investment performance of the strategies may differ once fees and costs are taken into account. Past performance is not indicative of future performance. See perpetual.com.au, barrowhanley.com, trilliuminvest.com, johcm.com, tswinvest.com and pendalgroup.com for relevant performance. The product disclosure statements (PDS) or disclosure document of any of the capabilities or funds should be considered before deciding whether to acquire or hold units in any such offering.

Chairman's Report

Dear Shareholders,

Over the past four years, Perpetual's strategy has been to strengthen its three core businesses with a focus on inorganic growth and with a specific emphasis on achieving scale in its asset management business.

The 2023 financial year was significant for our asset management business following the successful completion of the strategically important acquisition of Pendal Group Limited (Pendal), an ASX-listed asset management business with operations in Australia, Europe, the UK and the US, bringing total assets under management (AUM) to over A$210 billion[1] for Perpetual Group.

While our asset management businesses were impacted by difficult equity market conditions during the year, overall investment performance has been strong and our combination of businesses has provided important support, with solid returns in both our wealth management and corporate trust businesses. Non-market revenue in our wealth management business has delivered strong double-digit growth during the year and the continued investment in digital capabilities in Corporate Trust as well as the acquisition and subsequent growth in Laminar Capital, has delivered earnings diversification for Corporate Trust.

Financial results and dividends

The Group reported Underlying Profit After Tax (UPAT) of $163.2 million in the 2023 financial year, an uplift of 10% on the prior year, noting that the year included five and a half months of Pendal earnings. Statutory Net Profit After Tax (NPAT) was $59.0 million, down 42% on the prior year mainly due to transaction and integration costs associated with the Pendal acquisition which are one-off in nature.

A final dividend of $0.65 was declared which was 40% franked reflecting the increase in global sources of earnings from our business and reduction in Australian-based earnings. Total dividends for the year were $1.55 per share, representing a payout ratio of 78% for the full year, within the Board's dividend policy to pay between 60% and 90% of UPAT in dividends to shareholders.

Total dividends include the unusual 1H23 dividend period where we declared two quarterly dividends with the purpose of aligning the earnings and dividend periods of Perpetual and Pendal shareholders.

The Board determined to continue with the dividend reinvestment plan again this year, enabling shareholders to reinvest their dividends without any transaction costs.

Pendal acquisition accelerates growth and delivers scale benefits

The acquisition of Pendal has delivered a larger and more diversified asset management business, with respected brands and investment capabilities, that is now better positioned for future growth with the benefits of scale and which will deliver substantially more upside in value creation and increased returns to shareholders in the medium to longer term.

In determining to pursue the Pendal acquisition, the Board carefully assessed all of these benefits, as well as the relative fundamental value of a combined group, including important factors such as synergies (both expenses and revenues), leverage and the benefits of inorganic growth compared to organic growth of our asset management business.

At the time of finalising this letter, we are just over seven months into the integration of Pendal and Perpetual and while it is still early days, the integration has progressed well and we expect to deliver greater expense synergies than originally anticipated.[2]

As at 30 June 2023, annualised expense synergies to be delivered were $29 million, on track for our targets of $40 million achieved by January 2024, and an uplifted total of $80 million in annualised synergies by January 2025.

The Board has established a new Board committee to oversee and drive the achievement of synergies which I discuss further on the following page.

1. As at 30 June 2023.
2. Perpetual's synergy target was upgraded from $60 million to $80 million and announced to the ASX on the 27 April 2023.

CEO and senior management

Given the importance of effective execution needed for a transaction of this size, the Board carefully assessed the internal capability to deliver benefits from the transaction and has set milestones to be achieved by the end of year one and then by end of year two of the acquisition. The Board considers that Management has the track record in executing complex transactions. In that regard, the Board reviewed the progress and benefits that have so far been delivered from both the Trillium Asset Management (Trillium) and Barrow Hanley Global Investors (Barrow Hanley) acquisitions in 2020, as well as a number of acquisitions within Wealth Management and Corporate Trust.

Since acquiring Trillium, substantial value has been added to the business via high quality distribution capability and product structures which have led its AUM to grow from $5.7 billion as announced on 1 July 2020, to $10 billion as at 30 June 2023. In Barrow Hanley, while there is more work to do within the US equities capabilities, flows across their global equities and emerging markets strategies have grown materially, with net inflows of $3.6 billion in FY23 compared to net outflows of $0.2 billion[1] in FY21. These results are particularly noteworthy given the ongoing challenging market environment for asset managers globally.

Management incentives aligned to shareholders

The Board has implemented what it believes are appropriate incentives for Management to deliver for shareholders the expected benefits from the Pendal transaction and share in the current and future upside. These incentives are detailed in the remuneration report of this Annual Report. Importantly they include long-term incentives premised on absolute total shareholder return (ATSR), and include a special grant based on achieving ATSR above 10%.

Balance Sheet strength

The Board also had careful regard to the balance sheet capacity of Perpetual as a Group. While there has been an increase in our debt levels to fund the Pendal transaction, the Board's view is that the current level of debt of $734.4 million[2] is manageable and well supported by the diversity of Perpetual's operations as well as a paydown schedule. At the time of the acquisition Management committed to reducing gross debt/pro-forma EBITDA from ~1.7x to ~1.2x over the three years following completion (January 2026) and we remain on track to achieve this commitment.

Board renewal and Board committees

As part of the acquisition, the Board is undergoing a Board renewal process. The Board invited two Pendal directors to join, Kathryn Matthews and Christopher Jones, who commenced in January this year. Kathryn and Christopher are based in the UK and USA respectively. Both bring extensive asset management and financial services experience to the Board and we are already seeing the benefit of their skills and experience. Kathryn indicated to the Board that she would be unable to join the Board on a long-term basis, beyond our Annual General Meeting (AGM) in October and we are therefore actively recruiting her replacement in the UK. Christopher is seeking election at the AGM in October.

In addition, following the retirement of Craig Ueland last year, and with two other Board members due to retire during 2024 as part of our broader renewal process, we are actively searching for replacement directors.

Separately, to improve effective governance, two new committees have been established, effective from July this year. First, to formalise the Board's oversight of the integration of Pendal into our business, including the delivery of synergies, the Board has established an Integration Committee which will be chaired by Fiona Trafford-Walker and include Nancy Fox and Christopher Jones.

Secondly, the Board has also strengthened its oversight of Perpetual's technology and cyber risk through the establishment of a specific Technology and Cyber Committee, chaired by Mona Aboelnaga Kanaan and including Ian Hammond, Fiona Trafford-Walker and Christopher Jones.

Sustainability

Importantly, we have made progress in the delivery of our sustainability strategy, Perpetual's Prosperity Plan, launched in 2022, which includes commitments across four key pillars: Governance, Planet, People and Communities. While the acquisition of Pendal has had some short-term impact, we have made progress on a number of fronts and, following detailed assessment, we remain committed to all our commitments as a newly combined global Group. More information on our commitments can be found on page 18 of this report as well as in our FY23 Sustainability Report.

Conclusion

On behalf of the Board, I would like to acknowledge and thank our people for their continued dedication and hard work in what has been a transformational year for the Group. In particular, I would like to thank the many teams who have worked through an intense period of change and continue to contribute to building a strong, successful business.

I would also like to extend the Board's thanks to the Executive Committee, led by CEO and Managing Director, Rob Adams, for their leadership throughout the year.

Importantly, I would like to thank our shareholders for your continued support and we look forward to meeting shareholders, both those that are previous Pendal shareholders as well as existing Perpetual shareholders, at our upcoming AGM on 19 October 2023.

Tony D'Aloisio AM
Chairman

1. Net outflows were from the date of acquisition completion in November 2020 to June 2021.
2. Borrowings, net of costs, as at 30 June 2023.

CEO's Report

Acquiring Pendal delivers a range of benefits to shareholders:

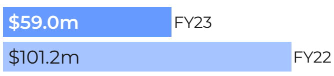
- High quality, strong and respected brands and investment capabilities
- A diversified asset management business across key regions, investment products and clients
- A significantly larger distribution team able to drive sales of our broader set of investment capabilities across all key regions and channels
- A stronger position in sustainable investing, with an expanded range of ESG, impact and sustainable investment capabilities, and
- Enhanced scale and ability to drive efficiencies

$163.2m

Underlying profit after tax

$59.0m

Statutory net profit after tax



Dear Shareholders,

Our 2023 financial year was a transformational year for the Group following the acquisition of Pendal which was completed in January 2023, and I welcome our new shareholders to the Group.

Bringing together our two highly regarded and respected asset management businesses has created a global leader in multi-boutique asset management. We have a richness of investment talent across our seven boutiques and brands around the world, managing a diversified array of quality investment capabilities with substantial capacity for future growth over time.

Our larger, significantly more diverse asset management business now provides us with a greater ability to manage the business through investment cycles. We have a broader array of investment capabilities across regions, investment styles and asset sectors, which better positions us to deliver sustainable growth and improved shareholder returns over time.

We are well supported by our diversified portfolio of business, with Corporate Trust and Wealth Management continuing to provide strength and growth through this period of change.

Financial and operational results

The financial result for the year marks our first as a newly combined Group, with five and a half months of Pendal earnings contributing. Underlying NPAT for the year was $163.2 million, an increase of 10% on FY22 and statutory NPAT was $59 million, down 42%, mainly due to transaction and integration costs associated with the Pendal transaction.

In our asset management businesses, our combined AUM was $212.1 billion, up 135% compared to FY22 and including Pendal. The macro environment was challenging in FY23 and is driving general caution towards equities, particularly in the US. This environment has impacted net flows and when combined with outflows linked to underperformance in certain strategies, led to a disappointing year, with $8.1 billion in net outflows over the period.

Importantly, relative investment performance within our asset management business remains strong, with 78% of our strategies outperforming their benchmarks over the three years to 30 June 2023.[1]

1. Returns are presented gross of investment management fees. Investment performance of the strategies may differ once fees and costs are taken into account. Past performance is not indicative of future performance. See perpetual.com.au, barrowhanley.com, trilliuminvest.com, johcm.com, tswinvest.com and pendalgroup.com for relevant performance. The product disclosure statements (PDS) or disclosure document of any of the capabilities or funds should be considered before deciding whether to acquire or hold units in any such offering.

Bringing together our two highly regarded and respected asset management businesses has created a global leader in multi-boutique asset management.

In particular, we have seen very strong investment performance across Perpetual Asset Management in Australia, and Barrow Hanley and TSW in the US, as well as certain J O Hambro capabilities managed in the UK. This strong performance profile, combined with our newly expanded global distribution team, will greatly assist in driving an improvement in net flows into the future.

Our wealth management business (formerly Perpetual Private), comprising both market-related and non-market-related components, performed well. Market-related revenue was impacted by lower average investment markets and some product repricing earlier in the year, however we continued to see positive inflows, mainly from our Native Title and philanthropy client base. Non-market revenue was strong, increasing 24% in the year, following record contributions from Fordham and Priority Life.

Corporate Trust is a high-quality business with an unrivalled position in debt markets and securitisation and managed funds services sector. This position continues to drive consistent growth, with funds under administration (FUA) growing 6%, ending the year at $1.16 trillion. Perpetual Digital, Corporate Trust's innovation business, attracted new clients throughout the year and enters FY24 with a solid pipeline of new business opportunities.

Progress on the Pendal integration

We are focused on integrating Pendal into our business and while we are only seven months in, we have made solid progress in delivering the synergy benefits of the acquisition, which are tracking to plan.

We have now completed key organisational changes across our business including our global distribution leadership team restructure, which includes a new head of distribution for the important Americas region.

A refreshed strategy to create a simpler, stronger business primed for growth

The acquisition of Pendal completes our 2019 strategy which was centred on diversifying our earnings across our businesses and establishing a global presence in our asset management business, through the right inorganic opportunities. As a result, we have launched a refreshed strategy focused on unlocking growth across our portfolio of distinctive businesses, while simplifying our business so that we are more efficient and better positioned to innovate, invest and grow.

Our strategy detailed on page 11, outlines our approach to building a streamlined and stronger business that best supports our diversified business model, while freeing up our ability to invest for sustainable growth and to be better positioned for the current and expected macroeconomic environment.

Executive Committee changes to support a simplified global asset management structure

To support our refreshed strategy, we recently announced the creation of a global asset management leadership team to drive implementation of our asset management strategy, along with changes to the Group Executive Committee.

The new structure enables us to have an improved focus on our global asset management business and successful execution of strategy, while creating a simplified Perpetual Group leadership structure focused on driving future growth across all our businesses.

Commencing 24 August 2023, I have assumed the dual role of Perpetual Group CEO and Chief Executive, Asset Management.

Progress on Perpetual's Prosperity Plan

From our origins as a trustee company, Perpetual Group has supported our clients and communities over generations. Our commitment to create enduring prosperity for our clients, our people and the communities we support is longstanding and embedded in our approach to sustainability.

Since the launch of our sustainability strategy, Perpetual's Prosperity Plan, in September 2022, we have made considerable progress through the year in progressing many of our commitments.

The acquisition of Pendal has also meant that we can now offer a broader suite of sustainable and responsible investment capabilities to our clients through Regnan's sustainability-themed and impact-focused funds. Furthermore, our greater scale and depth of responsible investment expertise will enable more opportunities to share best practice, systems and expertise across the Group.

CEO's Report continued

It has been a significant year for the Group. We've made good progress but we know we still have much to do. Our focus for FY24 is on delivering synergies, improving net flows, unlocking the benefits from simplifying and delivering returns on the investments we have made in the past few years across our quality portfolio of businesses.

The Group's most valuable asset is the expertise and support of our people and investing in their wellbeing is critical to our growth as a business. We have once again been recognised by the Workplace Gender Equality Agency (WGEA) as an Employer of Choice for Gender Equality, a position we have held since 2018. Perpetual will continue to do more to strive for gender equality and increase the representation of women in our sector. In FY23, 34% of our global senior leader cohort were women, in line with FY22.

We are also pleased to report that this year we received a Net Promoter Score (NPS)[1,2] of +57, which was up from +49 in FY22. This is our highest ever NPS outcome and demonstrates the ongoing focus we place on supporting our clients.

Unfortunately, however, in June, after we conducted our NPS study, we experienced an extended outage as a result of an IT security incident at a third-party provider to some of Perpetual's funds. While there was no impact to any Perpetual client investments or superannuation accounts, we apologise for the inconvenience this has caused for our clients.

Following notification of the incident our investigations identified that some personal information was compromised. Notwithstanding that there was no notifiable data breach, given the ongoing and increasing threat of cyber security events, we took immediate steps to inform all of our clients.

Conclusion and outlook

It has been a significant year for the Group and in particular, bringing the Perpetual and Pendal businesses together. We have made good progress, but we know we still have much to do. Our focus for FY24 is on delivering synergies from the transaction, improving our net flows in our asset management business, unlocking the benefits from simplifying our businesses and delivering returns on the investments we have made in the past few years across our quality portfolio of businesses.

I would like to acknowledge and thank the Board for their guidance and advice as we execute our strategy, and I would also like to thank my fellow Executive Committee members and all of our people across the Group for their continued dedication and professionalism as we worked through a period of significant change.

Finally, I would like to thank our shareholders for your continued support of Perpetual Group. I am confident that through solid execution of our strategy we will unlock the financial and strategic benefits of this transformational acquisition.

Rob Adams
CEO and Managing Director

1. The Net Promoter Score is a measure of advocacy, or the extent to which our clients are willing to recommend us to friends, colleagues and peers.
2. The Pendal Australia, J O Hambro and TSW businesses were not included in our overall Perpetual NPS.

Our refreshed strategy

Simplifying and driving sustainable growth

Our purpose

To create enduring prosperity

Our values

Excellence, Integrity, Partnership

Clients
Enduring relationships and trusted brands

People
Inclusive, empowered and accountable culture enabling high performance

Shareholders
Delivering sustainable quality growth

Community
Supporting strong and sustainable communities

Unique combination of businesses

Asset Management

Differentiated and active investment capabilities across multiple boutiques and asset classes servicing clients in all key regions globally

Wealth Management

Specialised financial advice and fiduciary services focused on the comprehensive needs of families, businesses and communities

Corporate Trust

Leading corporate trustee and digital solutions provider to the banking and financial services industry

Strategic imperatives

Client first

- Provide trusted advice and stewardship
- Deliver a high-quality client experience
- Deliver strong investment performance
- Be an employer of choice to attract and retain the best talent
- Set strong industry standards in all that we do

Simplify

- Complete a successful integration and synergy realisation from the Pendal acquisition
- Seek areas of simplification across our portfolio of businesses
- Focus on areas where the Group adds value
- Maintain focus on building a simple, efficient, secure and scalable platform
- Drive proactive risk management and strong governance standards

Sustainable growth

- Unlock benefits of our global multi-boutique model and distribution network
- Leverage strengths in sustainable investing to build competitive advantage
- Targeted investment in growth engines
- Continue to build-out innovative digital solutions

Success measures

EPS growth

Total shareholder return

Client NPS

Employee engagement

Sustainability commitments (Our Prosperity Plan)

Business division updates

Asset Management

Investment performance across the business remains strong with 78% of strategies outperforming their benchmarks over the important three-year time horizon.[1] In particular, we have seen very strong investment performance in Perpetual Asset Management, in Australia, and Barrow Hanley and TSW in the US.

Following a seven-month period of integration of Pendal and in conjunction with the launch of a refreshed strategy for the Perpetual Group, on 24 August 2023 we announced the establishment of a global asset management division, bringing together both our Australian and international operations into one business division. As part of this we announced a number of executive changes which will enable us to have a much greater focus on our global asset management business, unlocking synergies from the Pendal acquisition while creating a simplified leadership structure to be better positioned to drive future growth.

Financial performance

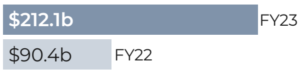
In FY23, the asset management business reported Underlying Profit Before Tax (UPBT) of $132.7 million which was $29.9 million or 29% higher than FY22, mainly due to the acquisition of Pendal which contributed five and a half months of its earnings to total divisional earnings. FY23 revenue was $600.4 million, 55% higher than FY22.

FY23 expenses of $467.8 million increased by $182.9 million or 64% higher than FY22. This increase was largely due to the incorporation of Pendal's expenses, combined with investment in Perpetual's pre-existing boutiques across global distribution capability, key functions to support the growth and the impact of foreign exchange rate movements.

Asset management AUM as at 30 June 2023 was $212.1 billion, an increase of A$121.7 billion on the prior year and includes the newly acquired Pendal Group. Investment outperformance, market movements and positive foreign exchange movements helped to offset the $8.1 billion net outflows reported for FY23.

1. Returns are presented gross of investment management fees. Investment performance of the strategies may differ once fees and costs are taken into account. Past performance is not indicative of future performance. See perpetual.com.au, barrowhanley.com, trilliuminvest.com, johcm.com, tswinvest.com and pendalgroup.com for relevant performance. The product disclosure statements (PDS) or disclosure document of any of the capabilities or funds should be considered before deciding whether to acquire or hold units in any such offering.

$212.1b
Assets under management



$600.4m
Total revenue

Fund Manager of the Year
Lonsec 2022 Fund Awards[2]

Fund Manager of the Year
Zenith Fund Awards 2022[3]

Business performance

Solid progress was made during FY23 in building our distribution capabilities as well as new product development. In Europe, we launched two new UCITS sub-funds, the Trillium ESG Global Equity Fund and the Barrow Hanley US ESG Value Opportunities fund, increasing access to European and Asian investors in Barrow Hanley and Trillium investment capabilities.

We also supported Barrow Hanley in its plan to launch a Collateralised Loan Obligation (CLO) capability, taking advantage of the existing expertise within their fixed income team. While this launch took slightly longer than we had originally anticipated, we were pleased to report the first in a series of CLOs launched in the third quarter of the year.

Perpetual Asset Management launched the Barrow Hanley Emerging Markets Fund in Australia, building on the global equities funds and growing interest in the Barrow Hanley Global Equities capability in Australia.

These investments into new products and channels have helped support Barrow Hanley in delivering new inflows into their strategies. Barrow Hanley's global and emerging market strategies performed strongly through the year, delivering $3.6 billion in net inflows to the Group, while Trillium delivered in excess of $1 billion in net flows for the year. US equities remained challenging through the year, with the asset class suffering from investor allocation away from US equities, resulting in net outflows in the category.

In Australia, Vince Pezzullo, was appointed as Head of Equities for Perpetual Asset Management, continuing a long tradition of developing and promoting top talent from within the Australian equities team. The business also received a number of awards through the including Fund Manager of the Year in the Lonsec 2022 Fund Awards[2] and Fund Manager of the Year for the second consecutive year at the Zenith Fund Awards 2022.[3]

In the second half of FY23, the acquisition of Pendal was successfully completed and we are already seeing early benefits with a significantly larger distribution team across key markets and covering both institutional and retail/intermediary channels. Since the acquisition we have focused on successful integration across the asset management business and retaining key clients and personnel. While net outflows since acquisition have been disappointing and concentrated in a small number of strategies, the quality and diversity of investment teams, strong investment performance, combined with significant capacity, provides us with the confidence that we can improve the overall net flow profile of all our boutiques over time.

Investment performance across the Group remains strong with 78%[1] of the Group's strategies outperforming their benchmarks over the important three-year time horizon. In particular, we have seen very strong investment performance in Perpetual Asset Management, in Australia, and Barrow Hanley and TSW in the US.

As one global division, our multi-boutique business now comprises seven boutiques and brands with diversified investment capabilities across equities, cash and fixed interest, multi-asset and sustainable investing and with a strong presence in key markets.

Barrow Hanley – US-based diversified investment management firm offering value-focused investment strategies spanning global equities and fixed income

J O Hambro Capital – Equities specialist asset manager with investment capabilities across US, UK, European, Asian, emerging markets and global equities, as well as multi-asset capabilities

Pendal – Highly respected investment manager with leading Australian equities, global equities, cash, fixed income and sustainable investing capabilities

Perpetual Asset Management – A trusted, dynamic, active manager, offering an extensive range of specialist investment capabilities designed to meet the evolving needs of our clients across the globe

Regnan – Responsible investment brand which provides advice and insights on important ESG issues, and also manages thematic and impact-driven global investment strategies

Thompson, Siegal and Walmsley (TSW) – US-based value-oriented investment firm, with a 50-year history of delivering to clients across US equities, international equities, fixed income and multi-asset strategies

Trillium Asset Management – US-headquartered Trillium has been at the forefront of ESG investing for over 40 years. One of the first investment firms to align values with investment objectives

1. Returns are presented gross of investment management fees. Investment performance of the strategies may differ once fees and costs are taken into account. Past performance is not indicative of future performance. See perpetual.com.au, barrowhanley.com, trilliuminvest.com, johcm.com, tswinvest.com and pendalgroup.com for relevant performance. The product disclosure statements (PDS) or disclosure document of any of the capabilities or funds should be considered before deciding whether to acquire or hold units in any such offering.
2. For important information regarding Lonsec ratings and awards visit: lonsec.com.au/logo-disclosure.
3. The Zenith Fund Awards were issued on 14 October 2022 by Zenith Investment Partners (ABN 27 130 132 672, AFSL 226872) and are determined using proprietary methodologies. The Fund Awards are solely statements of opinion and do not represent recommendations to purchase, hold or sell any securities or make any other investment decisions. To the extent that the Fund Awards constitutes advice, it is General Advice for Wholesale clients only without taking into consideration the objectives, financial situation or needs of any specific person. Investors should seek their own independent financial advice before making any investment decision and should consider the appropriateness of any advice. Investors should obtain a copy of and consider any relevant PDS or offer document before making any investment decisions. Past performance is not an indication of future performance. Fund Awards are current for 12 months from the date awarded and are subject to change at any time. Fund Awards for previous years are referenced for historical purposes only.

Wealth Management

For the 10th consecutive financial year our wealth management business recorded positive net flows, a significant achievement that highlights the trust and confidence clients place in our business to protect and grow their wealth, particularly during a period of ongoing market volatility.

Financial performance

Wealth Management (formerly known as Perpetual Private) reported UPBT of $47.0 million, $2.7 million or 6% higher than FY22.

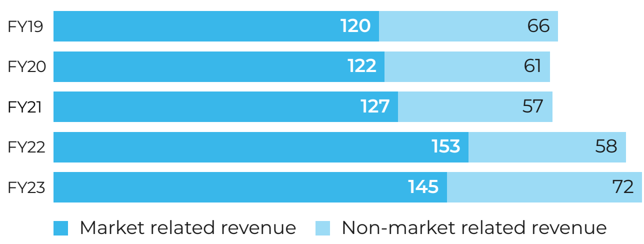
The increase on FY22 was mainly driven by strong performance in Fordham, insurance revenue growth from Priority Life and a higher interest rate environment, partly offset by lower equity markets and higher expenses driven by continued investment in supporting future business growth.

Wealth Management generated revenue of $217.4 million, 3% higher than FY22. Market-related revenue was $145.1 million, 5% lower than FY22. Importantly, non-market related revenue was $72.3 million, $14.0 million or 24% higher than FY22.

Total expenses were $170.4 million, $3.4 million or 2% higher than FY22, driven largely by continued investment in staff and technology to support future business growth.

Funds under advice (FUA) at the end of FY23 were $18.5 billion, $1.1 billion or 6% higher than FY22, primarily due to positive net flows supported by organic growth in the Native Title and not-for-profit segments, investment performance and some improvement in equity markets.

Revenue growth of 3% was supported by stronger non-market revenue in FY23



$18.5b

Funds under advice

$18.5b	FY23
$17.4b	FY22

$217.4m

Total revenue

$217.4m	FY23
$211.2m	FY22

Positive net flows

for 10th consecutive financial year

NPS scores

Our net promoter score increased +4 on FY22

Business commentary

For the 10th consecutive financial year our wealth management business recorded positive net flows, a significant achievement that highlights the trust and confidence clients place in our business to protect and grow their wealth, particularly during a period of ongoing market volatility.

Our Native Title business, which manages money and administers trusts for clients on behalf of 50 Aboriginal and Torres Strait Islander communities across Australia, passed $1 billion in FUA in FY23, including around $250 million in new flows.

More broadly in our philanthropy business, more than 1,400 grant applications were reviewed by our team and our clients committed more than $38 million to 362 programs through our IMPACT philanthropy program. Total distributions to charities saw more than $129 million donated on behalf of our clients. As one of the largest managers of philanthropic funds in Australia, we are proud to play such a significant role in the funding of the non-profit sector.

Jacaranda Financial Planning completed its first full financial year as part of Wealth Management, hosting 28 seminars across the east coast of Australia.

Pleasingly, Fordham, a specialist business that provides tax, accounting and other financial services to more than 3,500 private businesses, recorded their highest year of revenue since Perpetual acquired the business in 2009.

We have been providing wealth management services for more than 135 years. It's the strength of our client relationships that matter most, and this was once again recognised in FY23 through our net promoter score results. All teams across our business scored higher in FY23 than FY22, with the business recording +46, which is +4 on FY22. Our Priority Life and Native Title Trusts teams recorded two of the five highest NPS scores across the entire Perpetual Group.

Fordham, a specialist business that provides tax, accounting and other financial services to more than 3,500 private businesses, recorded its highest year of revenue since Perpetual acquired the business in 2009.

Case study
Deepening client relationships through a holistic approach to wealth management

PriorityLife

In November 2019, Perpetual acquired Priority Life, one of Australia's leading risk advisory firms who have been protecting medical practitioners, professionals and business owners across Australian since 1992. In 2019, Priority Life served 900 clients in one Australian state – today, that has grown to more than 1,500 clients across a national platform, supported by the trusted Perpetual brand.

Since the acquisition, Priority Life has strengthened the wealth management proposition to high-net-worth clients primarily in the medical segment and particularly in the provision of insurance services.

Priority Life's insurance expertise combined with a deep understanding of the specific needs of clients and complex insurance issues are an incredibly important element of our wealth management offering.

Bringing together Perpetual's existing insurance services into Priority Life's platform has enabled us to grow our medical segment premiums in force from $45 million at 30 June 2022 to approximately $50 million at 30 June 2023.

Corporate Trust

Corporate Trust delivered another solid year of growth, with total FUA exceeding $1.16 trillion as at 30 June 2023, an increase of $70 billion on FY22.

Financial performance

Corporate Trust — consisting of Managed Funds Services (MFS), Debt Market Services (DMS) and Perpetual Digital — reported UPBT of $81.6 million in FY23, $9 million or 12% higher than FY22. Revenue of $178 million increased 12% on FY22.

MFS revenue of $77.4 million was $7.1 million, or 10% higher than FY22, driven primarily by continued market activity within commercial property, both in Australia and Singapore.

DMS revenue of $77.2 million was up $8.5 million, or 12%, on FY22. This uplift was driven largely by underlying growth in the securitisation portfolio from new and existing clients particularly from non-bank RMBS and ABS clients, higher document custody volumes and additional new clients in trust management.

Perpetual Digital reported revenue of $23.4 million, $3.9 million or 20% higher than FY22. The increase was primarily due to the acquisition of Laminar Capital in FY22 together with continued growth from new and existing products.

Total expenses in FY23 were $96.4 million, $10.5 million or 12% higher than FY22. The increase was mainly driven by costs to support investment in new Software-as-a-Service (Saas) products to transform legacy systems, operating costs of Laminar Capital and regulatory requirements.

$1,162.5b
Funds under administration

$1,162.5b	FY23
$1,092.3b	FY22

$178.0m
Total revenue

$178.0m	FY23
$158.5m	FY22

Trustee of the Year
KangaNews Awards 2023
for seventh consecutive year

New digital product live
Treasury and Finance
Intelligence launched

Business commentary

Corporate Trust delivered another solid year of growth, with total funds under administration (FUA) exceeding $1.16 trillion as at 30 June 2023, up $70 billion on FY22.

All our core business divisions continued to perform strongly despite the uncertain broader macroeconomic environment and a softer mortgage and property market experienced during the year.

The MFS division saw particularly strong growth especially in first half of FY23 and within our Singapore business. FY23 FUA of $471.4 billion was up 15% on FY22, primarily driven by growth across wholesale trustee, custody and Singapore due to closing an asset acquisition.

In our DMS division, FUA increased $8.9 billion on FY22 to $691.1 billion as at 30 June 2023. We experienced strong growth in the ABS and covered bonds market, as banks continued to diversify funding.

In Perpetual Digital, our Treasury and Finance Intelligence product launched in the fourth quarter and we commenced onboarding clients for future growth.

Throughout the year we have continued to invest in products and services across all our three divisions to build a strong pipeline of future growth opportunities. Laminar Capital continues to attract new clients and win additional work from existing clients.

The strength of our people engagement and client relationships continue to be a key enabler for business growth. Pleasingly, we delivered a record NPS score of +65, up from +61 in FY22. Our Laminar Capital and Roundtables teams scored two of the five highest NPS scores across the Perpetual Group, which is an outstanding achievement.

Once again we were recognised as a leader in the industry after being awarded Trustee of the Year in the KangaNews Awards – the seventh consecutive year Corporate Trust has won the award.

All our core business divisions continued to perform strongly despite the uncertain broader macroeconomic environment and a softer mortgage and property market experienced during the year.

Case Study

A unique combination of businesses has created a market-leading direct fixed income product for financial services and their clients

In June 2023, we entered a new relationship with a large Australian wealth management company which will see the business provide a unique end-to-end fixed income solution for its business and clients. The partnership with BondAdviser's research business, combined with PCT's unique product offering across our business, with Laminar Capital's SaaS product, MFS Custody product and Perpetual Digital's institutional cloud infrastructure and project management capability have all contributed to an exciting new direct fixed income product to the market.

In a complex regulatory environment, coupled with rising cyber risks and increasing expectations of consumers across many sectors, Corporate Trust is focused on delivering a unique suite of products from our traditional trustee and custody solutions, through to our SaaS products that will help enable our client's success through service excellence and next generation software.

Sustainability at Perpetual Group

Creating enduring prosperity has been at the heart of what we do for over 135 years

Progress on our Prosperity Plan

The role that we play in helping to create a sustainable world has never been more important as we look to the future and continue to grow globally.

Through our comprehensive Group sustainability strategy, Perpetual's Prosperity Plan, we seek to help our clients navigate the low carbon transition while building an inclusive, high-performance culture. We also aim to strengthen local communities and work to uphold good governance, accountability and integrity.

Since the launch of our sustainability strategy in September 2022, we have taken considerable steps in progressing many of our commitments. A high-level overview of our progress across our four pillars is set out to the right.

Despite a significant period of change as we brought together Perpetual Group and Pendal Group, 27 of the 35 commitments in our sustainability strategy are either on track or have been achieved. We have plans in place to address those that are not currently on track. To view the 35 commitments and our progress on them to date, see our FY23 Sustainability Report at perpetual.com.au/sustainability.

For more information on our sustainability strategy and initiatives see our sustainability reporting at perpetual.com.au/sustainability.

The four pillars of our sustainability strategy

Governance

Committed to the highest standard

Draw on our trusted brand and deep history, to work to uphold best practices, accountability and integrity in all we do.

Planet

Accelerate the low carbon transition

Seek to help our clients navigate the risks and opportunities of a low carbon future and reduce the environmental footprint of our own operations.

People

Champion inclusion and high performance

Create a harmonious, diverse and inclusive workplace culture that enhances wellbeing and supports each of our people to bring their best.

Communities

Support strong communities

Leverage our services, time and philanthropy to support not-for-profit organisations, give back to communities, and help advance First Nations prosperity.

Progress against our commitments

Not on track	On track	Achieved
0	3	6
2	5	3
5	3	0
1	4	3

Governance

Upholding high governance standards in our business

The Board is committed to upholding high standards of corporate governance in our business by ensuring we have the right systems, procedures and practices in place. We seek to promote a culture that creates an environment of risk awareness, ownership and responsiveness. During the year, mandatory training was conducted on topics such as continuous disclosure and personal trading, anti-money laundering and sanctions, and information security and privacy.

The threat and sophistication of cyber-attacks continues to increase for companies and other organisations as the world becomes more digitally connected. In June 2023, we experienced an extended outage as a result of an IT security incident at a registry system provided by a third-party for some of Perpetual's funds. The third-party provides unit registry and administration services to Perpetual's Asset Management and Wealth Management divisions' investment funds, WealthFocus and Select products.

Our assessment identified that sensitive client data remains secure and encrypted. A limited amount of personal information was compromised. Notwithstanding that there was no notifiable data breach, given the ongoing and increasing threat of cyber security events, we proactively informed our clients of this issue.

Sustainability at Perpetual Group

Planet

Accelerating the low carbon transition

As a diversified multi-boutique and global business, each of our asset managers have their own investment philosophies and approaches to managing climate risk and opportunities for our clients. Consideration of material environmental, social and governance (ESG) issues is integrated into investment analysis, decision-making and ownership practices in the context of each of our businesses' investment approaches and the needs of their clients.

For example, Trillium has an interim target for 75% of the holdings of Trillium-advised larger cap-equity strategies to commit to set science-based targets for reducing their greenhouse gas (GHG) emissions, as approved by the Science Based Targets Initiative, by the end of 2030. As of 30 June 2023, 70% of Trillium's investments in larger cap equity strategies had committed to this, up from 15% on 31 December 2019 (the target baseline). J O Hambro have developed a probabilistic emissions projection model, Horizon, which projects a company's emissions, after their carbon reduction pledges are accounted for, and evaluates the likelihood of reaching the target that they have set. The Perpetual Australian Equities team have developed a proprietary net zero scoring framework to assess climate-related risks and opportunities for listed companies. In FY23, the team expanded the framework to cover all stocks in their investment universe as well as ASX300 stocks.

It is also important that we seek to reduce the environmental impact of our operations while improving our disclosure on climate. In FY23, we purchased renewable power for our Australian offices[1] and we will be purchasing offsets to become carbon neutral in our global operations for the FY23 reporting period. As travel restrictions were largely removed in FY23 and with our business becoming larger and more global, we have seen an increase in our emissions from business-related flights. Paper purchased for printing has increased in FY23 to 9 tonnes of paper, from 6 tonnes in FY22. For our environmental metrics see our FY23 Sustainability Report at perpetual.com.au/sustainability.

Aligning our reporting to the Task Force on Climate-related Financial Disclosures

Climate change is one of the greatest challenges facing society, and the financial services sector has a key role in tackling it. We support the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) for better disclosure on climate and the International Sustainability Standards Board aim to encourage more comprehensive, globally consistent sustainability disclosures. We are committed to transparent reporting and continuously improving our external disclosures, including further alignment with the recommendations of the TCFD.

Governance

Our Perpetual Group Board has oversight for our sustainability strategy and climate-related issues. Six-monthly updates are provided to the Board and Executive Committee on our sustainability strategy, including a status update on our climate-related commitments. The Chief Risk and Sustainability Officer (CRSO), Sam Mosse, had sustainability added to her responsibilities in January 2023 ensuring that addressing climate change and sustainability are championed on our Executive Committee.

Strategy

The acquisition of Pendal has added a broader range of sustainability-focused capabilities including thematic and impact focused funds. Our greater scale and depth of responsible investment expertise will enable more opportunities to share best practice, systems and expertise across the Group, including those relating to climate change. The Horizon climate model developed by the J O Hambro Sustainable Investment Team is one example of a tool that will be made available to other asset management firms in Perpetual Group over the course of the coming year.

Risk management

We have previously undertaken a climate risk assessment to identify our climate risks and assess their potential impact. This identified our universe of climate risks and opportunities that are the most material for our business. In FY24, we plan to undertake deeper dives with our divisions to further assess the key climate risks relating to our business and to identify the current processes and controls in place to manage those risks.

Metrics and targets

To prepare for Climate Active certification and to continually improve our environmental reporting approach, we have expanded our operational GHG emissions reporting to include new emissions sources such as waste, water usage, accommodation for business travel, employees working from home and some capital expenditure and purchased goods and services.

For our FY23 GHG metrics please see our FY23 Sustainability report at perpetual.com.au/sustainability.

1. We purchased GreenPower for our Australian offices in the first half of the calendar year 2023. This has been attributed and reported for the FY23 reporting year, following guidance and confirmation from Climate Active.

People

Championing inclusion and high performance

Building a diverse and inclusive workplace is a key priority for Perpetual Group and we are proud to have been recognised by Workplace Gender Equality Agency as an Employer of Choice for Gender Equality, each year, since 2018. Following the acquisition of Pendal Group, female representation of the Board is now 44%, up from 38% in FY22. This exceeds our target of at least 40% representation of women on our Board.[1] We also have a target in place to increase the representation of women in senior leadership roles to 40% by the end of FY24. As of June 2023, 34% of our senior leader cohort are women, in line with last year.

We remain committed to creating a more inclusive workplace across the Group. In the US, Trillium have partnered on their internship programme with the Wall Street Diversity Accelerator, which aims to provide teenagers from underrepresented communities an introduction to career possibilities in financial services.

We identify priority areas of funding across the philanthropy sector, which are traditionally underfunded and can recommend these to our clients, where appropriate. Despite 11% of Australians identifying as being of diverse sexuality, only the tiniest fraction of grants (50 cents in every 100 philanthropic dollars) are explicitly given to support LGBTQ+ individuals and communities. In FY23, on behalf of our clients, we helped to facilitate $683,000 worth of grants to organisations supporting LGBTQ+ communities.

Bringing together the Pendal and Perpetual businesses has involved a substantial organisational change. To help prepare our people leaders to support their teams and their wellbeing through this time, all people leaders across the group were invited to participate in 'Leading through Complex Change' workshops in May 2023.

All employees across the Group have access to wellbeing tools and local employee assistance providers. Perpetual Group employees in Australia and Singapore can also access an additional two weeks of Wellbeing and Community Leave,[2] free financial health checks and $275 wellbeing allowance. During the year, close to 1,100 people took up this wellbeing allowance.

Communities

Supporting strong communities

The Perpetual Group's vision for reconciliation is a more equal society, where First Nations Peoples have the same opportunities for prosperity and a self-determined future. As trustee of many Native Title agreements, we work alongside Aboriginal and Torres Strait Islander communities to address pressing needs such as health and education, preserving their cultures, and setting up infrastructure that will allow them to thrive in future.

We have publicly supported the Uluru Statement from the Heart and a First Nations Voice to Parliament since 2019. More recently, in April 2023, we joined a group of philanthropists, who have announced a combined $17 million pledge to the Yes campaign, supporting the Voice to Parliament in the upcoming referendum. As part of the pledge, Perpetual Group has committed to provide $150,000 in funding, as a corporate, and we worked with our philanthropy clients to facilitate an additional $115,000 to support the Yes campaign.

Perpetual is one of the largest managers of philanthropic funds in Australia. In FY23, our clients granted $129 million of their philanthropic funds to the charity sector, up from $120 million in FY22.

Perpetual has made a commitment to give equivalent to 1% of our UPBT through community giving and volunteering. We measure community giving and volunteering with the B4SI framework, which tracks the financial value of our voluntary support for organisations that have a charitable purpose.

Based on the B4SI framework, our total community giving and volunteering in FY23 was equivalent to $2.16 million.[3] This figure is down from $2.4 million in FY22. Following external verification of our community reporting, we have changed our reporting methodology, excluding some memberships, which are predominately employee or business focused, and only including part of our sponsorship funding of community causes to account for the commercial benefit of a portion of that funding. Our community giving and employee volunteering hours have also been impacted, as we have brought together our businesses this year.

In FY23, we continued to support charitable causes across our global businesses. In Australia, we have a partnership with LifeChanger Foundation, a preventative mental health and wellbeing non-profit that empowers young people to live thriving, resilient lives. Through our funding in FY23, LifeChanger Foundation has conducted over 285 workshops, reaching over 4,900 young people.

1. As per our announcement on 12 December 2022, Kathryn Matthews does not intend to stand for re-election at Perpetual's AGM in October 2023.
2. To be eligible for Wellbeing leave, employees in Australia and Singapore need to have worked with Perpetual Group for at least 12 months and have two weeks or less of their annual leave balance remaining. There are no maximum annual leave or minimum tenure requirements for eligible employees in Australia and Singapore to access Community leave.
3. We report our community giving using the B4SI framework. This includes cash and in-kind donations, matched giving of staff fundraising, management costs associated with community giving activities, employee volunteering time and memberships and sponsorship of community organisations.

Directors' Report
for the year ended 30 June 2023

Directors

The Directors of the Company at any time during or since the end of the financial year are:

Tony D'Aloisio AM

Chairman and Independent Director

BA LLB (Hons) (Age 73)

Mr D'Aloisio has been an Independent Non-executive Director of Perpetual since December 2016. Mr D'Aloisio became Chairman of Perpetual in May 2017.

Skills and experience

Mr D'Aloisio has held leadership roles in listed and non-listed companies. He was CEO and MD at the Australian Securities Exchange from 2004–2006. Mr D'Aloisio was Chief Executive Partner at Mallesons Stephen Jaques between 1992–2004 having first joined the firm in 1977. Mr D'Aloisio was appointed a Commissioner for the Australian Securities and Investments Commission (ASIC) in 2006 and Chairman in 2007 for a four-year term. He was Chairman of the (International) Joint Forum of the Basel Committee on banking supervision from 2009–2011.

Most recently Mr D'Aloisio was Chairman of IRESS Limited (technology). He was a Non-executive Director of ASX listed Boral Limited 2002–2004 as well as a director of the Business Council of Australia 2003–2006 and the World Federation of Exchanges 2004–2006. He was President of the Australian Winemakers Federation 2012–2016.

Currently Mr D'Aloisio is President of the European Capital Markets Cooperative Research Centre.

Listed company directorships held during the past three financial years

- IRESS Limited, ASX: IRE (from June 2012 to May 2021)

Board Committee memberships

- Chairman of the Nominations Committee

Mona Aboelnaga Kanaan

Independent Director

BSc (Econ) MBA (Age 55)

Ms Aboelnaga Kanaan has been an Independent Non-executive Director since 2021.

Skills and experience

Based in New York, USA, Ms Aboelnaga Kanaan is a seasoned Director, entrepreneur and asset management executive having held leadership positions over a distinguished career spanning more than thirty years. She is currently the Managing Partner of K6 Investments LLC, an independent private equity firm which she founded in 2011.

Previously, Ms Aboelnaga Kanaan served as President and CEO of Proctor Investment Managers, a firm she co-founded in 2002 to acquire and scale traditional and alternative asset managers. Ms. Aboelnaga Kanaan sold the firm to National Bank of Canada in 2006, acquired affiliates managing nearly $14 billion in assets under management and continued as Proctor's President and CEO until 2013.

With global expertise in public as well as private financial services firms, Ms Aboelnaga Kanaan is currently a Director of Webster Financial Corporation (NYSE: WBS) and is Chair of the Technology Committee and a Member of the Executive and Enterprise Risk Committees; a Director of Mondee Holdings (Nasdaq: MOND) and is Chair of the Nominations and Governance Committee and member of the Audit Committee, Director of the Egyptian American Enterprise Fund; and has served as a Board Member of a number of traditional and alternative asset managers in the United States.

With a commitment to education and economic empowerment, Ms Aboelnaga Kanaan also has extensive non-profit board experience in those fields including as an investment committee member of sizeable educational endowments.

Listed company directorships held during the past three financial years

- Webster Financial Corporation, NYSE: WBS (from February 2022 following merger with Sterling Bancorp – Present)
- Mondee Holdings, Nasdaq: MOND (from July 2022 – Present)
- Sterling Bancorp NYSE: STL (from May 2019 – February 2022)
- Fintech Acquisition Corp. VI (from February 2021 to December 2022)

Board Committee memberships

- Member of the Investment Committee
- Member of the People and Remuneration Committee
- Chair of the Technology and Cyber Security Committee

Gregory Cooper

Independent Director

FIA, FIAA, BEc (Actuarial Studies) (Age 52)

Mr Cooper has been an Independent Non-executive Director of Perpetual since September 2019.

Skills and experience

Mr Cooper has more than 30 years of global investment industry experience in the UK, Asia and Australia with a deep understanding of international funds management.

Mr Cooper brings strong financial services and strategy expertise to the Perpetual board predominantly gained from his executive career at Schroders Australia where he was the Chief Executive Officer from 2006 to 2018 with responsibility for Schroders' institutional business across Asia Pacific and then globally and his current non-executive career across the superannuation, banking and technology sectors.

Mr Cooper currently serves as a Non-executive Director of NSW Treasury Corporation, where he also chairs the Investment Committee. He is currently the Chairman of Avanteos Investments Limited (part of the Colonial First State Group).

Mr Cooper is a Non-executive Director of Australian Payments Plus Limited and some of its subsidiaries/related entities. Previously Mr Cooper acted as a Non-executive Director to the Financial Services Council and held the position of Chairman from 2014 to 2016.

Board Committee memberships

- Member of the Audit, Risk and Compliance Committee
- Chairman of the Investment Committee (appointed Chairman January 2023)
- Member of the People and Remuneration Committee
- Member of the Nominations Committee

Nancy Fox AM

Independent Director

BA JD (Law) FAICD (Age 66)

Ms Fox has been an Independent Non-executive Director of Perpetual since September 2015.

Skills and experience

Ms Fox has more than 30 years' of 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, Managing Director of ABN Amro Australia from 1997 to 2001 and Vice President of Citibank.

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 Chairman of Perpetual Equity Investment Company Limited and Mission Australia Housing, and Deputy Chair of the Rural Fire Service Benevolent Fund. Ms Fox is a Non-executive Director of Mission Australia, Aspect Studios Pty Ltd and O'Connell Street Associates.

Ms Fox is a Director of Queensland Trustees Pty Limited, which acts as trustee for Perpetual's employee share plans.

Listed company directorships held during the past three financial years

- Perpetual Equity Investment Company Limited, ASX: PIC (from July 2017 to present)

Board Committee memberships

- Chair of the People and Remuneration Committee
- Member of the Audit, Risk and Compliance Committee
- Member of the Nominations Committee
- Member of the Integration Committee

Ian Hammond

Independent Director

BA (Hons) FCA FCPA FAICD (Age 65)

Mr Hammond has been an Independent Non-executive Director of Perpetual since March 2015.

Skills and experience

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. Previously, Ian was a Director of Citi's Australian retail bank and Venues NSW.

Mr Hammond has a deep knowledge of the financial services industry and brings to the Board expertise in financial reporting, risk management, and mergers and acquisitions. He has provided extensive advisory and audit services to PwC's domestic and global clients in banking, insurance and asset management.

Mr Hammond is Chairman of the not-for-profit organisation Mission Australia and a Non-executive Director of Suncorp Group Limited.

Mr Hammond is a Director of Queensland Trustees Pty Limited, which acts as trustee for Perpetual's employee share plans.

Listed company directorships held during the past three financial years

- Suncorp Group Limited, ASX: SUN (from October 2018 to present)

Board Committee memberships

- Chairman of the Audit, Risk and Compliance Committee
- Member of the Investment Committee
- Member of the Nominations Committee
- Member of the Technology and Cyber Security Committee

Directors' Report
for the year ended 30 June 2023

Christopher Jones
Independent Director

MA (Cantab) CFA (Age 62)

Mr Jones was appointed to the Board of Perpetual in January 2023 following the acquisition of Pendal Group.

Skills and experience
Mr Jones is based in New York City, USA. He has over 40 years' experience in the financial services industry across both investments and funds management. Most recently, Mr Jones was Principal of CMVJ Capital LLC, a private investor and adviser in the financial services, asset management and technology industries. Prior to this, he was Head of Blackrock's US Global Fundamental Equity and Co-head of Global Active Equity. Previously, he spent 32 years in a range of roles at Robert Fleming and Co and JP Morgan Asset Management.

Listed company directorships held during the past three financial years:
- Pendal Group Limited, ASX: PDL (from 2018 until delisting in January 2023)

Board Committee memberships
- Member of the People and Remuneration Committee (appointed January 2023)
- Member of the Investment Committee (appointed January 2023)
- Member of the Integration Committee
- Member of the Technology and Cyber Security Committee

Kathryn Matthews
Independent Director

BSc BEc (Age 63)

Ms Matthews was appointed to the Board of Perpetual in January 2023 following the acquisition of Pendal Group.

Skills and experience
Ms Matthews is based in London, UK. She brings to the Board over 40 years' experience in funds and investment management with director experience across listed, private and regulated entities. She has extensive experience in global investment management businesses in the UK and Hong Kong, including as Chief Investment Officer, Asia Pacific ex Japan at Fidelity International based in Hong Kong. She commenced her career at Baring Asset Management, holding a broad range of roles over sixteen years as a global equity portfolio manager and latterly as the Head of Institutional Business, Europe and UK.

Ms Matthews is currently Chair of Barclays Investment Solutions Limited and is also a Non-executive Director of British International Investment Ltd, Vietnamese Opportunities Fund and JPMorgan Asia Growth and Income Fund.

Listed company directorships held during the past three financial years
- Pendal Group Limited, ASX: PDL (from 2016 until delisting in January 2023)

Board Committee memberships
- Member of the Audit, Risk and Compliance Committee (appointed January 2023)
- Member of the Investment Committee (appointed January 2023)

Fiona Trafford-Walker
Independent Director

BEc, M. Fin (Age 56)

Ms Trafford-Walker has been an Independent Non-executive Director of Perpetual since December 2019.

Skills and experience
Ms Trafford-Walker has over 30 years of senior executive and business management experience within the investment industry, bringing extensive knowledge of investment management and a strong institutional and international perspective to the Perpetual board.

Ms Trafford-Walker began her career in institutional investment consulting in 1992, and until December 2019 was an Investment Director at Frontier Advisors (Frontier). At various times during her tenure, she was responsible for the original development and on-going management of Frontier's business, as well as providing investment and governance advice to a number of the firm's clients.

Currently Ms Trafford-Walker is a Non-executive Director of Victorian Funds Management Corporation, Prospa Group Ltd, Link Administration Holdings Ltd, FleetPartners Group (previously known as Eclipx Group), an Investment Committee Member of the Walter and Eliza Hall Institute, Strategic Advisor to the QE Advisory Board and Independent Advisor to the Investment Committee of the Australian Retirement Trust.

Listed company directorships held during the past three financial years
- Prospa Group Limited, ASX: PGL (from March 2018 to present)
- Link Administration Holdings, ASX: LNK (from October 2015 to present)
- FleetPartners Group, ASX: FPR (from July 2021 to present)

Board Committee memberships
- Member of the Investment Committee
- Member of the People and Remuneration Committee
- Chair of the Integration Committee
- Member of the Technology and Cyber Security Committee

Rob Adams

Chief Executive Officer and Managing Director

BBus (Accounting) (Age 57)

Mr Adams has been the Chief Executive Officer and Managing Director of Perpetual since September 2018.

Skills and experience

Mr Adams is a proven financial services business leader with over 30 years' experience locally and globally across funds management, financial advice and fiduciary services.

Before Perpetual, Mr Adams was Head of Pan-Asia and a member of the Global Executive Committee of Janus Henderson where he had been for six years. Prior to that, he was Chief Executive of Challenger Funds Management, and was previously CEO of First State Investments UK.

Directors who retired during the year

P Craig Ueland

Independent Director

BA (Hons and Distinction) MBA (Hons) CFA (Age 64)

Appointed Director in September 2012. On 24 January 2023, Mr Ueland retired as a Director of Perpetual Limited, as Chairman of the Investment Committee and as a Member of the Audit, Risk and Compliance Committee and the Nominations Committee.

Company Secretary

Sylvie Dimarco

Company Secretary

LLB, GradDipAppCorpGov, FGIA, GAICD

Ms Dimarco was appointed Company Secretary of Perpetual in April 2020.

Skills and experience

Ms Dimarco joined Perpetual in 2014 and is currently Global Head of Governance & Company Secretary at Perpetual. She is also Company Secretary of Perpetual Equity Investment Company Limited (ASX: PIC) and all of Perpetual's subsidiary boards. She is a member of the Perpetual Limited Continuous Disclosure Committee.

Ms Dimarco has over 16 years' experience in company secretariat practice and administration for listed and unlisted companies. Before Perpetual, she practiced as a commercial lawyer in Sydney and Canberra for 11 years, working in predominantly mid-sized law firms.

Ms Dimarco holds a Bachelor of Laws degree from the University of Sydney and has completed the Governance Institute of Australia's Graduate Diploma of Applied Corporate Governance. Ms Dimarco is a Graduate of the Australian Institute of Company Directors course.

Directors' Report
for the year ended 30 June 2023

Directors' meetings

The number of Directors' meetings which Directors were eligible to attend (including meetings of Board Committees) and the number of meetings attended by each Director during the financial year to 30 June 2023 were:

	BOARD		AUDIT, RISK AND COMPLIANCE COMMITTEE (ARCC)		PEOPLE AND REMUNERATION COMMITTEE (PARC)		INVESTMENT COMMITTEE		NOMINATIONS COMMITTEE	
DIRECTOR	ELIGIBLE TO ATTEND	ATTENDED	MEMBER ELIGIBLE TO ATTEND	ATTENDED	MEMBER ELIGIBLE TO ATTEND	ATTENDED	MEMBER ELIGIBLE TO ATTEND	ATTENDED	MEMBER ELIGIBLE TO ATTEND	ATTENDED
Tony D'Aloisio	34	34	–	–	–	–	–	–	3	3
Mona Aboelnaga Kanaan	34	33	–	–	7	7	5	5	–	–
Gregory Cooper	34	34	7	7	7	7	5	5	2	2
Nancy Fox	34	34	7	7	7	7	–	–	3	3
Ian Hammond	34	34	7	7	–	–	5	5	3	3
Chris Jones	10	10	–	–	3	3	2	2	–	–
Kathryn Matthews[1]	10	6	3	2	–	–	2	2	–	–
Fiona Trafford–Walker	34	34	–	–	7	7	5	4	–	–
Craig Ueland	24	24	4	4	–	–	3	3	1	1
Rob Adams	34	34	–	–	–	–	–	–	–	–

1. Kathryn Matthews joined the Board in January 2023, and it is noted (as previously disclosed to the market) that Kathryn Matthews does not intend to stand for re-election at the upcoming AGM.

Directors from time to time may and do attend committee meetings even though they may not be a member of that committee.

Corporate Governance Statement

Perpetual's Corporate Governance Statement, which meets the requirements of ASX Listing Rule 4.10.3, is located on the Corporate Governance page of Perpetual's website at perpetual.com.au/about/corporate-governance-and-policies.

Principal activities

The principal activities of the consolidated entity during the financial year were portfolio management, financial planning, trustee, responsible entity and compliance services, executor services, investment administration and custody services.

Review of operations

A review of operations is included in the Operating and Financial Review section of the Annual Report.

For the financial year to 30 June 2023, Perpetual reported a NPAT attributable to equity holders of Perpetual Limited of $59.0 million compared to the net profit after tax attributable to equity holders of Perpetual Limited for the financial year to 30 June 2022 of $101.2 million.

For the financial year to 30 June 2023, Perpetual reported an underlying profit after tax (UPAT) attributable to equity holders of Perpetual Limited of $163.2 million compared to the UPAT attributable to equity holders of Perpetual Limited for the financial year ended 30 June 2022 of $148.2 million.

UPAT attributable to equity holders of Perpetual Limited excludes certain items, that are either significant by virtue of their size and impact on NPAT attributable to equity holders of Perpetual Limited, or are determined by the board and management to be outside normal operating activities. UPAT attributable to equity holders of Perpetual Limited is disclosed as it is useful for investors to gain a better understanding of Perpetual's financial results from normal operating activities.

The reconciliation of NPAT attributable to equity holders of Perpetual Limited to UPAT attributable to equity holders of Perpetual Limited for the financial year to 30 June 2023 is shown below.

	30 JUNE 2023 $M	30 JUNE 2022 $M
Net profit after tax attributable to equity holders of Perpetual Limited	59.0	101.2
Significant items after tax		
Transaction and integration costs[1]	80.0	22.2
Non-cash amortisation of acquired intangible assets[2]	40.6	18.6
Unrealised (gains)/losses on financial assets[3]	(16.4)	10.9
Accrued incentive compensation liability[4]	–	(4.7)
Underlying profit after tax attributable to equity holders of Perpetual Limited	**163.2**	**148.2**

1. Relates to costs associated with the acquisition/establishment of Pendal, Trillium, Barrow Hanley and other entities. Costs include professional fees, administrative and general expenses and staff costs related to specific retention and performance grants.
2. Relates to amortisation expense on customer contracts and non-compete agreements acquired through business combinations.
3. Relates to unrealised mark to market gains and losses on EMCF, seed fund investments and financial assets held for regulatory purposes.
4. This liability reflects the value of employee owned units in Barrow Hanley.

UPAT attributable to equity holders of Perpetual Limited reflects an assessment of the result for the ongoing business of the consolidated entity as determined by the Board and management. UPAT has been calculated in accordance with ASIC's *Regulatory Guide 230 – Disclosing non-IFRS financial information*. UPAT attributable to equity holders of Perpetual Limited has not been audited by our external auditors; however, the adjustments to NPAT attributable to equity holders of Perpetual Limited have been extracted from the books and records that have been audited.

Financial markets are dealing with rising inflation and interest rates impacting global economies and financial markets. The consolidated entity continues to monitor the impact of these factors on its operations, control environment and financial reporting.

Consistent with the approach applied in the preparation of the half-year financial statements at 31 December 2022, management has evaluated whether there were any additional areas of significant judgement or estimation uncertainty, assessed the impact of market inputs and variables potentially impacted by prevailing conditions on the carrying values of its assets and liabilities, and considered the impact on the consolidated entity's financial statement disclosures. The consolidated entity's revenues have a high degree of exposure to market volatility which has the potential to lead to a material financial impact. The US and UK operations are similarly exposed to market movements due to the nature of the business. Whilst this has been factored into the preparation of the financial report, the accounting policies and methodologies have been applied on a consistent basis to the half year financial report. The Directors and management continue to closely monitor developments with a focus on potential financial and operational impacts as developments arise.

Directors' Report
for the year ended 30 June 2023

Dividends

Dividends paid or provided by the Company to members since the end of the previous financial year were:

	CENTS PER SHARE	TOTAL AMOUNT $M	FRANKED[1]/ UNFRANKED	DATE OF PAYMENT
Declared and paid during the financial year 2023				
Final 2022 ordinary	97	55.0	100% Franked	30 Sep 2022
Special dividend	35	20.1	100% Franked	8 Feb 2023
Interim 2023 ordinary	55	61.6	40% Franked	31 Mar 2023
Total		**136.7**		
Declared after the end of the financial year 2023				
After balance date, the Directors declared the following dividend:				
Final 2023 ordinary	65	73.1	40% Franked	29 Sep 2023
Total		**73.1**		

1. All franked dividends declared or paid during the year were franked at a tax rate of 30% and paid out of retained earnings.

The financial effect of dividends declared after year end are not reflected in the 30 June 2023 financial statements and will be recognised in subsequent financial reports.

State of affairs

The acquisition of Pendal Group was completed on 23 January 2023, refer to section 2-1 Business Combinations for more information.

There were no other significant changes in the state of affairs of the consolidated entity during the financial period.

Events subsequent to reporting date

A final 40% franked dividend of 65 cents per share was declared on 24 August 2023 and is to be paid on 29 September 2023.

Perpetual announced the impact of a decision made in June 2023 regarding the establishment of a global asset management division. The current regional asset management businesses have come together to form one global division, which will be led by a newly created role of Chief Executive, Asset Management. Rob Adams will assume the dual role of Perpetual Group CEO and Chief Executive, Asset Management. This change means that the regional chief executive roles for Europe and UK (EUKA), and the Americas are no longer needed. Amanda Gillespie will continue to lead Asset Management in Australia as part of the global asset management leadership team reporting to Rob.

Other than the matters noted above, the Directors are not aware of any other event or circumstance since the end of the financial year not otherwise dealt with in this report that has affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years.

Likely developments

Information about the business strategies and prospects for future financial years of the consolidated entity are included in the Operating and Financial Review. With the exception of the previous disclosure regarding the acquisition, further information about likely developments in the operations of the consolidated entity and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the consolidated entity because the information is commercially sensitive.

Environmental regulation

The consolidated entity acts as trustee or custodian for a number of property trusts which have significant developments throughout Australia. These fiduciary operations are subject to environmental regulations under both Commonwealth and State legislation in relation to property developments. Approvals for commercial property developments are required by State planning authorities and environmental protection agencies. The licence requirements relate to air, noise, water and waste disposal. The responsible entity or manager of each of these property trusts is responsible for compliance and reporting under the government legislation.

The consolidated entity is not aware of any material non-compliance in relation to these licence requirements during the financial year.

The consolidated entity has determined that it is not required to register to report under the *National Greenhouse and Energy Reporting Act 2007,* which is Commonwealth environmental legislation that imposes reporting obligations on entities that reach reporting thresholds during the financial year.

Indemnification of Directors and officers

The Company and its controlled entities indemnify the current Directors and officers of the companies against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as Directors of the consolidated entity, except where the liabilities arise out of conduct involving a lack of good faith. The Company and its controlled entities will meet the full amount of any such liabilities, including costs and expenses. The auditor of the Company is in no way indemnified out of the assets of the Company.

Insurance

In accordance with the provisions of the *Corporations Act 2001*, the Company has a directors and officers' liability policy which covers all Directors and officers of the consolidated entity. The terms of the policy specifically prohibit disclosure of details of the amount of the insurance cover and the premium paid.

Directors' interests in registered schemes

As at the date of this report, directors had the following relevant interests in registered schemes made available by the Company or a related body corporate of the Company.

NAME	REGISTERED SCHEME	RELEVANT INTEREST (UNITS)
Tony D'Aloisio	Perpetual Credit Income Trust	227,000
	Perpetual Pure Microcap Fund Class A	65,608
	Perpetual Wholesale Industrial Share Fund	149,490
	Perpetual Share Plus Long Short Fund	71,721
	Perpetual Wholesale Global Share Fund	77,157
Ian Hammond	Perpetual Wholesale Geared Australian Fund	133,660
	Perpetual Wholesale Industrial Share Fund	252,942
	Eley Griffiths Group Small Companies Fund	191,872
	Barrow Hanley Global Share Fund	250,000
Nancy Fox	Perpetual Credit Income Trust	10,978
	Perpetual ESG Australian Share Fund	46,152
	Perpetual Global Innovation Share Fund Class A	93,337
	Perpetual ESG Credit Income Fund	29,412
	Trillium Global Sustainable Opportunity Fund	29,937
	Implemented Real Estate Portfolio	23,535
	Pendal Sustainable Australian Share Fund	34,902
Chris Jones	JP Morgan Global Bond Opportunities Fund	79,378
	JPM Equity Premium Income ETF	15,118
Kathryn Matthews	J O Hambro UK Equity Income Fund	99,687
Rob Adams	Perpetual Industrial Share Fund	65,178
	Perpetual Wealthfocus Superannuation Fund	33,975
	Perpetual Australian Share Fund	6,296
	Perpetual Wholesale Industrial Fund	154,919

1. Craig Ueland retired as Director on 24 January 2023. At the time, Craig Ueland's holdings were:
   - 300,766 units in Perpetual Pure Equity Alpha Fund.
   - 87,223 units in Perpetual Global Innovation Share Fund.

Chief Executive Officer and Managing Director's and Chief Financial Officer's declaration

The CEO and Managing Director, and the CFO declared in writing to the Board, in accordance with section 295A of the *Corporations Act 2001*, that the financial records of the Company for the financial year have been properly maintained, and that the Company's financial report for the year ended 30 June 2023 complies with accounting standards and presents a true and fair view of the Company's financial condition and operational results. This statement is required annually.

Directors' Report

Remuneration Report
for the year ended 30 June 2023

Dear Shareholder,

On behalf of your Board, I am pleased to present our Remuneration Report for the financial year ended 30 June 2023 (FY23). Our Remuneration Report provides our shareholders and other stakeholders with a thorough and transparent explanation of how remuneration outcomes for our Key Management Personnel (KMP) align with our performance in FY23 and with the longer-term interests of our shareholders, clients and other stakeholders.

Strategy and Pendal Group acquisition

Perpetual's strategy has been to continue to strengthen its three core businesses with an emphasis on providing scale to its asset management businesses. In FY23 Perpetual announced and completed the acquisition of Pendal Group, becoming a global leader in multi-boutique asset management with AUM of A$212b[1] across equities, cash and fixed income and multi-asset strategies. The Pendal Group transaction is a major acquisition with the objective, when added to our existing asset management businesses, to deliver strategic value to shareholders by enhancing our ability to capture the benefits of scale, investment diversity and capability and expanding Perpetual's global distribution footprint.

The transaction brings together two organisations with complementary strengths and is expected to deliver A$80 million of annualised pre-tax synergies within the first two years post-completion, benefiting both shareholders and clients. A more scaled asset management business provides Perpetual with a stronger platform for growth, and with the expanded investment capability and global distribution, creates the potential for meaningful earnings per share (EPS) accretion.

Perpetual's performance in FY23

Perpetual takes a long-term view of performance. Successful delivery of strategy is assessed against agreed financial, client and growth measures which are aligned to long-term strategic objectives, thereby balancing short-term outcomes with the necessary investments for long-term sustainable growth.

At a Group level, while Perpetual delivered growth in underlying profit after tax (UPAT) to A$163.2m, underlying EPS of A$1.966 was down 24% on FY22. Continued profit growth was delivered in Corporate Trust and Wealth Management[2], however net outflows of A$8.1b across our Asset Management business impacted earnings at a Group level. Despite this, integration activities associated with the Pendal Group acquisition progressed well in FY23, and at 30 June 2023 the integration program was assessed by the Board as being on track to achieve the stated goal of A$80m in run rate synergies within the first two years post-completion.

Perpetual delivered positive client outcomes in FY23. Our Net Promoter Score (NPS) outcome of +57 in FY23 was a new high, improving substantially on FY22's outcome of +49 and remaining above Perpetual's long-term target of +40. Our investment teams continued to deliver strong relative investment performance, with 78%[3] of the Group's strategies outperforming their benchmarks over a three-year time horizon.

FY23 variable remuneration outcomes

The People and Remuneration Committee (PARC) and the Board spend considerable time each year evaluating the contribution and performance of the CEO and other Executive KMP. Perpetual maintains a performance-driven remuneration framework, linking KMP bonuses to key financial and strategic objectives.

In arriving at the proposed Variable Incentive outcomes for FY23, the Board weighed up challenging financial results, including net outflows within our asset management business, alongside continued execution of strategy and delivery of positive client outcomes. For FY23, the Board has determined to award the CEO a Variable Incentive award of 55% of target, or 31% of maximum opportunity, with individual outcomes for other Executive KMP averaging 49% of target, or 28% of maximum opportunity. The aggregate Cash and Unhurdled Variable Incentive outcomes approved for the CEO are down 35% on prior year and for other Executive KMP are down 32% on prior year. Bonus funding levels approved for the CEO and Executive KMP are aligned to the bonus funding levels approved for corporate staff more broadly across Perpetual.

1. As at 30 June 2023.
2. Wealth Management is the new naming convention for Perpetual Private.
3. Returns are presented gross of investment management fees. Investment performance of the strategies may differ once fees and costs are taken into account. Past performance is not indicative of future performance. See perpetual.com.au, barrowhanley.com, trilliuminvest.com, johcm.com, tswinvest.com and pendalgroup.com for relevant performance. The product disclosure statements (PDS) or disclosure document of any of the capabilities or funds should be considered before deciding whether to acquire or hold units in any such offering.

Further alignment of Executive KMP to shareholder experience

As outlined in detail in the FY22 Remuneration Report and Notice of Meeting, shortly after the completion of FY22, the Perpetual Limited Board awarded a long-term incentive (Growth LTI) to Executive KMP, incentivising the team to deliver growth above the existing KMP Variable Incentive scheme reward's stretch performance. The vesting hurdle for these awards will be a stretch CAGR absolute TSR of at least 10% (0% vesting) to 15% (100% vesting). Subject to meeting this hurdle, vesting will occur equally after 3, 4 and 5 years, with any vested equity restricted for a full five-year period. In arriving at this design, the Board intended to create an incentive arrangement for management to share in the upside of shareholder returns, while ensuring that no vesting will occur if the compounded stretch targets are not met.

Changes to KMP remuneration in FY23

As foreshadowed in the FY22 Remuneration Report, commencing in FY23, the Hurdled Equity component of the KMP Variable Incentive was decoupled from the broader Variable Incentive structure. In effect, the Hurdled Equity component is no longer subject to the group scorecard assessment process prior to allocation. The existing 7–10% CAGR absolute TSR hurdle range remains unchanged, with any vesting of these awards needing to meet or exceed this hurdle range over a three or four-year period. For FY23, the Board determined that all Executive KMP would receive their target Hurdled Equity award[1]. It is expected that this change will result in more consistent Hurdled Equity allocations being made to Executive KMP across business cycles – similar to a traditional long-term incentive (LTI).

CEO vesting outcomes in FY23

The three-year tranche of the CEO's FY19 Hurdled Equity allocation was tested in September 2022 and did not meet the CAGR absolute TSR hurdle range required for vesting. As a result, this tranche of the CEO's FY19 Hurdled Equity allocation lapsed and will not be retested. Other Executive KMP moved to the Hurdled Equity structure of the combined Variable Incentive with effect from FY20 and the first tranche of Hurdled Equity will be tested in September 2023.

Board composition

Several changes to Board composition occurred in FY23. Following completion of the Pendal Group acquisition in January 2023, and in recognition of the growing scale and global nature of the business, two internationally based Non-executive Directors of Pendal Group, Ms Kathryn Matthews and Mr Christopher Jones, joined the Perpetual Limited Board. Alongside this change, one of Perpetual's long serving Australian-based Non-executive Directors, Mr Craig Ueland, retired from the Board.

Perpetual Group is now a truly global business, with offices in 10 countries and over 1,900 employees globally. With scale comes the need for appropriate governance and oversight given the complex regulatory requirements that exist for our businesses globally. For FY24, the Board has established two new Board committees[2] to assist in further directing focus to key areas of oversight.

Conclusion

On behalf of the Board, I would like to thank shareholders and other stakeholders for your valuable feedback and ongoing dialogue on our remuneration approach. We are confident that we have balanced shareholder interests whilst also ensuring that our team is appropriately remunerated such that your Company has the best possible opportunity to deliver on our strategic goals.

Yours sincerely,

Nancy Fox

Nancy Fox
Chairman, People and Remuneration Committee

1. Consistent with the Variable Incentive forfeiture provisions, any Executive KMP due to depart the business will not receive a Hurdled Equity award.
2. In August 2023, the Perpetual Limited Board approved the formation of a Technology and Cyber Security Committee and an Integration Committee.

Directors' Report

Remuneration Report
for the year ended 30 June 2023

Contents

1. Key Management Personnel and executive summary

NAME	POSITION	TERM AS KMP IN FY23
Executive KMP		
CEO and Managing Director		
Rob Adams	Chief Executive Officer and Managing Director	Full year
Group Executives		
Alexandra Altinger	Chief Executive, UK, Europe and Asia (EUKA)	Partial year[1]
Amanda Gazal	Chief Integration Officer	Full year
Amanda Gillespie	Chief Executive, Asset Management Australia	Full year
Chris Green	Chief Financial Officer	Full year
David Lane	Chief Executive, Americas	Full year
Mark Smith	Chief Executive, Wealth Management	Full year
Richard McCarthy	Chief Executive, Corporate Trust	Full year
Sam Mosse	Chief Risk and Sustainability Officer	Full year
Non-executive KMP		
Non-executive Directors		
Tony D'Aloisio	Chairman	Full year
Christopher Jones	Independent Director	Partial year[3]
Craig Ueland	Independent Director	Partial year[2]
Fiona Trafford-Walker	Independent Director	Full year
Gregory Cooper	Independent Director	Full year
Ian Hammond	Independent Director	Full year
Kathryn Matthews	Independent Director	Partial year[3]
Mona Aboelnaga Kanaan	Independent Director	Full year
Nancy Fox	Independent Director	Full year

1. Alexandra Altinger joined as a KMP of Perpetual Limited on 23 January 2023 following the completion of the Pendal Group Acquisition.
2. Craig Ueland retired as an independent Director of Perpetual Limited on 24 January 2023.
3. Kathryn Matthews and Christopher Jones joined as Independent Directors of the Perpetual Limited Board on 24 January 2023 following the completion of the Pendal Group Acquisition.

1.1 Summary of key outcomes for Executive KMP

Changes to Executive KMP fixed remuneration and target Variable Incentive levels in FY23

Changes to fixed pay and target Variable Incentive levels for the CEO and KMP in FY23 were as follows.

- As foreshadowed in the FY22 Remuneration Report, aggregate fixed pay increases of 5.3% were agreed and took effect from 1 September 2022. Changes to Variable Incentive targets for some Executive KMP (including the CEO) were also agreed with effect from 1 July 2022.
- Effective 23 January 2023, additional changes were made for some Executive KMP to reflect the added scope and accountability arising from the Pendal Group acquisition. These additional fixed pay increases equalled 2.9% of KMP fixed pay in aggregate, while increases to target Variable Incentive levels equalled 5.5% in aggregate. These increases were more than offset by the cost savings achieved by bringing the two executive teams together.
- The CEO's fixed pay did not change during FY23 and has not been increased since his appointment to the role in September 2018. The CEO's variable incentive targets were adjusted upwards effective 1 July 2022 as part of the annual review cycle.

All increases were determined in consideration of relevant market data and trends, as well as to reflect continued development in role and the increasing complexity and breadth of managing a larger global business. Section 8 of this report provides detailed information on individual Executive KMP remuneration levels.

Variable Incentive outcomes for FY23

FY23 was a transformative year for Perpetual, with the announcement and completion of the Pendal Group acquisition. In arriving at Variable Incentive outcomes for FY23, the Board weighed execution of the strategic plan alongside the financial performance of the business, including a reduction in underlying EPS in FY23 and continued pressure on net flows. Section 7 of the Remuneration Report summarises business performance and associated Executive KMP Variable Incentive outcomes, which averaged 49% of target (28% of maximum target) for Executive KMP (excl. CEO) and 55% of target (31% of max) for the CEO in FY23.

Lapsing of FY19 CEO Hurdled Equity award (3-year tranche)

The three-year tranche of the CEO's FY19 Hurdled Equity allocation was tested in September 2022 and did not meet the CAGR absolute TSR hurdle range required for vesting. As a result, this tranche of the CEO's FY19 Hurdled Equity allocation lapsed and will not be retested. Further information is available in Section 7.8.

In September 2023, the following Hurdled Equity awards will be tested against their respective hurdles.

ALLOCATION	DETAILS
FY19 Hurdled Equity allocation (4-year tranche)	– The CEO's FY19 Hurdled Equity allocation is due to be tested against the CAGR absolute TSR hurdle in September 2023. Other KMP moved onto the Hurdled Equity structure of the combined Variable Incentive with effect from FY20.
FY20 Hurdled Equity allocation (3-year tranche)	– In response to the unfolding COVID-19 pandemic and the associated market and business conditions at the time, the Perpetual Limited Board made the decision to allocate CEO and KMP Variable Incentive awards for FY20 exclusively as Hurdled Equity (i.e., no Cash Variable Incentive or Unhurdled Variable Incentive were awarded to the CEO or KMP in respect of FY20). The three-year tranche of these awards is due to be tested in September 2023.

Decoupling of Hurdled Equity component of Variable Incentive

Perpetual operates a Variable Incentive structure for Executive KMP which consists of a Cash, Unhurdled Equity and Hurdled Equity component (see Section 4 for more detail). Commencing in FY23, for new grants, the Hurdled Equity component of the KMP Variable Incentive was decoupled from the broader Variable Incentive structure. In effect, the Hurdled Equity component is no longer subject to the group scorecard assessment process prior to allocation. The existing 7–10% CAGR absolute TSR hurdle range remains unchanged, with any vesting of these awards needing to meet or exceed this hurdle range over a three or four-year period. Executive KMP members continue to have a Hurdled Equity target, however individual allocations are expected to be more closely aligned to each individual's target each year – similar to a traditional Long Term Incentive. Hurdled Equity allocations to be made in September 2023 are provided in Section 7.

Directors' Report

Remuneration Report
for the year ended 30 June 2023

Arrangements for Executive KMP who joined or ceased in FY23

EXECUTIVE KMP	TREATMENT
Alexandra Altinger, Chief Executive, UK, Europe and Asia (EUKA)	– Ms Altinger joined as an Executive KMP of Perpetual Limited on 23 January 2023 following the completion of the Pendal Group acquisition. Ms Altinger will participate in Perpetual's KMP Variable Incentive Plan with effect from her commencement with Perpetual Limited, meaning her FY23 Variable Incentive award will be pro-rated from her commencement as a KMP of Perpetual Limited. Shortly following her commencement with Perpetual Limited, Ms Altinger was awarded a Growth Incentive allocation with the same hurdles and vesting schedule outlined in the FY22 Remuneration Report. – As part of the changes announced alongside Perpetual's full year results, Ms Altinger will cease employment duties with Perpetual on 24 August 2023.
David Lane, Chief Executive, Americas	– As announced via the ASX on 23 May 2023[1], Mr Lane was not able to relocate to the United States due to personal and family reasons and will cease employment duties with Perpetual Limited on 24 August 2023. – Mr Lane is eligible for a severance payment in-line with Perpetual's Redundancy and Retrenchment policy for Australian-based employees and was provided with access to outplacement services with costs incurred by Perpetual. – Consistent with the terms and conditions of the Variable Incentive plan (see Section 6.4), Mr Lane's unvested or restricted Variable Incentive awards remain in the plan and will be tested relative to any applicable hurdles or vesting conditions at the original vesting date for each tranche. – Mr Lane's Hurdled Growth Long Term Incentive will be pro-rated to the date of termination and any remaining unvested Rights or Restricted Shares will remain in the plan and will be tested against the agreed hurdles at the applicable vesting dates.

2022 Executive KMP Growth Incentive

As outlined in detail in the FY22 Remuneration Report and Notice of Meeting, shortly after the completion of FY22, the Perpetual Limited Board awarded a long-term incentive (Growth LTI) to Executive KMP, incentivising the team to deliver growth above the existing KMP Variable Incentive scheme's stretch performance. The vesting hurdle for these awards will be CAGR absolute TSR growth of at least 10% (0% vesting) to 15% (100% vesting). Subject to meeting this hurdle, vesting will occur equally after 3, 4 and 5 years, with any vested equity restricted until year 5. The Board believes this represents a significant degree of stretch performance when compared to the TSR achieved by the Company in recent years, which will require ongoing expansion in underlying EPS.

Full details of these awards, including individual allocations and associated hurdles and conditions, are provided in Section 7.6.

Fixed Remuneration and Target Incentive changes for FY24

Aggregate fixed pay increases of 1.1% have been agreed for FY24 and will take effect from 1 September 2023. No change to the CEO and Managing Director's fixed pay or target Variable Incentive have been made.

1. See ASX announcement: https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02668561-2A1450655?access_token=83ff96335c2d45a094df02a206a39ff4.

1.2 Non-executive Director (NED) fees

As part of the acquisition of Pendal Group, which included the appointment of two Pendal Group Independent Non-executive Directors, the Board sought and received shareholder approval at the FY22 Annual General Meeting to increase the NED Fee Cap to $3.5 million. As outlined in the Notice of Meeting to the FY22 AGM, the Board sought Shareholder approval to increase the current remuneration pool cap for the following reasons:

1. to give the Company flexibility with regards to the appointment of additional Directors, particularly given the acquisition of Pendal Group in FY23;
2. to ensure the remuneration pool could accommodate payment of fees to any additional Non-executive Directors who were appointed;
3. to enable the Company to maintain remuneration arrangements that are market-competitive, so it can attract and retain high calibre individuals as Non-executive Directors; and
4. to provide for Non-executive Directors' fees to grow in the future to reflect market trends in the longer term.

No changes were made to NED fee levels for FY23 for Australian or US-based Independent Non-executive Directors. For Perpetual's new UK-based Independent Non-executive Director, Kathryn Matthews, fees for FY23 were agreed to be paid in-line with the existing fee structure for UK-based Independent Non-executive Directors at Pendal Group. In recognition of the increased oversight requirements required of the Board, for FY24 the Board has established two new Board committees to assist in further directing focus to key emerging areas requiring specific oversight.

No changes to Board fees or committee fees will be made for FY24 outside of the establishment of two new committees and agreeing their associated fees.

Further detail is available in Section 9.

2. Governance

2.1 The People and Remuneration Committee

The People and Remuneration Committee (PARC) is a committee of the Board and is comprised of independent Non-executive Directors. Operating under delegated authority from the Board, the PARC evaluates and monitors people and remuneration practices to ensure that the performance of Perpetual is optimised with an appropriate level of governance while balancing the interests of shareholders, clients and employees. The PARC's terms of reference are available on our website[1]. The terms of reference are intentionally broad, encompassing remuneration as well as the key elements of Perpetual's people and culture strategy. This enables the PARC to focus on ensuring high quality talent management, succession planning and leadership development at all levels of Perpetual.

The PARC met seven times during the year, with attendance details set out on page 26 of this Annual Report. A standing invitation exists to all Directors to attend PARC meetings. At the PARC's invitation, the CEO and Managing Director and the Chief People Officer attended meetings, except where matters associated with their own performance evaluation, development or remuneration were considered. The PARC considers advice and views from those invited to attend meetings and draws on services from a range of external sources, including remuneration advisers where considered appropriate.

2.2 Use of external advisers

During the year, Aon assisted the PARC with providing information on the remuneration competitiveness of the CEO and Executive KMP as well as market benchmarking information for Independent Non-executive Directors. The information provided did not include any specific recommendations in relation to the remuneration or fees paid to KMP.

1. perpetual.com.au/~/media/perpetual/pdf/shareholders/role-of-the-board/people_and_remuneration_committee_terms_of_reference_document.ashx.

Directors' Report

Remuneration Report
for the year ended 30 June 2023

3. Our people

Our people and culture strategy is focused on enabling Perpetual and our people to do great things and grow. FY23 saw an increased emphasis on building capability and empowering our people to thrive in a growth-focused environment. A priority for FY23 has been the bringing together of the Perpetual and Pendal Group businesses and supporting our teams through times of change. Work has also continued to enhance the employee experience of our integrated business and bring to life our people promise.

Our people promise

Our purpose
To create enduring prosperity

1 Join a trusted brand with respected expertise

- Iconic and respected 135+ year-old brand with a proven track record
- Consistent fund management performance and expertise
- Four generations of clients
- Opportunity to learn from the best

2 Thrive at work and home

- We invest in the wellbeing of our people so that they can be their best selves at work and at home
- Wellbeing programs and initiatives that enhance physical, mental, social and financial wellbeing
- Programs that support our people through different age and life stages
- Market leading parental leave scheme and support for carers

3 Be part of a growing global team

- A growing global brand and team – offices in Australia, Asia, UK, Europe and USA
- Access to global career pathways and mobility opportunities
- Learn from experts in our global markets

4 Experience a collegial and inclusive culture

- Collaborative teams
- Leaders who encourage innovation, learning and empowerment
- Authentically inclusive environment – not just lip service
- Diversity and inclusion is highly valued and there are numerous employee-led D&I networks
- Strong commitment to flexibility and hybrid working

5 Make a difference

- Giving back is part of our Perpetual Group DNA. As one of Australia's largest managers of philanthropy funds, we have a strong commitment to supporting the communities within which we live and work
- Strong and longstanding community partnerships and commitment to sustainability
- Partner with clients as a trusted adviser and make a difference to their lives
- Contribute openly and have a voice at the table
- Broad, varied and meaningful roles
- Contribute to the Perpetual Group purpose of enduring prosperity

6 Grow your career

- Be challenged and supported to grow
- Strong self-led learning culture
- Leadership development, mentoring programs and secondment opportunities to support our people to grow

Our behaviours

Stretch

Own it

Make an Impact

Growing global organisation and commitment to learning

Perpetual offers a range of compelling learning and career advancement opportunities to our people with the aim of building a learning culture. This is supported through our enterprise-wide LinkedIn Learning offering, which provides our people access to thousands of professional and personal development resources. Since the completion of the acquisition, this offering has been extended to all Pendal Group employees.

In FY23, Perpetual launched its inaugural Talent Accelerator Program – a 12 month talent development program investing in Perpetual's future leaders. We have partnered with Bendelta to design and deliver a high-quality program comprised of, leadership development workshops, 360-degree feedback surveys, online learning pathways and executive coaching.

Supporting our people to manage through change

Perpetual is focused on supporting our people through a period of substantial change, including the Pendal Group integration, by focusing workshops and initiatives targeted at the key moments that matter. Several change interventions were implemented in FY23 to support employee engagement, productivity, performance and morale.

- Regular monitoring of employee sentiment through group-wide pulse surveys provides key metrics for Perpetual to track employee feedback, and actionable insights to enhance the employee experience.
- People Leader change leadership support through leadership workshops, people leader change support guides, LinkedIn Learning, change leadership learning pathways and increased coaching and support for leadership teams.
- Individual resilience workshops – focused on leading self and others through change, mental health and managing wellbeing.
- Offering Headspace mindfulness and meditation app to all employees of Perpetual Group.
- Building high-performing teams programs for new people leaders and new and blended teams coming together following the Pendal Group integration.

Commitment to diversity and inclusion

Perpetual has a longstanding commitment to embracing diversity and fostering an inclusive environment. Across FY23, an average of 79% of Perpetual Group employees agreed or strongly agreed that Perpetual cultivates an inclusive environment accepting of diverse views and individual differences.

Perpetual's Diversity and Inclusion (D&I) Council is chaired by Rob Adams, Perpetual's Group CEO, and is responsible for the delivery of Perpetual's D&I strategy, which has three strategic goals – inclusion, equity and identity. The D&I strategy is supported by a roadmap that prioritises key initiatives over a three-year period (FY22–FY24). Initiatives are delivered by several employee-led working groups that champion different areas of diversity: gender equality, cultural diversity, ages and life stages, LGBTQ+, disability, parents and carers, and cognitive diversity. The following illustration highlights our strategic goals and key D&I achievements in FY23.

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Strategic goals

Inclusion
A high-performance culture, where we empower our people to grow

Equity
A level playing field for all

Identity
Our people feel valued and confident to bring their unique self to work

Working groups

1. **Gender Equality**
2. **Cultural Diversity**
3. **LGBTQ+**
4. **Disability**
5. **Life Stages & Events**
6. **Parents & Carers**
7. **Cognitive Diversity**

Key achievements FY23

Applying an inclusive lens on our policies
- Members of our Diversity and Inclusion Working Groups reviewed over 20 internal policies with a D&I lens
- Recommend-ations are being finalised across these policies, and the development of two new policies has been proposed

Growing our Pride Network and marking World Pride
- More than doubled our Pride Network membership in FY23
- Increased Perpetual's LGBTQ+ inclusivity measure by 20%
- Celebrated World Pride in Sydney and Melbourne offices
- Sponsored LGBTQ+ leaders to attend the Human Rights Conference in Sydney for World Pride

Supporting parents and carers
- Implemented a gender-neutral 20 weeks' paid parental leave policy in Australia
- Since implementation in July 2022, the proportion of males accessing parental leave and the amount of paid parental leave accessed has increased

Developing employee personas
- Designed and brought to life 10 employee personas that reflect different life stages of our people
- These personas will be used across business and D&I initiatives to consider the employee experience across all life stages

Harnessing the power of cognitive diversity
- Continued the rollout of the HBDI thinking preferences tool for leadership and talent cohort across the business
- Eight employees accredited to administer the tool

Investing in the next generation of female talent
- Completed our second program in partnership with F3 (Future Females in Finance)
- Continued our partnership with Future IM/Pact and hosted two early career events
- Hosted five Women@Perpetual events in FY23

4. Our remuneration philosophy and structure

Perpetual's remuneration philosophy is designed to enable the achievement of our business strategy, ensure that remuneration outcomes are aligned with our shareholder, client and community best interests and are market competitive. To that end, we have created a set of guiding principles that direct our remuneration approach.

4.1 Global Remuneration principles

Our remuneration policy is designed around six guiding principles, which aim to:

1. attract, motivate and retain the desired talent within Perpetual
2. balance value creation for shareholders, clients and employees
3. facilitate the accumulation of Perpetual equity or investments in product to drive an ownership mentality and long-term alignment of interests
4. embed and encourage sound risk management, behaviours and conduct
5. be simple, transparent, equitable and easily understood and administered; and
6. be supported by a governance framework that avoids conflicts of interest and ensures proper controls are in place.

4.2 Remuneration policy and practice

CEO and other Executive KMP remuneration

Perpetual has implemented a transparent remuneration model that is aligned to our business strategy and supports the attraction and retention of talent. For FY23, the following applies:

- The Cash and Unhurdled Equity components of the Variable incentive remain unchanged and will continue to be subject to the group scorecard assessment prior to allocation.
- Commencing FY23, Perpetual decoupled the Hurdled Equity component from the combined Variable Incentive. The Hurdled Equity component of the Variable Incentive structure remains subject to the existing long-term absolute TSR performance hurdle and performance range of 7–10% CAGR, however awards will no longer be subject to the group scorecard assessment prior to allocation.

Each Executive KMP will continue to have a target Hurdled Equity amount that will form the starting basis for the Board's determination of each year's allocation. While the Board will retain discretion to adjust individual Executive KMP Hurdled Equity allocations higher or lower each year, it is expected that this change will result in more consistent Hurdled Equity allocations being made to Executive KMP across business cycles – similar to a traditional Long Term Incentive.

FIXED VS. VARIABLE	COMPONENT	CASH VS. EQUITY	EXPLANATION OF COMPONENT
Fixed	Fixed reward	Paid as cash	Set in consideration of the total target remuneration package and the desired remuneration mix for the role, taking into account the remuneration of market peers, internal relativities and the skill and expertise brought to the role. Calculated on a "total cost to company" basis, consisting of cash salary, pension, and in Australia, packaged employee benefits and associated fringe benefits tax (FBT).
Variable Incentive (subject to group scorecard prior to allocation)	Cash	Paid as cash	Each participant has a Variable Incentive target, expressed as a defined dollar target amount. Annual Variable Incentive outcomes are linked to performance against key business metrics directly linked to our strategy. The Variable Incentive is awarded as a mix of Cash and Unhurdled Equity.
	Unhurdled Equity	Awarded as equity	The Unhurdled Equity component is awarded as Share Rights, which vest after two years into Restricted Shares for a further two years.
Variable Incentive (**not** subject to group scorecard prior to allocation)	Hurdled Equity	Awarded as equity	The Hurdled Equity component is awarded in the form of Performance Rights (subject to performance hurdles of absolute total shareholder return) which vests equally over three and four years (with any vested equity tested after three years restricted for a further year). The emphasis on equity ensures that Variable Incentive outcomes are linked to shareholder experience through reinforcing long-term ownership of Perpetual shares.

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Asset manager remuneration

Asset manager remuneration aligns to Perpetual's performance-based remuneration philosophy and principles. Perpetual seeks to align asset manager remuneration with longer-term value creation for our clients, which in turn is expected to benefit shareholder outcomes.

COMPONENT	EXPLANATION OF COMPONENT
Structure of asset manager incentive schemes	– While the arrangements in place vary across investment teams and boutiques, the following structural features generally apply: • Remuneration arrangements for more senior asset managers are typically structured to recognise and reward growth and retention of revenue or manageable profit of the strategies they support. In some instances, this results in an agreed revenue or pre-bonus profit sharing rate between Perpetual and the asset manager or team. • Incentive arrangements within certain boutiques are funded based on the financial performance of the boutique. In some instances, adjustments are also made for investment performance, growth goals and other strategic focus areas (including risk overlays). • For research roles and analysts, individual performance is generally assessed with reference to stock recommendations, attribution to performance, and ultimate investment performance against agreed investment targets, measured over a range of time horizons. • Some funds attract performance fees. In the event an investment strategy exceeds a pre-determined performance hurdle for a specific fund over the measurement period (generally over either a 6 or 12-month period) a performance fee is paid by the client. In some instances, the performance fee is shared between the asset management team and Perpetual.
Deferral/LTI arrangements	– Generally, asset managers have a portion of their variable remuneration awarded as either deferred short-term incentives (STI) or long-term incentives (LTI) each year. This cycle of rolling awards ensures retention arrangements are in place and avoids cliff vesting events. – For most asset managers, deferred incentives can be invested into either Company equity or units in funds that they are responsible for, further aligning asset managers to client outcomes and shareholder interests. – Within Barrow Hanley, an agreed portion of the bonus pool is distributed as unit interests in Barrow Hanley.

General employee remuneration

Perpetual employees globally receive salary, a competitive retirement offering and are commonly eligible to receive an STI or bonus. In addition, Perpetual offers a comprehensive range of employee benefits across wealth, health and lifestyle categories in the geographies where staff are employed.

Performance against the group balanced scorecard and other factors determines the size of the bonus pool for the financial year. Relative divisional performance against a range of inputs then determines the distribution of the bonus pool to each division. An individual's performance rating is determined based on performance against objectives agreed at the commencement of the performance year. An individual's bonus outcome is generally based on this performance rating, which is reflective of performance against targets in an individual scorecard, delivery of goals against Perpetual's behavioural framework and an employee's approach to the management of risk.

Most sales employees globally participate in Perpetual's group short term incentive plan. Where discrete sales plans exist, they are designed to reward performance specifically for business development managers who work within boutique sales teams. Awards are determined based on a range of factors, including client retention, actual sales performance, cross-selling, and other team behaviours.

Former Pendal Group bonus plans and transition to equivalent Perpetual plans

For group employees, Perpetual is in the process of harmonising global variable incentive schemes to equivalent Perpetual schemes. Variable incentive opportunity levels for individual employees are set annually in a similar way to Perpetual employees and are based on regular analysis of competitor market data for each role. It is expected that these plans will be largely consolidated by the end of FY24.

Details of equity-based remuneration

Some senior employees are also eligible to participate in Perpetual's Long Term Incentive Plan. Perpetual's Long Term Incentive Plan offers either Restricted Shares or Performance Rights to employees, generally vesting over a three-year period from the grant date. The number of shares allocated to employees at grant date is based on the value of the equity award they received as part of their variable reward outcome or other incentive arrangements.

All other Australian-based employees are eligible to participate in the One Perpetual Share Plan whereby eligible employees can be awarded annual grants of up to $1,000 of Perpetual shares subject to Perpetual meeting our group profit target. This scheme is limited to Australian-based staff due to the legal and tax environments in other geographies.

From a governance and administration perspective, external Trustees are responsible for managing the employee equity plan trusts which the Group uses to facilitate the acquisition and holding of shares for employee incentive arrangements. Shares awarded under Perpetual's employee share plans may be purchased on market or issued subject to Board approval and the requirements of the *Corporations Act 2001* and the ASX Listing Rules.

During FY23, the Trustees of Perpetual's employee benefit Trusts acquired a total of 861,648 Perpetual Limited shares at an average price of $22.97 totalling $19,792,676. These securities were acquired to satisfy Perpetual's obligations under various employee equity plans.

5. Managing risk and sustainability within Perpetual

Incorporating risk, conduct and behaviours into performance

Risk management continues to be a fundamental focus within our business, with the Perpetual Board having the responsibility and commitment to ensure that Perpetual has a sound risk management framework in place. Perpetual's Risk Group is a centralised corporate function, managed by the Chief Risk and Sustainability Officer, who reports directly to the CEO. The Risk Group has developed risk measurement systems and practices that are utilised when determining "at risk" remuneration. To this effect, risk management is a key performance metric at a group, divisional and individual level.

The Board, the PARC and people leaders have a range of mechanisms available to adjust remuneration and incentive outcomes to reflect behavioural, risk or compliance outcomes (both strong and weak) at a group, divisional and individual level. The table below summarises the range of mechanisms available and their intended operation.

MECHANISM	DESCRIPTION/INTENTION OF THE MECHANISM
Risk dashboards (apply at a Group or divisional level)	Incentive funding can be adjusted (upwards or downwards) following a combined Audit, Risk and Compliance Committee (ARCC) and PARC review of group and divisional risk "dashboards", which are produced by the Risk and Internal Audit functions throughout the year as well as leading into financial year-end. Perpetual is currently integrating the reporting of Pendal Group's risk reporting into Perpetual's risk dashboard framework, meaning that for FY23 risk outcomes for Pendal Group were reported separately to this framework.
Behavioural ratings – Perpetual Behaviours and Risk Ratings	Individual behavioural and risk assessments are collected for most employees at Perpetual – noting that recently acquired businesses, including Pendal Group operate their own risk and behavioural frameworks. For Perpetual Group employees, the behavioural and risk components of the scorecard effectively moderate employee performance outcomes. Behavioural ratings are provided across a four-point scale and can result in either upward or downward adjustments to performance ratings and reward or bonus outcomes. Additionally, a discrete risk assessment is undertaken for most employees using a consistent framework covering a range of risk measures and expectations across various seniority levels of the organisation.
Malus provisions or international equivalents	These allow for the Board to adjust or lapse any unvested incentive awards where, in their opinion of the Board, the participant has acted fraudulently and/or dishonestly, has breached his or her obligations to the Group, where outcomes have been misstated, or where the Board determines at its sole discretion that outcomes are inappropriate.
Clawback provisions or international equivalents	These allow for the Board to reclaim (or "claw back") vested incentives where, in the opinion of the Board, vesting occurred as a result of fraud, dishonesty, a breach of obligations or where outcomes have been misstated. This applies to both current and former employees.
Board discretion	Overriding the above mechanisms, the Board, and in some instances management, has discretion to adjust proposed incentive or vesting outcomes, subject to the applicable rules governing each incentive plan. The discretion to vary incentive outcomes from the agreed formulas range from absolute unfettered discretions to more limited discretions which may only be applied in specific circumstances.

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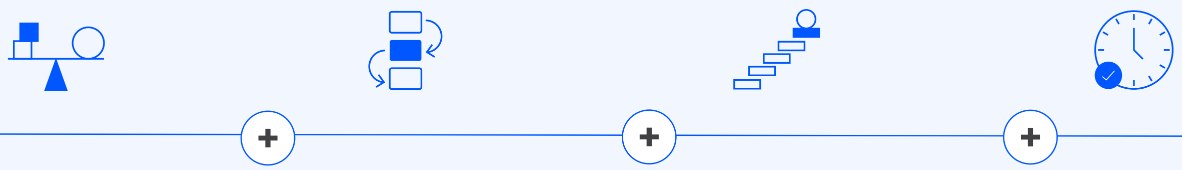
In addition to the above mechanisms, Perpetual:

- performs detailed scenario testing on potential outcomes under any new or changed incentive plans;
- reviews the alignment between proposed remuneration outcomes and performance achievement for incentive plans on an annual basis; and
- delivers a significant portion of variable remuneration as deferred incentives (for more senior employees) in equity or investments in products to align remuneration outcomes with longer term shareholder and client value.

Link between risk and reward

An employee's approach to managing risk is a key factor when considering his or her yearly performance. Risk management performance measures are overlaid in employee scorecards as per the graphic below. These measures are considered when assessing overall performance and incentive payments.

To be eligible for a variable incentive, all employees must meet minimum risk criteria



Embeds appropriate risk behaviours in all endeavours and effectively balances risk with opportunity	+ Applies the Risk Appetite Statement in decision making processes	+ Escalates issues to Risk within five days	+ Completes compliance tasks on time and accurately (training and management of obligations)

FY23 risk performance

FY23 full year risk performance results demonstrate continued focus on risk across the Group and are considered positive given the extent of transformational organisational change that has continued over the last 12 months, which has included:

- the acquisition of the Pendal Group and commencement of integration activity globally;
- ongoing integration of acquisitions (Barrow Hanley, Trillium Asset Management, Laminar Capital and Jacaranda Financial Planning);
- growing inbound regulatory engagement in Australia and evolving regulatory operating environment across our expanding offshore businesses; and
- management of other key initiatives and major project activity throughout the business during a period of challenging market conditions globally.

Notwithstanding this, there are some isolated metrics across the divisions where improvements are required. Sustained people and operational related risks remained elevated during the period and continued to impact some metrics. This follows as risk behaviours continued to be influenced by competing pressures to support Pendal integration and deliver synergies within a condensed timeframe, alongside business as usual and other competing priorities across the Group. This continues to be closely monitored by Executives to ensure projects and/or initiatives designed to address risk and promote the desired risk behaviours underpinning our strong risk culture are prioritised and funded.

On balance, given the above, and the environment in which we have operated in the past 12 months, no risk adjustments to bonus funding levels were recommended at the Group or divisional level. In addition, no adjustments were made to individual Executive KMP Variable Incentive outcomes for FY23 based on risk performance.

Further information on the Board's review of prior year vesting is available in Section 7.7.

Incorporating sustainability into performance

In September 2022, Perpetual's Prosperity Plan was launched, a key component of the Company's sustainability strategy. This consisted of 35 commitments made across four pillars – Planet, People, Communities and Governance. Through the strategy, Perpetual seeks to help clients navigate the low carbon transition, build an inclusive, high-performance culture, strengthen local communities and uphold good governance, accountability and integrity.

As part of the internal alignment and implementation of Perpetual's sustainability strategy, for FY23 it was agreed that a sustainability overlay would be applied to bonus funding as part of the FY23 Group Scorecard assessment process (similar to the current Risk Dashboard overlay).

FY23 sustainability performance

To support the FY23 review of Perpetual's sustainability performance, an assessment was conducted on progress against of each of the 35 commitments, giving each of them a 'red', 'amber' or 'green' (RAG) status, with a path to 'green'. An assessment was also undertaken of the impact of the acquisition of Pendal Group on the delivery of the 35 commitments.

On balance, given Perpetual's progress against the commitments, as described in the FY23 Sustainability Report, no adjustments were made to bonus funding levels at the group or divisional level. In addition, no adjustments were made to individual Executive KMP Variable Incentive outcomes for FY23 based on sustainability performance.

Minimum shareholding guideline

A minimum shareholding guideline applies to Executive KMP. The purpose of this guideline is to strengthen the alignment between Executive KMP and shareholders' interests related to the long-term performance of Perpetual. Under this guideline, Executive KMP are expected to establish and hold a minimum shareholding to the value of:

- CEO: 1.5 times fixed remuneration
- Other Executive KMP: 0.5 times fixed remuneration

The value of each vested Restricted Share still held under restriction for the Executive KMP is treated as being equal to 50% of actual value, as this approximates the value of the share in the hands of the Executive after allowing for tax. Unvested shares or rights do not count towards the target holding.

A five-year transition period from the date of appointment to an Executive KMP role gives Executive KMP reasonable time to meet their shareholding guideline. Where the guideline is not met after the required time period, the CEO and other Executive KMP may be restricted from trading vested shares.

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As at 30 June 2023, progress towards the minimum shareholding target for each Executive KMP was as follows. Perpetual's main equity vesting events for Executive KMP occur in September each year (see section 8.6 for further information on upcoming vesting events).

	VALUE OF ELIGIBLE SHARE-HOLDINGS AS AT 30 JUNE 2023[1] $	VALUE OF MINIMUM SHARE-HOLDING GUIDELINE $	TARGET DATE TO MEET MINIMUM SHAREHOLDING GUIDELINE	GUIDELINE MET[2]
Executives				
R Adams	964,716	1,954,164	24 September 2023	
A Altinger[3]	163,148	295,238	23 January 2028	
A Gazal	251,916	287,500	7 April 2025	
A Gillespie	238,665	300,000	18 November 2025	
C Green	646,030	368,750	1 October 2013	✓
D Lane	403,482	325,000	10 April 2022	✓
M Smith	790,802	315,813	19 November 2017	✓
R McCarthy	205,086	300,000	15 October 2023	
S Mosse	133,696	337,500	18 February 2024	

1. Value is calculated through reference to the closing Perpetual share price at 30 June 2023 of AUD $25.88.
2. Executives have a five-year transition period to meet their shareholding requirement.
3. Value of minimum shareholding guideline converted to for Ms. Altinger have been converted to AUD using an FX rate of 0.525.

Hedging and share trading policy

Consistent with Corporations Act obligations, Perpetual's Share Trading Policy prohibits employees and Directors from entering into hedging arrangements in relation to Perpetual shares.

Share dealing approval

Perpetual has a policy for trading in Perpetual shares which stipulates certain trading black-out periods and requires all employees to seek pre-trade approval via an automated platform. A copy of the policy has been lodged with the ASX and appears on Perpetual's website[1].

1. perpetual.com.au/globalassets/_au-site-media/01-documents/04-group/02-governance--policy/2023/trading-in-perpetual-securities-policy_june-2022.pdf.

6. Aligning Perpetual Group performance and reward

6.1 Alignment of performance and reward to strategy

Perpetual's strategy and purpose is "Enduring Prosperity". Successful delivery of the strategy is defined by clear client, people, strategic and financial measures which link our annual targets with our long-term strategic objectives; that is, balancing short-term financial outcomes with the necessary investments for long-term sustainable growth.

- for our clients, enduring prosperity means pursuing a strategy that is focused on delivering quality products and outstanding service;
- for our people, enduring prosperity means empowering them to deliver superior performance and to explore new capabilities and establish a global footprint;
- for our shareholders, enduring prosperity means delivering above average, sustainable growth over the medium to long term; and
- for the community, enduring prosperity means delivering a positive contribution to the sustainability of society.

In our view, this is best achieved by having highly engaged people creating superior client outcomes, which in turn delivers underlying earnings growth for shareholders.

Our 2023 strategy[1]

Our purpose
Enduring Prosperity

Our vision
Most trusted in Financial Services

Our values
Excellence, Integrity, Partnership

Clients
Trusted brand and enduring relationships

People
Attract, develop and inspire the best people

Shareholders
Delivering sustainable, quality growth

Strategic imperatives

Client First
Exceptional products
Outstanding service

- Exceed client needs with products and services
- Improve client connectivity and delivery through innovative digital solutions
- Set industry leading standards in all that we do

Future Fit
Empowering our people
High performance

- Agile, efficient and scalable operating platform to manage growth
- A strong culture where people are positively challenged and empowered within our stated risk appetite
- Contemporary technology

New Horizons
New capabilities
Global footprint

- Buy or build global investment & distribution capabilities
- Improve and diversify our growth potential via an active M&A agenda across our businesses
- Deliver innovative solutions to our clients

Enablers

Brand | **Leadership** | **Innovation**

Variable remuneration is designed to reward Executive KMP for their performance over the course of the year, provided they have achieved performance standards based on financial and non-financial measures focused on delivering short and long-term value. The variable remuneration structure is designed to drive business strategy with outcomes being aligned to shareholders.

1. Note that a refreshed strategy was announced on 24 August 2023.

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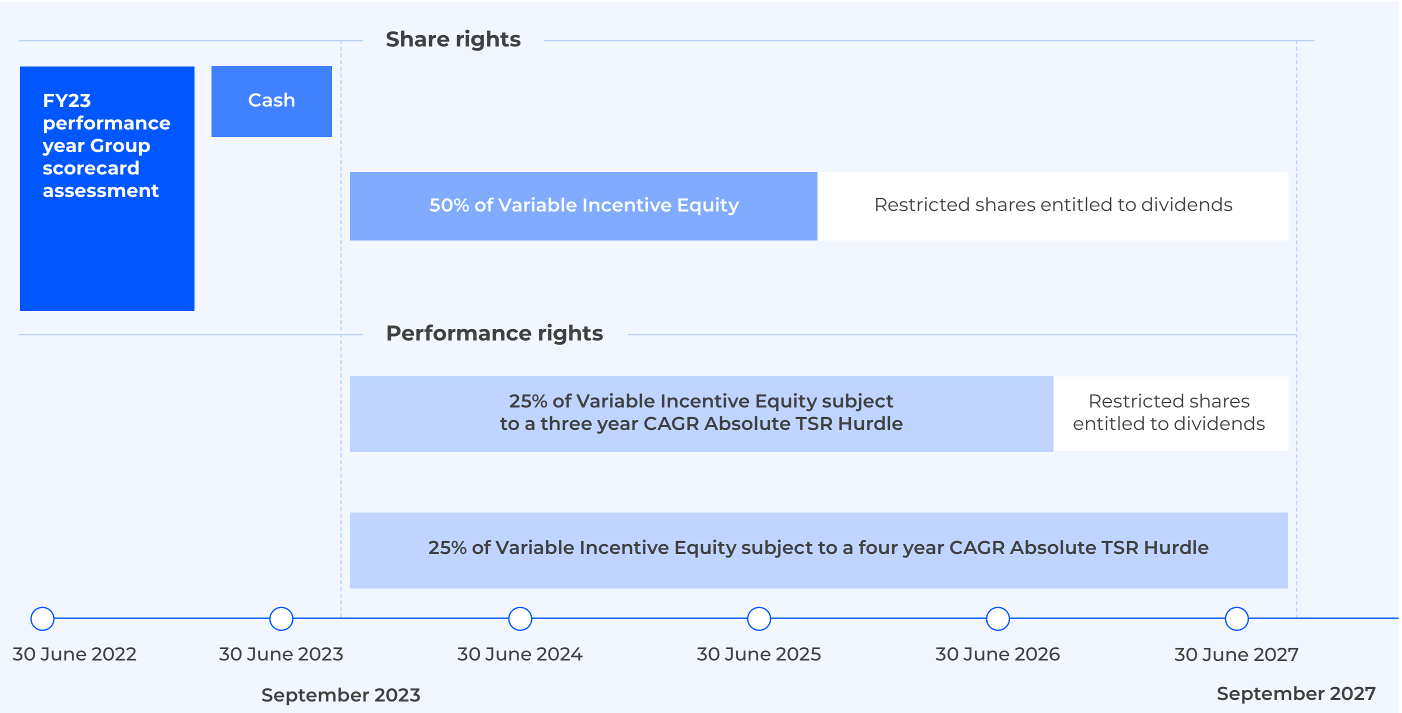
6.2 Features of the Executive KMP Variable Incentive Plan

Structure of the KMP Variable Incentive Plan

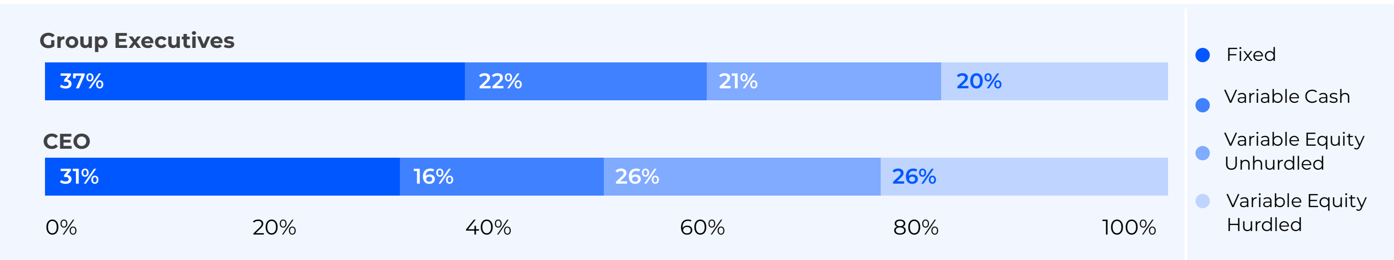
The diagram below summarises the structure and vesting schedules of the Executive KMP Variable Incentive plan awards for FY23. The FY23 group scorecard assessment impacts the Variable Incentive Cash and Variable Incentive Unhurdled equity, but no longer the Hurdled Equity component.



Remuneration mix

Executive KMP have a significant portion of their remuneration linked to performance and at risk, with the Board able to risk adjust remuneration if required. There is a strong alignment to LTI for Executive KMP, as Perpetual believes in meaningful equity ownership for this key group.

Total remuneration continues to be determined using a range of factors including Perpetual's market peers. The table below shows the average on-target remuneration mix for Perpetual Executive KMP as at 30 June 2023.



The absolute three and four-year TSR performance hurdles will be aligned to the following achievement scale.

COMPOUND ANNUAL GROWTH IN TSR	PERCENTAGE OF RELEVANT TRANCHE OF PERFORMANCE RIGHTS THAT VEST
Less than 7% per annum	0%
7% to 10% per annum	Straight-line vesting from 50% to 100%
10% or above per annum	100%

The number of Performance Rights granted for FY23 performance will be determined by dividing the relevant variable incentive award dollar amount by the five-day VWAP[1] prior to the grant date. This approach is consistent with the practice adopted every year for Executive KMP awards.

1. The Volume Weighted Average share price provides the average price that a security has traded at throughout the day or agreed period.

6.3 Approval processes

The Board, through the Chairman of the Board, conducts a formal review of the performance of the CEO and other Executive KMP on an annual basis. The Chairman, in consultation with the PARC, then makes recommendations directly to the Board for approval of the Variable Incentive allocation.

For other Executive KMP, the CEO makes recommendations to the PARC on Variable Incentive allocations. Once recommendations are reviewed and endorsed, the PARC makes recommendations for the Executive KMP to the Board for final approval.

6.4 Termination of employment

Treatment on termination of employment is as follows;

<table>
<tr><th>EVENT</th><th colspan="2">AWARDS NOT YET GRANTED</th><th colspan="2">AWARDS GRANTED, BUT NOT YET VESTED</th><th>VESTED BUT RESTRICTED</th></tr>
<tr><th></th><th>VI CASH & VI UNHURDLED EQUITY</th><th>HURDLED EQUITY</th><th>VI UNHURDLED EQUITY</th><th>VI HURDLED EQUITY</th><th>RESTRICTED SHARES</th></tr>
<tr><td>Resignation
Termination for poor performance</td><td colspan="2">No further variable incentive is payable in respect of the current or prior performance years as at the date of notice.</td><td colspan="2">Forfeited.</td><td>Retained under the plan with restriction periods continuing to apply.</td></tr>
<tr><td>Summary dismissal</td><td colspan="2">No further variable incentive is payable in respect of the current or prior performance years as at the date of notice of termination.</td><td colspan="2">Forfeited.</td><td>Forfeited.</td></tr>
<tr><td>Death</td><td>A pro-rated variable incentive based on the period of the performance year completed (excluding notice paid in lieu or gardening leave) and full year performance score will be delivered at the normal time. If an Executive is employed for only a short period of the year, the Board may determine to award no Variable Incentive.</td><td>No additional Hurdled Equity Performance Rights will be granted.</td><td colspan="2">Immediate vesting and conversion to unrestricted shares (subject to Board approval).</td><td>Immediate conversion to unrestricted shares (subject to Board approval).</td></tr>
<tr><td>Mutual agreement
Retirement (requires Board approval)
Redundancy
Total and permanent disablement (TPD)</td><td>A pro-rated variable incentive based on the period of the performance year completed (excluding notice paid in lieu or gardening leave) and full year performance score will be delivered at the normal time. If an Executive is employed for only a short period of the year, the Board may determine to award no Variable Incentive.</td><td>No additional Hurdled Equity Performance Rights will be granted.</td><td>Retained under the plan with restriction periods and hurdles (where applicable) continuing to apply.</td><td>A pro-rated number of units based on proportion of vesting period served to termination date are retained under the plan with restriction periods and hurdles continuing to apply.</td><td>Retained under the plan with restriction periods continuing to apply.</td></tr>
</table>

This approach to treatment of incentives on termination of employment in conjunction with the broader plan design strengthens the alignment of interests between Executive KMP and shareholders over the long term. The extended vesting and restriction periods encourage Executive KMP to make decisions that are in the long-term interests of shareholders, with implications of those decisions extending beyond an Executive KMP's tenure at Perpetual while they continue to have shares retained in the plan.

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7. Variable Remuneration

7.1 FY23 Variable Incentive outcomes

In determining annual Variable Incentive outcomes for the Executive KMP, the Board seeks to balance shareholder and client outcomes, while encouraging and rewarding Executive KMP for creating sustainable shareholder value. Performance, risk and reward are considered within the context of the longer-term business strategy.

In arriving at Variable Incentive outcomes for FY23, the Board weighed the financial performance of the business alongside continued execution of strategy and positive client outcomes. The table below provides the total Variable Incentive outcome (both cash and equity portions) received by the Executive KMP for FY23, which averaged 49% of target (28% of maximum target) for Executive KMP (excl. CEO) and 55% of target (31% of max) for the CEO in FY23.

NAME	VARIABLE INCENTIVE CASH $	VARIABLE INCENTIVE UN-HURDLED EQUITY[1] $	TOTAL VARIABLE INCENTIVE (CASH + UN-HURDLED) $	FY23 VARIABLE INCENTIVE TARGET (CASH + UN-HURDLED) $	FY23 VARIABLE INCENTIVE (AS % OF TARGET)[3] $	% FORFEITED $	MAX @ 175% OF TARGET[4] $	FY23 VARIABLE INCENTIVE (AS % OF MAX) $	% OF MAX VI FORFEITED $	TARGET HURDLED EQUITY $	ACTUAL HURDLED EQUITY AWARDED[2] $
Current Executives											
R Adams	356,200	602,800	959,000	1,750,000	55%	45%	3,062,500	31%	69%	1,100,000	1,100,000
A Altinger[5]	49,472	49,472	98,944	494,720	20%	80%	865,760	11%	89%	247,360	–
A Gazal	203,425	120,685	324,110	648,219	50%	50%	1,134,384	29%	71%	200,000	200,000
A Gillespie	154,329	154,329	308,658	617,315	50%	50%	1,080,301	29%	71%	320,000	320,000
C Green	180,411	180,411	360,822	721,644	50%	50%	1,262,877	29%	71%	375,000	375,000
D Lane	133,000	133,000	266,000	700,000	38%	62%	1,225,000	22%	78%	350,000	–
M Smith	147,854	182,008	329,862	659,724	50%	50%	1,154,517	29%	71%	364,016	364,016
R McCarthy	280,000	280,000	560,000	700,000	80%	20%	1,225,000	46%	54%	350,000	350,000
S Mosse	140,844	140,844	281,688	521,644	54%	46%	912,877	31%	69%	275,000	275,000
Total	**1,645,535**	**1,843,549**	**3,489,084**	**6,813,266**	**50%**	**50%**	**11,923,215**	**28%**	**72%**	**3,581,376**	**2,984,016**

1. Variable Incentive Unhurdled Equity awarded as Share Rights with tenure based hurdles only.
2. Variable Incentive Hurdled Equity awarded as Performance rights with an absolute Total Shareholder Return hurdle.
3. Represents the sum of the Cash and Unhurdled Variable Incentive outcome for FY23 as a percentage of target Cash and Unhurdled Variable Incentive.
4. Maximum opportunity Executives may earn under the Cash and Unhurdled elements of the Variable Incentive Plan.
5. Variable Incentive amounts for Ms. Altinger are pro rated for the period from 23 January to 30 June and have been converted to AUD using an FX rate of 0.525.

7.2 FY23 Performance commentary

- In FY23 Perpetual announced and completed the acquisition of Pendal Group, becoming a global leader in multi-boutique asset management with AUM of A$212b at 30 June 2023. The acquisition of Pendal Group aligns with Perpetual's longer-term strategic focus of enhancing our product offering, diversifying revenue streams, generating scale, and expanding our geographic footprint. The Pendal Group transaction is a major strategic acquisition with the objective, when added to our existing asset management businesses, to deliver strategic value to shareholders by materially enhancing scale, investment diversity and capability, and expanding Perpetual's global distribution footprint.
- At a Group level, while Perpetual delivered growth in UPAT to A$163.2m, underlying EPS of A$1.966 was down 24% on FY22. Continued profit growth was delivered in Corporate Trust and Wealth Management, however net outflows of A$8.0b across our Asset Management business impacted earnings at a Group level. Despite this, integration activities associated with the Pendal Group acquisition progressed well in FY23, and at 30 June 2023 the integration program was assessed by the Board as being on track to achieve the stated goal of A$80m in run rate synergies within the first two years post-completion.
- Corporate Trust delivered strong and sustainable growth again in FY23, with underlying profit before tax (UPBT) increasing to A$81.6m, representing growth of A$9.0m, or 12% on FY22. Continued investment in Perpetual Digital, Corporate Trust's start-up company, proved important with revenues increasing to A$23.4m (up 20% on FY22). Corporate Trust's funds under administration (FUA) was A$1.16 trillion at 30 June 2023, up 6.4% on 30 June 2022. Corporate Trust's continued growth demonstrates the critical role it performs as a fiduciary, providing important infrastructure to support the Australian banking and financial services markets.
- Wealth Management delivered UPBT of A$47.0m in FY23, representing growth of 6% on prior year. Wealth Management delivered a 10th consecutive year of positive net flows, assisted by growth in the recently acquired Jacaranda business, as well as continued growth across philanthropy and not-for-profit clients. Wealth Management's Native Title business reached A$1.0b in funds this year with a number of new clients joining Perpetual, contributing approximately A$250m in new flows in FY23. Funds under advice finished the financial year at A$18.5b, representing growth of 6.3% on 30 June 2022 of A$17.4b.

– Perpetual continues to deliver strong client outcomes. Perpetual's Net Promoter Score (NPS) outcome of +57 in FY23 was a new high, improving substantially on FY22's outcome of +49 and remaining above Perpetual's long-term target of +40. Investment performance across the combined group remains strong and at 30 June 2023, 78%[1] of the Group's strategies were outperforming their benchmarks over the important three-year time horizon. In particular, we have seen very strong investment performance in Perpetual Asset Management, in Australia, and Barrow Hanley and TSW in the US.

7.3 FY23 Group Scorecard assessment

In FY23, the Perpetual scorecard was weighted 60% to financial measures and 40% to non-financial measures that are designed to deliver value in current and future years, within appropriate risk tolerance levels. We set our balanced scorecard each year based on the business and financial plan approved by the Board that is aligned to our strategy. Under our Variable Incentive plan, our balanced scorecard acts as the starting basis for evaluating current and future value creation with a risk management overlay. This section explains the performance outcomes delivered for FY23.

STRATEGIC MEASURE	WEIGHT	FULL YEAR PERFORMANCE	
Financial	**60%**	**Outcome**	**Comments**
Group UPAT[2]	30%	Below plan Target A$193.8m Above plan **$163.2m**	– FY23 UPAT is A$30.6m (15.8%) below plan. Growth in UPAT relative to FY22 (A$148.2m) was driven primarily by the approximate 5.5 months of contribution from the acquired Pendal Group businesses. Continued organic growth within Corporate Trust (11% growth in UPBT) and Wealth Management (2%) also supported Perpetual's overall profit growth. – Perpetual's stand-alone UPAT target for FY23 agreed at the commencement of FY23 was kept as the baseline target for FY23 and the expected UPAT contribution from Pendal Group was added to the stand-alone Perpetual target following completion.
Underlying Earnings Per Share (EPS)	10%	Below plan Target A$2.39 Above plan **A$1.97**	– Underlying EPS of A$1.97 is below plan by approximately 18% and below prior year (A$2.58) by approximately 24%. Despite Perpetual's growth in UPAT, a substantially higher weighted share count in FY23 resulting from the acquisition of Pendal Group in January has resulted in lower underlying EPS.
Corporate Trust – New Business Revenue	5%	Below plan Target A$18.4m Above plan **A$19.2m**	– Corporate Trust continued to perform strongly in FY23, delivering new business revenues of A$19.2m, driven by key client wins across all business lines. – Corporate Trust continues to deliver on a clear growth strategy, which includes organic growth in traditional business lines of Debt Market Services and Managed Funds Services, supported by new digital products and revenue streams.
Asset Management Australia – Annualised Net Revenue (ANR)	5%	Below plan Target +A$7.6m Above plan **-A$4.8m**	– Asset Management Australia ANR was below plan and below the FY22 outcome of -A$2.8m. The FY23 outcome was driven by the loss of a small number of institutional mandates and planned inflows not being achieved. – For FY23, targets and actuals presented for this measure are for Asset Management Australia, exclusive of Pendal Group. In future years, targets will be set for the consolidated asset management business.

1. Returns are presented gross of investment management fees. Investment performance of the strategies may differ once fees and costs are taken into account. Past performance is not indicative of future performance. See perpetual.com.au, barrowhanley.com, trilliuminvest.com, johcm.com, tswinvest.com and pendalgroup.com for relevant performance. The product disclosure statements (PDS) or disclosure document of any of the capabilities or funds should be considered before deciding whether to acquire or hold units in any such offering.
2. Perpetual reports profit on both a statutory basis (NPAT) and on an underlying (UPAT) basis. As disclosed previously UPAT adjusts NPAT for significant items that are material in nature and do not reflect the normal operating activities and excludes the non-cash tax-effected amortisation of acquisition intangibles. Adjusted items are clearly defined, consistently applied and disclosed in accordance with ASIC Regulatory Guide – 230 – Disclosing "Non IFRS information". UPAT is provided as it is considered useful for investors to gain a better understanding of Perpetual's financial results from normal operating activities. This measure is an appropriate metric for assessing business and Executive performance within the context of the global business strategy.

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STRATEGIC MEASURE	WEIGHT	FULL YEAR PERFORMANCE	
Asset Management International – Net Flows (+ANR)	5%	Below plan / Target +A$6.9b / Above plan **-A$1.4b**	– The FY23 outcome of -A$1.4b is below plan, but considerably higher than last year's actual outcome of -A$5.0b. The headline number was driven primarily by outflows in US equities in Barrow Hanley, partially offset by net inflows into Barrow Hanley's global and emerging markets strategies. Trillium continued to deliver positive net flows, despite market volatility, delivering full year positive net flows of A$0.7b in FY23. – For FY23, the targets and actuals presented for this measure are for Asset Management International, exclusive of Pendal Group. In future years, targets will be set for the consolidated asset management business. Pendal Group flows are included lower in the table under New Horizons.
Wealth Management – Net Flows	5%	Below plan / Target A$810m / Above plan **A$420m**	– Net flows of A$420m was below plan, however Wealth Management delivered a 10th consecutive year of positive net flows, assisted by continued growth in the philanthropy and not-for-profit channels. Wealth Management's native title business hit A$1.0bn in funds under advice, including A$250m in new flows. At 30 June 2023 funds under advice for Wealth Management was A$18.5b, representing growth of 6.3% on 30 June 2022 of A$17.4b.
Client First	**10%**	**Outcome**	**Comments**
Maintain client advocacy – external Net Promoter Score (NPS) performance	5%	Below plan / Target Maintain above 40 / Above plan **+57**	– The FY23 outcome of +57 was a new high for Perpetual and is substantially above prior year (+49) and Perpetual's goal of maintaining NPS above 40. The result was driven by improvements across each division: · Corporate Trust: 65 in FY23 (61 in FY22) · Wealth Management: 46 in FY23 (42 in FY22) · Asset Management Australia: 51 in FY23 (46 in FY22) · Asset Management International: 65 in FY23 (no FY22 baseline) – An NPS survey was not carried out for Pendal Group this year, however Pendal results will be included in Perpetual's FY24 results.
% of funds/ mandates meeting investment objectives Funds Target: 60%	Asset Mgmt Australia 2.5%	Funds: Below plan / Target / Above plan **71%**	– At 30 June 2023, Perpetual's international asset management teams had 71% of funds exceeding their investment objective over a three year period, inclusive of TSW and J O Hambro (75% of funds over five years). Barrow Hanley delivered particularly strong performance to 30 June, with 86% of funds exceeding their investment objective over three years.
	Asset Mgmt Int'l. 2.5%	Funds: Below plan / Target / Above plan **81%**	– At 30 June 2023, Perpetual's international asset management teams had 81% of funds exceeding their investment objective over a three year period (83% of funds over five years). Perpetual Australia (i.e., exclusive of Pendal) delivered particularly strong performance to 30 June, with 97% of funds exceeding their investment objective over both three and five years.

STRATEGIC MEASURE	WEIGHT	FULL YEAR PERFORMANCE	
Future Fit	**10%**	**Outcome**	**Comments**
Delivery of key projects	10%	Board Assessment Below plan · Target · Above plan	– Of 16 formally funded and commenced projects planned for FY23, seven were completed, four are tracking as green vs. agreed financials and timing, four are tracking as amber and one is tracking as red. Projects are reviewed quarterly and the project portfolio has been reviewed leading into FY24.
New Horizons	**20%**	**Outcome**	**Comments**
Pendal integration	5%	Pendal 5-month Net Flows (Feb to June) Below plan · Target · Above plan **-A$5.0b**	– Pendal Group's net flows since completion have been impacted primarily in the US market (-A$3.9b), where JO Hambro's International Select strategy and TSW's International Equity strategy have experienced outflows. The pace of net outflows in the US market moderated in May and June 2023. Net flows in Pendal Australia (-A$491m) and JO Hambro's UK and European businesses (-A$770m) have been more moderate.
	5%	Annualised Synergies Secured (action taken) by 30 June 2023 Below plan · Target · Above plan	– Action taken to achieve annualised synergies at 30 June was assessed by the Board as tracking to plan. As outlined in Perpetual's full-year results, as at 30 June 2023 the integration program was assessed by the Board as being on track to achieving the stated goal of A$80m in run rate synergies within the first two years post-completion.
New Product Success vs. Business Case	2.5%	CLO Net Flows Below plan · Target · Above plan **US$410m**	– CLO net flows were below plan in FY23. Barrow Hanley originally planned to launch two CLOs in FY23, however given dislocation in the US Leverage Loan markets, it was not possible to launch our first CLOs until H1 FY23; meaning that the second CLO is now due to launch in H1 FY24 with the warehouse now open.
	2.5%	US Mutual Fund Net Flows Below plan · Target · Above plan **US$233m**	– In FY22, Perpetual made the decision to invest for growth in the US mutual fund channel. Calendar year 2022 represented a difficult year for US mutual funds and ETFs, with significant industry outflows being experienced across this channel. In recognition of these dynamics and the pending Pendal Group acquisition, Perpetual slowed its investment in early FY23, which impacted net inflows for FY23. – Perpetual remains committed to the US Mutual Fund channel and with an expanded team of intermediary distribution professionals in the US following the acquisition of Pendal Group, is well placed to take advantage of any recovery in FY24.
	2.5%	Perpetual Digital Revenue Below plan · Target · Above plan **A$23.4m**	– Perpetual Digital continued its growth in FY23, with revenues increasing by 20% from A$19.5m in FY22 to A$23.4m in FY23. Perpetual Digital continues to see a solid level of client interest in our capabilities, including Laminar Capital's Treasury Direct SaaS offering.
	2.5%	Jacaranda AUM on Platform Below plan · Target · Above plan **A$270m**	– Jacaranda AUM on Platform at 30 June 2023 was A$270m, comprised of approx. A$135m of new assets under administration and approx. A$135m existing. Jacaranda recorded net inflows of A$67.3m in FY23.

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7.4 Executive KMP Variable Incentive Group, divisional and individual weightings

Individual Variable Incentive awards are determined through an assessment of performance against the group balanced scorecard, divisional performance against agreed priorities and individual performance, which includes an assessment of behavioural expectations for all Executive KMP. Executive KMP must also meet risk and compliance requirements to be eligible to receive a Variable Incentive payment. The relative weights of Company and divisional performance reflect our primary focus on delivering strong group outcomes for our shareholders.

- CEO outcomes are weighted 70% Perpetual Group performance and 30% individual performance.
- Executive KMP supporting enterprise functions have a weighting of 60% Perpetual Group performance and 40% divisional and individual performance.
- Commencing FY23, Executive KMP with responsibility for the P&L of each respective division have a weighting of 40% Perpetual Group performance and 60% division and individual performance. This change recognises the increasing size/scale of the Group and aims to provide greater focus on delivery against agreed divisional financial and non-financial goals.

The combined focus on Perpetual Group and divisional/individual performance ensures shared accountability for overall Perpetual performance among Executive KMP, balanced with the need to deliver on divisional priorities.

<table>
<tr><th></th><th>PERPETUAL PERFORMANCE</th><th>DIVISIONAL PERFORMANCE</th><th>INDIVIDUAL PERFORMANCE</th></tr>
<tr><td>CEO</td><td>70%</td><td>0%</td><td>30%</td></tr>
<tr><td>Executive KMP (enterprise functions)</td><td>60%</td><td colspan="2">40%</td></tr>
<tr><td>Executive KMP (P&L functions)</td><td>40%</td><td colspan="2">60%</td></tr>
</table>

7.5 FY23 CEO performance and reward outcomes

The Board has assessed the important contribution of the CEO for FY23. As the CEO carries responsibility for the group scorecard, this assessment was made both against the group scorecard results, as well as agreed individual priorities set for the CEO. The group scorecard achievements are set out in Section 7.3 of this report. Overall, and in relation to specific individual priorities, FY23 was a significant year for the CEO. In addition to leading business as usual initiatives he made significant contributions to the following in FY23:

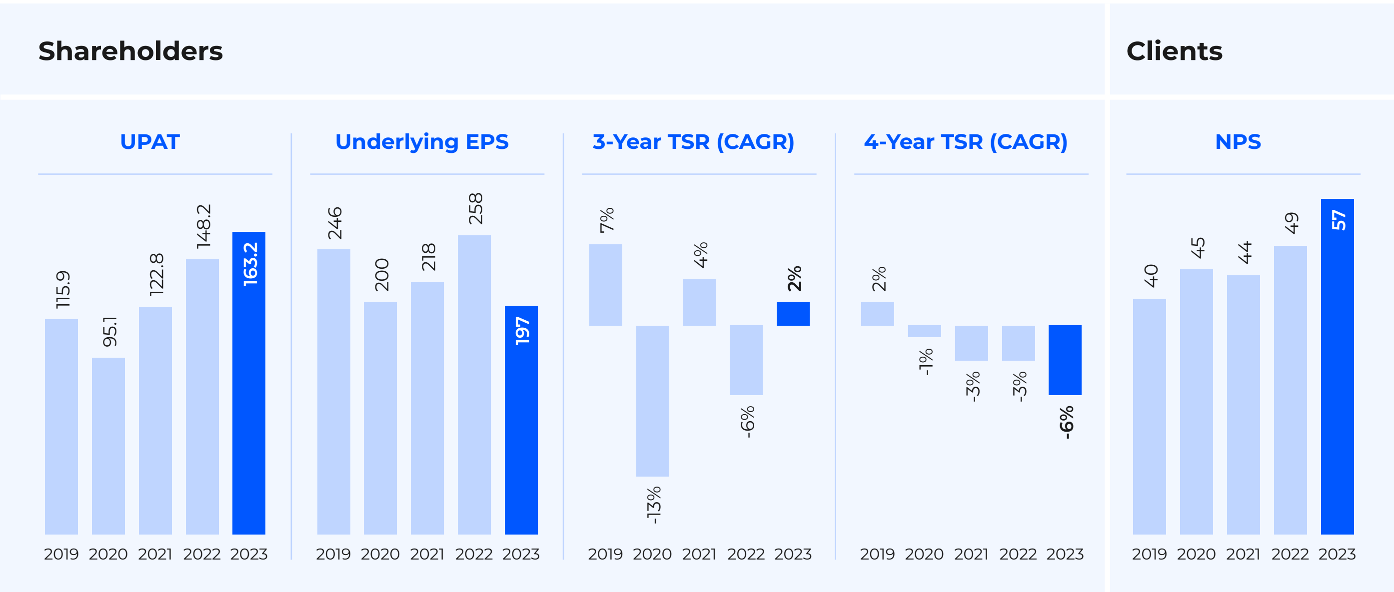
- The CEO continued to make decisive and effective decisions on strategic investments. Further to the acquisitions of Barrow Hanley and Trillium in prior years, the CEO led the acquisition of Pendal Group in FY23. This was part of the Board's strategy of a larger, more diversified and more meaningful asset management business to provide medium to long-term growth for shareholders coupled with the potential for EPS accretion through synergies in the shorter term. This was a complex and difficult transaction and was led by the CEO at every stage. The CEO had in place an effective internal and external team complementing the Board and its independent adviser.
- The CEO has, as part of that acquisition, reviewed and continued to build his executive team focused on achieving benefits for shareholders. He has allocated resources and responsibilities both on the shorter-term delivery of synergies and in the longer-term initiatives such as global distribution.
- The CEO has led these and other business as usual initiatives through uncertain and volatile market conditions in FY23. He has continued to achieve high employee sentiment results driven by an open and transparent communication program and has effectively led investor and shareholder communications.
- In considering these and other relevant matters, and weighing up the overall contribution, the Board has determined to award the CEO an overall outcome of 55% of target and 31% of maximum in respect of FY23, noting that outcomes from the acquisitions are in the early stages. Related to this, the Board has determined to award the CEO the full 100% of the Hurdled Equity component of his remuneration for FY23, enabling the CEO to participate in potential future value with shareholders through effective execution in the medium to longer term.

7.6 Alignment of Variable Incentive outcomes to five-year group performance

One of Perpetual's guiding principles for remuneration is that the remuneration structure should balance value creation for our shareholders, clients and employees. This section displays the degree of alignment between Perpetual group performance and remuneration outcomes for Executive KMP over the last five years. The table below shows Perpetual's five-year performance across a range of metrics and corresponding incentive outcomes.

		FY19 30 JUNE 2019	FY20 30 JUNE 2020	FY21 30 JUNE 2021	FY22 30 JUNE 2022	FY23 30 JUNE 2023
Underlying profit after tax – UPAT[1]	$m	115.9	95.1	122.8	148.2	163.2
Earnings per share – UPAT	cps	246	200	218	258	197
Total dividends paid/payable per ordinary share[2]	cps	**250**	**155**	**180**	**209**	**155**
Closing share price	$	42.24	29.67	40.05	28.88	25.88
1-year TSR	%	8	-24	40	-23	-4
3-year CAGR TSR	%	7	-13	4	-6	2
4-year CAGR TSR	%	2	-1	-3	-3	-6
5-year CAGR TSR	%	3	-3	5	-6	-3
CEO – Variable Incentive as % of target	%	65	60	100	106	55
CEO – Variable Incentive as % of maximum target	%	37	34	57	61	31
GE – Average Variable Incentive as % of target	%	56	48	93	103	49
GE – Average Variable Incentive as % of maximum target	%	32	27	53	59	28

1. UPAT & EPS – UPAT from 5 year profile.
2. Dividends paid are for the respective financial year.



NPS FY19 rebased from 39 to 40 to reflect new target markets.

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7.7 Executive KMP 2022 Growth Incentive

As outlined in detail in the FY22 Remuneration Report and Notice of Meeting, shortly after the completion of FY22, the Perpetual Limited Board awarded a long-term incentive (Growth LTI) to Executive KMP incentivising the team to deliver growth above the existing KMP Variable Incentive scheme reward's stretch performance. At the FY22 Annual General Meeting, shareholders approved the Growth Incentive allocation for the CEO and Managing Director, with the key terms of the structure outlined below.

– Under the Growth LTI, a grant of Performance Rights was made to Executive KMP in September 2022. The threshold for vesting will be set at 10% CAGR in absolute TSR, with 100% vesting at 15% CAGR absolute TSR (noting vesting commences at 0% for delivering 10.0% CAGR absolute TSR). The CAGR absolute TSR performance range for existing Hurdled Equity is 7.0% – 10.0%, meaning value is delivered under this award only where the existing stretch hurdle is exceeded. The Board believes this represents a significant degree of stretch performance when compared to the TSR achieved by the Company in recent years, which will require ongoing significant expansion in underlying EPS.
– The Growth LTI will vest in three equal tranches across three, four and five years, subject to meeting the relevant CAGR absolute TSR performance hurdle. Any Performance Rights that vest at three and four years will be retained as restricted shares until five years post the initial grant date.
– Performance Rights that do not vest are forfeited and not retested. The five-year performance and restriction period for the LTI award extends the time horizon of Executive KMP LTI arrangements to align to the longer-dated timeframe of the Company strategy and provides an alignment mechanism for the core executive team during the integration of these acquisitions and strategic investments.
– The CEO and Managing Director's Growth Incentive award was approved by shareholders at the 2022 AGM. Full details of this award were included in the Notice of Meeting for Perpetual's FY22 AGM[1].
– Individual allocations for Perpetual Executive KMP are available in Section 8.6.

7.8 Vesting outcomes of prior year equity awards

The three-year tranche of the CEO's FY19 Hurdled Equity allocation was tested in September 2022 and did not meet the CAGR absolute TSR hurdle range required for vesting. As a result, this tranche of the CEO's FY19 Hurdled Equity allocation lapsed and will not be retested. Other KMP moved onto the Hurdled Equity structure of the combined Variable Incentive with effect from FY20.

In September 2023, the following Hurdled Equity awards will be tested against their respective hurdles.

ALLOCATION	DETAILS
FY19 Hurdled Equity allocation (4-year tranche)	– The CEO's FY19 Hurdled Equity allocation is due to be tested against the CAGR absolute TSR hurdle in September 2023.
FY20 Hurdled Equity allocation (3-year tranche)	– In response to the unfolding COVID-19 pandemic and the associated market and business conditions at the time, the Perpetual Limited Board made the decision to allocate the CEO and KMP Variable Incentive awards for FY20 exclusively as Hurdled Equity (i.e., no Cash Variable Incentive or Unhurdled Variable Incentive were awarded to the CEO or KMP in respect of FY20). The three-year tranche of these awards is due to be tested in September 2023.

8. Data disclosures – Executive KMP

8.1 Remuneration of Executive KMP – Statutory Reporting

	SHORT-TERM BENEFITS				POST-EMPLOYMENT BENEFITS	OTHER LONG-TERM BENEFITS[6]	EQUITY-BASED BENEFITS[5]				
NAME	CASH SALARY[1] $	VARIABLE INCENTIVE CASH[2] $	NON-MONETARY BENEFITS[3] $	OTHER[4] $	SUPER-ANNUATION $	LONG SERVICE LEAVE $	VARIABLE INCENTIVE EQUITY[7] $	SHARES $	PERFORMANCE RIGHTS $	TERMINATION PAYMENTS[11] $	TOTAL $
Current Executives											
R Adams											
2023	**1,277,484**	**356,200**	**–**	**45,539**	**25,292**	**21,721**	**1,491,474**	**29,998**	**136,563**	**–**	**3,384,271**
2022	1,277,776	530,000	–	82,196	25,000	21,722	645,029	170,988	–	–	2,752,711

1. Full details of the award approved by shareholders at the FY22 AGM is available via this link: https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02568866-2A1398826?access_token=83ff96335c2d45a094df02a206a39ff4.

	SHORT-TERM BENEFITS				POST-EMPLOYMENT BENEFITS	OTHER LONG-TERM BENEFITS[6]	EQUITY-BASED BENEFITS[5]				
NAME	CASH SALARY[1] $	VARIABLE INCENTIVE CASH[2] $	NON-MONETARY BENEFITS[3] $	OTHER[4] $	SUPER-ANNUATION $	LONG SERVICE LEAVE $	VARIABLE INCENTIVE EQUITY[7] $	SHARES $	PERFOR-MANCE RIGHTS $	TERMI-NATION PAYMENTS[11] $	TOTAL $
A Altinger[9,10]											
2023	**259,658**	**49,472**	**1,090**	**(4,185)**	**1,675**	**–**	**–**	**50,698**	**27,761**	**–**	**386,169**
2022	–	–	–	–	–	–	–	–	–	–	–
A Gazal											
2023	**541,374**	**203,425**	**–**	**3,072**	**25,292**	**11,449**	**128,115**	**–**	**91,198**	**–**	**1,003,925**
2022	493,333	150,000	–	15,878	25,000	9,575	69,329	23,074	–	–	786,189
A Gillespie											
2023	**549,896**	**154,329**	**–**	**(8,611)**	**25,292**	**16,549**	**157,172**	**–**	**170,860**	**–**	**1,065,487**
2022	479,167	225,000	–	10,256	25,000	10,465	82,362	–	111,558	–	943,808
C Green											
2023	**687,073**	**180,411**	**–**	**30,328**	**25,292**	**22,914**	**354,591**	**–**	**106,399**	**–**	**1,407,008**
2022	645,858	325,000	–	1,651	25,000	15,062	237,644	–	–	–	1,250,215
D Lane[8]											
2023	**593,432**	**133,000**	**480**	**(9,124)**	**25,292**	**17,806**	**656,536**	**–**	**241,451**	**266,800**	**1,925,673**
2022	529,165	300,000	12,882	11,806	25,000	10,752	192,581	–	–	–	1,082,186
M Smith											
2023	**606,334**	**147,854**	**–**	**6,822**	**25,292**	**10,531**	**321,629**	**–**	**91,198**	**–**	**1,209,660**
2022	606,626	272,051	–	21,086	25,000	10,531	207,922	–	–	–	1,143,216
R McCarthy											
2023	**564,708**	**280,000**	**–**	**20,425**	**25,292**	**8,149**	**305,723**	**–**	**91,198**	**–**	**1,295,495**
2022	511,667	300,000	–	7,882	25,000	(11,179)	173,222	–	11,664	–	1,018,256
S Mosse											
2023	**747,611**	**140,844**	**–**	**28,558**	**25,292**	**16,864**	**181,713**	**–**	**91,198**	**–**	**1,232,080**
2022	545,833	172,800	–	–	25,000	10,573	101,601	20,607	–	–	876,414
Total 2023	**5,827,570**	**1,645,535**	**1,570**	**112,824**	**204,011**	**125,983**	**3,596,953**	**80,696**	**1,047,826**	**266,800**	**12,909,768**
Total 2022	5,089,425	2,274,851	12,882	150,755	200,000	77,501	1,709,690	214,669	123,222	–	9,852,995

1. Cash salary is the ordinary cash salary received in the year including payment for annual, long service, sick or other types of paid leave taken.
2. Variable Incentive cash payments consist of cash payments to be made in September 2023 for the CEO and Group Executives.
3. Non-monetary benefits represents those amounts salary sacrificed from fixed remuneration to pay for benefits such as leased motor vehicles, car parking, and purchased leave. For Ms. Altinger it represents health and insurance (Includes Medical, Dental, Life & Disability).
4. Other short-term benefits relate to:
   – salary continuance and death and total and permanent disability insurance provided as part of the remuneration package; and
   – the value of accrued annual leave for FY23 less leave taken which is depicted as cash salary.
5. Share-based remuneration has been valued using the binomial method, which considers the performance hurdles relevant to each issue of equity instruments. The value of each equity instrument has been provided by PricewaterhouseCoopers. Share-based remuneration is the amount expensed in the financial statements for the year and includes adjustments to reflect the most current expectation of vesting of LTI grants with non-market condition hurdles. For grants with non-market conditions including earnings per share hurdles, the number of shares expected to vest is estimated at the end of each reporting period and the amount to be expensed in the financial statements is adjusted accordingly. For grants with market conditions such as total shareholder return hurdles, the number of shares expected to vest is not adjusted during the life of the grant and no adjustment is made to the amount expensed in the financial statements (except if service conditions are not met). The accounting treatment of non-market and market conditions are in accordance with accounting standards.
6. The value of accrued long service leave for FY23 less leave taken, which is depicted as cash salary.
7. Variable incentive equity includes costs incurred in FY23 for the FY19, FY20, FY21, FY22 Variable Incentive equity grants.
8. Mr Lane will cease to be a KMP on 24 August 2023.
9. Ms Altinger commenced as a KMP on 23 January 2023 and will cease as a KMP in FY24.
10. Short-term benefit and Post-employment benefits amounts for Ms. Altinger are pro rated for the period from 23 January 2023 to 30 June 2023 and have been converted to AUD using an FX rate of 0.525.
11. Severance payment (excluding payroll tax) and outplacement as part of Mr. Lane's separation.

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8.2 Executive KMP Remuneration received FY23

The table below represents the actual remuneration received by the Executive KMP during FY23. This table differs to the statutory remuneration table on page 54 that has been prepared in accordance with the Corporations Act and Australian Accounting Standards. The difference between the two tables is predominantly due to the accounting treatment of the share-based payments.

NAME	TOTAL FIXED REMUNERATION[1] $	VARIABLE INCENTIVE CASH[2] $	EQUITY VESTED DURING YEAR[3] $	DIVIDENDS PAID ON UNVESTED SHARES DURING YEAR[4] $	SIGN-ON AND RELOCATION BENEFITS $	PAYMENTS MADE ON TERMINATION $	TOTAL $
Current Executives							
R Adams	1,304,911	530,000	257,814	10,390	–	–	2,103,114
A Altinger[5]	264,074	–	–	–	–	–	264,074
A Gazal	568,431	150,000	–	–	–	–	718,431
A Gillespie	577,804	225,000	97,262	–	–	–	900,065
C Green	714,016	325,000	–	–	–	–	1,039,016
D Lane	624,768	300,000	–	–	–	–	924,768
M Smith	633,277	272,051	–	–	–	–	905,328
R McCarthy	591,651	300,000	–	–	–	–	891,651
S Mosse	774,554	172,800	–	–	–	–	947,354
Totals	**6,053,485**	**2,274,851**	**355,075**	**10,390**	**–**	**–**	**8,693,801**

1. For Australian based KMP fixed remuneration consists of cash salary, superannuation, packaged employee benefits and associated fringe benefits tax. For UK based KMP fixed remuneration consists of cash salary, health and insurance benefits and pension payments.
2. Represents the cash portion of Variable Incentive outcome for FY22 paid in September 2022.
3. Represents the value of equity grants awarded in previous years which vested during the year. For Rob sign on and Amanda is LTI allocated prior to becoming a KMP.
4. Dividends paid during FY23 on sign-on shares granted to Mr Adams on 24 September 2018.
5. Total fixed remuneration amounts for Ms. Altinger are pro rated for the period from 23 January to 30 June and have been converted to AUD using an FX rate of 0.525.

8.3 Remuneration components as a proportion of total remuneration

The remuneration components below are determined based on the remuneration of the Executive KMP – Statutory Reporting table on page 54. This table includes fixed remuneration and Variable Incentives – cash and equity.

		PERFORMANCE LINKED BENEFITS					
NAME	FIXED REMUNERATION %	VARIABLE INCENTIVE CASH %	VARIABLE INCENTIVE EQUITY %	OTHER EQUITY[1]	TERMINATION PAYMENTS	TOTAL %
Current Executives						
R Adams	40%	11%	48%	1%	0%	100%
A Altinger	67%	13%	7%	13%	0%	100%
A Gazal	58%	20%	22%	0%	0%	100%
A Gillespie	55%	14%	31%	0%	0%	100%
C Green	54%	13%	33%	0%	0%	100%
D Lane	33%	7%	47%	0%	14%	100%
M Smith	54%	12%	34%	0%	0%	100%
R McCarthy	48%	22%	31%	0%	0%	100%
S Mosse	66%	11%	22%	0%	0%	100%

1. Other equity includes sign-on equity for Mr Adams and for Ms Altinger this is unvested Pendal Group deferred equity that was converted to unvested Perpetual deferred equity as part of the acquisition.

8.4 Value of unvested remuneration that may vest in future years

Estimates of the maximum future cost of equity-based remuneration granted by Perpetual should all targets be met in the future.

	30/06/2024[1] MAXIMUM $	30/06/2025[1] MAXIMUM $	30/06/2026[1] MAXIMUM $	30/06/2027[1] MAXIMUM $	30/06/2028[1] MAXIMUM $
CEO and Managing Director					
R Adams	1,798,238	1,446,131	830,035	383,103	51,795
Current Group Executives					
A Altinger[2]	171,977	–	–	–	–
A Gazal	245,082	262,906	167,755	88,485	12,600
A Gillespie	311,129	303,495	186,727	95,252	13,389
C Green	462,585	396,472	228,374	112,333	15,632
D Lane	62,799	–	–	–	–
M Smith	419,341	361,697	203,720	98,732	13,678
R McCarthy	421,186	391,018	203,846	97,625	13,586
S Mosse	291,167	289,326	177,964	92,423	13,093

1. The minimum value of the grants is $nil if the performance targets are not met. The values above are determined in accordance with accounting standards. The fair value of granted shares is recognised as an employee expense with a corresponding increase in equity. Fair value is measured at grant date and amortised over the performance and/or service period.
2. The amounts disclosed reflect the impact of Ms Altinger's separation, being the acceleration of amortisation for any remaining equity awards not forfeited.

8.5 Shareholdings as at 30 June 2023

The table below summarises the movement in holdings of ordinary shares held during the year and the balance at the end of the year, directly, indirectly, or by a related party.

NAME	TOTAL SHARES HELD AT 1 JULY 2022	PURCHASES	VESTING OF SHARES	VESTING OF RIGHTS	SALES/ REDUCTIONS	SHARES CONVERTED ON ACQUISITION OF PENDAL GROUP LIMITED	SHARES HELD PERSONALLY AT 30 JUNE 2023	SHARES HELD NOMINALLY AT 30 JUNE 2023[1]	TOTAL SHARES HELD AT 30 JUNE 2023
Current Executives									
R Adams	31,841	–	10,711	–	–	–	40,745	1,807	42,552
A Altinger	–	–	–	–	–	6,304	6,304	–	6,304
A Gazal	9,734	–	–	–	–	–	9,734	–	9,734
A Gillespie	5,099	–	–	4,123	–	–	9,222	–	9,222
C Green	30,994	–	–	–	–	–	30,994	–	30,994
D Lane	18,423	–	–	–	–	–	18,423	–	18,423
M Smith	34,728	9,788	–	–	9,788	–	8,343	26,385	34,728
R McCarthy	9,756	–	–	–	–	–	9,756	–	9,756
S Mosse	5,671	–	–	–	–	–	5,671	–	5,671

1. Shares held nominally are included in the "Total shares held at 30 June 2023" column. Total shares are held directly by the KMP and indirectly by the KMP's related parties, inclusive of domestic partner, dependents and entities controlled, jointly controlled or significantly influenced by the KMP.

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8.6 Unvested Share and Performance Rights holdings of the Executive KMP

The table below summarises the Share and Performance Rights holdings and movements by number granted to the Executive KMP by Perpetual, for the year ended 30 June 2023. For details of the fair valuation methodology, refer to section 4-1 of the notes to, and forming part of, the financial statements.

NAME	INSTRUMENT	GRANT DATE	GRANT PRICE $
Current Executives			
R Adams	Shares[2]	24 September 2018	42.01
	Performance Rights[4]	2 September 2019	42.01
	Performance Rights[4]	2 September 2019	42.01
	Performance Rights[4]	1 September 2020	31.15
	Performance Rights[4]	1 September 2020	31.15
	Share Rights[3]	1 September 2021	41.23
	Performance Rights[4]	1 September 2021	41.23
	Performance Rights[4]	1 September 2021	41.23
	Share Rights[3]	1 September 2022	27.52
	Performance Rights[4]	1 September 2022	27.52
	Performance Rights[4]	1 September 2022	27.52
	Performance Rights[6]	1 September 2022	8.90
	Performance Rights[6]	1 September 2022	8.25
	Performance Rights[6]	1 September 2022	7.63
		Aggregate value	
A Altinger	Restricted Shares[7]	6 March 2023	24.84
	Restricted Shares[7]	6 March 2023	24.84
	Restricted Shares[7]	6 March 2023	24.84
	Restricted Shares[7]	6 March 2023	24.84
	Restricted Shares[7]	6 March 2023	24.84
	Restricted Shares[7]	6 March 2023	24.84
	Restricted Shares[7]	6 March 2023	24.84
	Performance Rights[6]	1 March 2023	8.90
	Performance Rights[6]	1 March 2023	8.25
	Performance Rights[6]	1 March 2023	7.63
		Aggregate value	
A Gazal	Share Rights[3]	1 September 2021	41.23
	Performance Rights[4]	1 September 2021	41.23
	Performance Rights[4]	1 September 2021	41.23
	Share Rights[3]	1 September 2022	27.52
	Performance Rights[4]	1 September 2022	27.52
	Performance Rights[4]	1 September 2022	27.52
	Performance Rights[6]	1 September 2022	8.90
	Performance Rights[6]	1 September 2022	8.25
	Performance Rights[6]	1 September 2022	7.63
		Aggregate value	

Note: See pages 62 and 63 for table footnotes.

VESTING DATE	HELD AT 1 JULY 2022 NUMBER OF INSTRUMENTS	MOVEMENT DURING THE YEAR[1] GRANTED	FORFEITED	VESTED	HELD AT 30 JUNE 2023 NUMBER OF INSTRUMENTS	FAIR VALUE OF INSTRUMENT AT GRANT DATE $
		NUMBER OF INSTRUMENTS				
24 September 2022	10,711	–	–	10,711	–	42.01
1 September 2022	5,276	–	5,276	–	–	8.22
1 September 2023	5,275	–	–	–	5,275	8.40
1 September 2023	21,938	–	–	–	21,938	12.09
1 September 2024	21,937	–	–	–	21,937	12.42
1 September 2023	21,560	–			21,560	34.07
1 September 2024	10,780	–			10,780	20.14
1 September 2025	10,780	–			10,780	17.05
1 September 2024		34,243			34,243	21.84
1 September 2025		19,817			19,817	12.70
1 September 2026		19,817			19,817	11.03
1 September 2025		52,434			52,434	6.94
1 September 2026		56,565			56,565	6.55
1 September 2027		61,162			61,162	6.16
		$3,433,085	**$142,769**	**$257,814**		
1 October 2023		783			783	24.84
1 October 2024		783			783	24.84
1 October 2025		783			783	24.84
1 October 2023		1,584			1,584	24.84
1 October 2024		1,584			1,584	24.84
1 October 2025		1,584			1,584	24.84
1 October 2026		1,584			1,584	24.84
1 September 2025		22,471			22,471	6.23
1 September 2026		24,242	–		24,242	5.96
1 September 2027		26,212			26,212	5.64
		$815,721	**$–**	**$–**		
1 September 2023	2,821	–			2,821	34.07
1 September 2024	1,410	–			1,410	20.14
1 September 2025	1,410	–			1,410	17.05
1 September 2024		5,451			5,451	21.84
1 September 2025		2,725			2,725	12.70
1 September 2026		2,726			2,726	11.03
1 September 2025		22,471			22,471	8.44
1 September 2026		24,242			24,242	7.85
1 September 2027		26,212			26,212	7.28
		$900,009	**$–**	**$–**		

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NAME	INSTRUMENT	GRANT DATE	GRANT PRICE $
A Gillespie	Share Rights[5]	1 October 2019	31.53
	Share Rights[5]	1 October 2020	23.82
	Share Rights[3]	1 September 2021	41.23
	Performance Rights[4]	1 September 2021	41.23
	Performance Rights[4]	1 September 2021	41.23
	Share Rights[3]	1 September 2022	27.52
	Performance Rights[4]	1 September 2022	27.52
	Performance Rights[4]	1 September 2022	27.52
	Performance Rights[6]	1 September 2022	8.90
	Performance Rights[6]	1 September 2022	8.25
	Performance Rights[6]	1 September 2022	7.63
		Aggregate value	
C Green	Performance Rights[4]	1 September 2020	31.15
	Performance Rights[4]	1 September 2020	31.15
	Share Rights[3]	1 September 2021	41.23
	Performance Rights[4]	1 September 2021	41.23
	Performance Rights[4]	1 September 2021	41.23
	Share Rights[3]	1 September 2022	27.52
	Performance Rights[4]	1 September 2022	27.52
	Performance Rights[4]	1 September 2022	27.52
	Performance Rights[6]	1 September 2022	8.90
	Performance Rights[6]	1 September 2022	8.25
	Performance Rights[6]	1 September 2022	7.63
		Aggregate value	
D Lane	Performance Rights[4]	1 September 2020	31.15
	Performance Rights[4]	1 September 2020	31.15
	Share Rights[3]	1 September 2021	41.23
	Performance Rights[4]	1 September 2021	41.23
	Performance Rights[4]	1 September 2021	41.23
	Share Rights[3]	1 September 2022	27.52
	Performance Rights[4]	1 September 2022	27.52
	Performance Rights[4]	1 September 2022	27.52
	Performance Rights[6]	1 September 2022	8.90
	Performance Rights[6]	1 September 2022	8.25
	Performance Rights[6]	1 September 2022	7.63
		Aggregate value	

Note: See pages 62 and 63 for table footnotes.

VESTING DATE	HELD AT 1 JULY 2022 NUMBER OF INSTRUMENTS	MOVEMENT DURING THE YEAR[1] GRANTED	 FORFEITED	 VESTED	HELD AT 30 JUNE 2023 NUMBER OF INSTRUMENTS	FAIR VALUE OF INSTRUMENT AT GRANT DATE $
		NUMBER OF INSTRUMENTS				
1 October 2022	4,123	–	–	4,123	–	31.53
1 October 2023	6,298	–	–	–	6,298	23.82
1 September 2023	2496	–			2,496	34.07
1 September 2024	1248	–			1,248	20.14
1 September 2025	1248	–			1,248	17.05
1 September 2024		8,176			8,176	21.84
1 September 2025		4,088			4,088	12.70
1 September 2026		4,088			4,088	11.03
1 September 2025		22,471			22,471	8.44
1 September 2026		24,242			24,242	7.85
1 September 2027		26,212			26,212	7.28
		$1,049,993	**$–**	**$97,262**		
1 September 2023	8,026	–	–	–	8,026	12.09
1 September 2024	8,025	–	–	–	8,025	12.42
1 September 2023	7,454	–			7,454	34.07
1 September 2024	3,727	–			3,727	20.14
1 September 2025	3,727	–			3,727	17.05
1 September 2024		12,913			12,913	21.84
1 September 2025		6,456			6,456	12.70
1 September 2026		6,457			6,457	11.03
1 September 2025		26,217			26,217	8.44
1 September 2026		28,282			28,282	7.85
1 September 2027		30,581			30,581	7.28
		$1,410,722	**$–**	**$–**		
1 September 2023	6,019	–	–	–	6,019	12.09
1 September 2024	6,019	–	–	–	6,019	12.42
1 September 2023	6,714	–			6,714	34.07
1 September 2024	3,357	–			3,357	20.14
1 September 2025	3,357	–			3,357	17.05
1 September 2024		10,902			10,902	21.84
1 September 2025		5,451			5,451	12.70
1 September 2026		5,451			5,451	11.03
1 September 2025		22,471			22,471	8.44
1 September 2026		24,242			24,242	7.85
1 September 2027		26,212			26,212	7.28
		$1,200,032	**$–**	**$–**		

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NAME	INSTRUMENT	GRANT DATE	GRANT PRICE $
M Smith	Performance Rights[4]	1 September 2020	31.15
	Performance Rights[4]	1 September 2020	31.15
	Share Rights[3]	1 September 2021	41.23
	Performance Rights[4]	1 September 2021	41.23
	Performance Rights[4]	1 September 2021	41.23
	Share Rights[3]	1 September 2022	27.52
	Performance Rights[4]	1 September 2022	27.52
	Performance Rights[4]	1 September 2022	27.52
	Performance Rights[6]	1 September 2022	8.90
	Performance Rights[6]	1 September 2022	8.25
	Performance Rights[6]	1 September 2022	7.63
		Aggregate value	
R McCarthy	Performance Rights[4]	1 September 2020	31.15
	Performance Rights[4]	1 September 2020	31.15
	Share Rights[3]	1 September 2021	41.23
	Performance Rights[4]	1 September 2021	41.23
	Performance Rights[4]	1 September 2021	41.23
	Share Rights[3]	1 September 2022	27.52
	Performance Rights[4]	1 September 2022	27.52
	Performance Rights[4]	1 September 2022	27.52
	Performance Rights[6]	1 September 2022	8.90
	Performance Rights[6]	1 September 2022	8.25
	Performance Rights[6]	1 September 2022	7.63
		Aggregate value	
S Mosse	Performance Rights[4]	1 September 2020	31.15
	Performance Rights[4]	1 September 2020	31.15
	Share Rights[3]	1 September 2021	41.23
	Performance Rights[4]	1 September 2021	41.23
	Performance Rights[4]	1 September 2021	41.23
	Share Rights[3]	1 September 2022	27.52
	Performance Rights[4]	1 September 2022	27.52
	Performance Rights[4]	1 September 2022	27.52
	Performance Rights[6]	1 September 2022	8.90
	Performance Rights[6]	1 September 2022	8.25
	Performance Rights[6]	1 September 2022	7.63
		Aggregate value	

1. Granted aggregate value is calculated by multiplying the number of instruments by the grant price. Vested and forfeited aggregate value is calculated by multiplying the number of shares by the Perpetual closing share price on the vesting date.
2. Mr Adams' shares granted in 2018 are sign-on shares.
3. Share Rights granted to KMP in September 2021 and 2022 convert to Restricted Shares 2 years after the grant date. The holding lock is removed 4 years after the grant date, as per the terms of the Executive Leadership Team Variable Incentive Plan. These Share Rights are not included in the table after vesting.
4. Performance Rights granted to KMP in September 2019, 2020, 2021 and 2022 were issued as 2 tranches with a TSR hurdle. T1 is subject to a 3 year performance period before vesting into Restricted Shares for one year. T2 was subject to a 4 year performance period before vesting. Vested Performance Rights with a holding lock are not included in the table after vesting.

VESTING DATE	HELD AT 1 JULY 2022 NUMBER OF INSTRUMENTS	MOVEMENT DURING THE YEAR[1] GRANTED	FORFEITED	VESTED	HELD AT 30 JUNE 2023 NUMBER OF INSTRUMENTS	FAIR VALUE OF INSTRUMENT AT GRANT DATE $
		NUMBER OF INSTRUMENTS				
1 September 2023	6,019	–	–	–	6,019	12.09
1 September 2024	6,019	–	–	–	6,019	12.42
1 September 2023	6,842	–			6,842	34.07
1 September 2024	3,421	–			3,421	20.14
1 September 2025	3,421	–			3,421	17.05
1 September 2024		12,170			12,170	21.84
1 September 2025		6,085			6,085	12.70
1 September 2026		6,085			6,085	11.03
1 September 2025		22,471			22,471	8.44
1 September 2026		24,242			24,242	7.85
1 September 2027		26,212			26,212	7.28
		$1,269,823	**$–**	**$–**		
1 September 2023	6,019	–	–	–	6,019	12.09
1 September 2024	6,019	–	–	–	6,019	12.42
1 September 2023	5,509	–			5,509	34.07
1 September 2024	2,754	–			2,754	20.14
1 September 2025	2,754	–			2,754	17.05
1 September 2024		10,902			10,902	21.84
1 September 2025		5,451			5,451	12.70
1 September 2026		5,451			5,451	11.03
1 September 2025		22,471			22,471	8.44
1 September 2026		24,242			24,242	7.85
1 September 2027		26,212			26,212	7.28
		$1,200,032	**$–**	**$–**		
1 September 2023	4,013				4,013	12.09
1 September 2024	4,012	–	–	–	4,012	12.42
1 September 2023	3,305	–			3,305	34.07
1 September 2024	1,652	–			1,652	20.14
1 September 2025	1,652	–			1,652	17.05
1 September 2024		6,279			6,279	21.84
1 September 2025		3,139			3,139	12.70
1 September 2026		3,140			3,140	11.03
1 September 2025		22,471			22,471	8.44
1 September 2026		24,242			24,242	7.85
1 September 2027		26,212			26,212	7.28
		$945,582	**$–**	**$–**		

5. Some of Ms Gillespie's Share Rights were granted prior to her KMP appointment date of 18 November 2020. We have included these holdings for completeness.
6. Performance Rights issued under the "KMP LTI Growth Plan" were issued as 3 tranches with a TSR hurdle. T1 is subject to a 3 year performance period before vesting into Restricted Shares for two years. T2 is subject to a 4 year performance period before vesting into Restricted Shares for one year. T3 is subject to a 5 year performance period before vesting.
7. Ms Altinger's restricted shares relate to deferred STI payments made during her time as a KMP of Pendal Group that were converted to Perpetual Limited restricted shares.

Directors' Report

Remuneration Report
for the year ended 30 June 2023

8.7 Termination terms for Executive KMP

Following are the Executive KMP contractual arrangements.

TERM	WHO	CONDITIONS
Duration of contract	All Executive KMP	Ongoing until notice is given by either party
Notice to be provided by the Executive to terminate the employment agreement	CEO and Managing Director Other Executive KMP	9 months 6 months
Notice to be provided by Perpetual to terminate the employment agreement without cause	CEO and Managing Director Other Executive KMP	9 months 6 months
Notice to be provided by Perpetual for summary dismissal	All Executive KMP	No notice
Post-employment restraint	CEO and Managing Director and Other Executive KMP	12 months from the date on which notice of termination was given

The agreements also allow Perpetual to make a payment in lieu of notice, subject to Board approval.

9. Non-executive Director remuneration

9.1 Remuneration policy and data

Perpetual's Remuneration Policy for Non-executive Directors aims to ensure that we attract and retain suitably skilled, experienced and committed individuals to serve on your Board. Non-executive Directors do not receive performance related remuneration and are not entitled to receive performance shares or options over Perpetual shares as part of their remuneration arrangements.

Fee framework

Non-executive Directors receive a base fee. Except for the Chairman, they also receive fees for participating in Board committees (other than the Nominations Committee), either as Chairman or as a member[1].

Several changes to Board composition occurred in FY23. Following completion of the Pendal Group acquisition in January 2023, and in recognition of the growing scale and global nature of the business, two internationally based Non-executive Directors of Pendal Group, Ms Kathryn Matthews and Mr Christopher Jones, joined the Perpetual Limited Board. Alongside this change, one of Perpetual's long serving Australian-based Non-executive Directors, Mr Craig Ueland, retired from the Board.

As part of the acquisition of Pendal Group, which included the appointment of two Pendal Group Independent Non-executive Directors, the Board sought and received shareholder approval at the FY22 Annual General Meeting to increase the NED Fee Cap to $3.5 million. As outlined in the Notice of Meeting to the FY22 AGM, the Board sought Shareholder approval to increase the current remuneration pool cap for the following reasons:

1. to give the Company flexibility with regards to the appointment of additional Directors, particularly given the acquisition of Pendal Group in FY23;
2. to ensure the remuneration pool could accommodate payment of fees to any additional Non-executive Directors who were appointed;
3. to enable the Company to maintain remuneration arrangements that are market-competitive, so it can attract and retain high calibre individuals as Non-executive Directors; and
4. to provide for Non-executive Directors' fees to grow in the future to reflect market trends in the longer term.

1. Any other contracts are at arm's length in the normal course of business and on normal commercial terms consistent with other employees and clients. Those transactions may involve investments in Perpetual managed funds and financial advice by Wealth Management.

No changes were made to NED fee levels for FY23 for Australian or US-based Independent Non-executive Directors. For Perpetual's new UK-based Independent Non-executive Director, Kathryn Matthews, fees for FY23 were agreed to be paid in-line with the existing fee structure for UK-based Independent Non-executive Directors at Pendal Group.

No changes to Board fees or committee fees will be made for FY24, outside of the establishment of two new committees and agreeing their associated fees.

	FY23			FY24		
NON-EXECUTIVE DIRECTORS' FEES	AU-BASED AUD	US-BASED[1] USD	UK-BASED[2] AUD	AU-BASED AUD	US-BASED[1] USD	UK-BASED[2] AUD
Chairman	340,000				No change	
Directors	165,000	180,000	176,000		No change	
Audit, Risk and Compliance Committee Chairman	35,000				No change	
Audit, Risk and Compliance Committee member	17,000	17,000	22,000		No change	
People and Remuneration Committee Chairman	35,000				No change	
People and Remuneration Committee member	17,000	17,000	17,000		No change	
Investment Committee Chairman	25,000				No change	
Investment Committee member	13,000	13,000	14,300		No change	
Technology & Cyber-security Committee Chairman[3]					25,000	
Technology & Cyber-security Committee member[3]				13,000	13,000	14,300
Integration Committee Chairman[3]				25,000		
Integration Committee member[3]				13,000	13,000	14,300
Nominations Committee member	Nil	Nil	Nil	Nil	Nil	Nil
Overseas travel allowance per trip (long-haul)[4]	10,000	10,000	10,000	10,000	10,000	10,000

1. Apply to US based Directors only.
2. Apply to UK based Directors only. This amount is consistent with the rates previously applied to UK-based Non-executive Directors at Pendal Group.
3. These two new committees were formed in August 2023.
4. This allowance is paid once for each return overseas trip where the flight time, one way, is at least 8 hours.

The fees detailed above are inclusive of any superannuation or pension contributions, capped at the maximum prescribed under any applicable legislation.

Australian-based Non-executive Directors may receive employer superannuation contributions in one of Perpetual's employee superannuation funds or in a complying fund of their choice. Non-executive Directors can also salary sacrifice superannuation contributions out of their base fee.

Total fees paid to Non-executive Directors in FY23 were $1,896,124. More details are provided in the table on page 66.

Retirement policy

Non-executive Directors who have held office for three years since their last appointment must retire and seek re-election at the Annual General Meeting.

In order to revitalise the Board, Perpetual's Non-executive Directors agree not to seek re-election after three terms of three years. However, the Board may invite a Non-executive Director to continue in office beyond nine years if there is a compelling reason and, as determined by the Board, if in the best interests of shareholders. Outside of superannuation contributions, no retirement benefits are paid to Non-executive Directors.

Directors' Report

Remuneration Report
for the year ended 30 June 2023

Remuneration of the Non-executive Directors (statutory reporting)

Details of Non-executive Director remuneration are set out in the table below.

	SHORT-TERM BENEFITS	POST EMPLOYMENT BENEFITS	
NAME	PERPETUAL BOARD FEES $	SUPER-ANNUATION[2] $	TOTAL[3] $
T D'Aloisio[5]			
2023	**314,708**	**25,292**	**340,000**
2022	326,432	23,568	350,000
C Jones[1,4]			
2023	**164,045**	**–**	**164,045**
2022	–	–	–
C Ueland[5]			
2023	**109,276**	**11,474**	**120,750**
2022	198,182	18,818	217,000
F Trafford-Walker[5]			
2023	**176,471**	**18,529**	**195,000**
2022	205,000	–	205,000
G Cooper[5]			
2023	**217,258**	**–**	**217,258**
2022	201,818	20,182	222,000
I Hammond[5]			
2023	**207,940**	**5,060**	**213,000**
2022	213,318	9,682	223,000
K Matthews[4]			
2023	**93,358**	**–**	**93,358**
2022	–	–	–
M A Kanaan[1,4]			
2023	**325,713**	**–**	**325,713**
2022	280,665	–	280,665
N Fox[1]			
2023	**205,389**	**21,611**	**227,000**
2022	206,364	20,636	227,000
Total 2023	**1,814,158**	**81,966**	**1,896,124**
Total 2022	1,631,779	92,886	1,724,665

1. Mr Jones, Ms Fox & Ms Kanaan's fees include travel allowance. Ms Fox payment relates to a trip made in FY23 but paid in July 2023.
2. Australian Non-executive Directors can elect to take superannuation contributions in excess of their Superannuation Guarantee Contribution as additional base fees.
3. Non-executive Directors do not receive any non-cash benefits as part of their remuneration.
4. US or UK based Directors do not receive any payments such as pension contributions in addition to Board fees. US and UK fees are shown as the actual AUD cost of USD and GBP payments.
5. Reduced fees for Australian based NEDs from FY22 is due to $10,000 travel allowance not being paid in FY23.

Alignment with shareholder interests

The constitution requires Non-executive Directors to acquire a minimum of 500 Perpetual shares on appointment and hold a total of at least 1,000 shares when they have held office for three years. However, Non-executive Directors are encouraged to hold ordinary Perpetual shares equivalent in value to 100% of their annual base fee within a reasonable period of their appointment.

Non-executive Directors do not receive share rights or options and are required to comply with Perpetual's Hedging and Share Trading policies.

Non-executive Director shareholdings

The table below summarises the Non-executive Director movement in holdings of ordinary shares held during the year and the balance at the end of the year. The table includes shares held both in total (directly or indirectly) and held by related parties.

	TOTAL SHARES HELD AT 1 JULY 2022							
NAME	NUMBER OF SHARES	PURCHASES	SALES/ REDUCTIONS	SHARES HELD PERSONALLY AT 30 JUNE 2023	SHARES CONVERTED ON ACQUISITION OF PENDAL GROUP LIMITED	SHARES HELD NOMINALLY AT 30 JUNE 2023[1]	TOTAL SHARES HELD AT 30 JUNE 2023	1,000 SHARE-HOLDING REQUIREMENT MET
T D'Aloisio	9,072	–	–	–	–	9,072	9,072	✓
C Jones	–	–	–	–	4,571	–	4,571	✓
G Cooper	6,082	9,039	–	–	–	15,121	15,121	✓
N Fox	5,958	474	–	6,432	–	–	6,432	✓
I Hammond	12,967	10,000	2,149	–	–	20,818	20,818	✓
K Matthews	–	–	–	–	3,719	–	3,719	✓
M Kanaan	500	511	–	1,011	–	–	1,011	✓
F Trafford-Walker	1,905	151	–	2,056	–	–	2,056	✓
C Ueland	7,991	–	–	3,995	–	3,996	7,991	✓

1. Shares held nominally are included in the "Total shares held at 30 June 2023" column. Total shares are held directly by the KMP and indirectly by the KMP's related parties, inclusive of domestic partner, dependents and entities controlled, jointly controlled or significantly influenced by the KMP.

Directors' Report
Remuneration Report
for the year ended 30 June 2023

10. Key terms

Asset manager	Refers to Perpetual's asset management teams globally – those individuals and teams responsible for producing research for clients and/or directly managing AUM.
Balanced scorecard	The performance measures of financial, client, growth and people as agreed by the Board to assess short and long-term Perpetual Group performance for the purposes of determining the amount of variable remuneration payable (if any).
Cash	Refers to the Cash component of the Variable Incentive plan. The Cash component of the plan is delivered to KMP following the completion of the performance year.
Executive KMP	Executive Key Management Personnel. Those people who have the authority and responsibility for planning, directing and controlling Perpetual's activities, either directly or indirectly. Key Management Personnel disclosed in this report are the CEO and Managing Director and other Executive KMP (collectively Executive KMP).
Fixed remuneration	Fixed remuneration consists of cash salary, superannuation, packaged employee benefits and associated fringe benefits tax.
Group	Perpetual Limited and its controlled entities.
Hurdled Equity	The Hurdled Equity component is awarded in the form of Performance Rights (subject to performance hurdles of absolute total shareholder return) equally over three years (with any vested equity restricted for a further year) and four years.
Market peers	For the purposes of benchmarking remuneration practices and levels, Perpetual's market peers refers to listed companies in the diversified financial services industry, excluding major banks and other financial services companies in the Standard & Poor's (S&P)/ASX 200.
Mood Monitor	With the decision not to run a formal engagement survey in FY20, it was decided to implement the Mood Monitor to seek more frequent, in the moment feedback to gauge the mood of employees through regular pulse surveys.
Non-executive Director (NED)	Non-executive Directors (NEDs) or Non-executive KMP are members of a company's board of directors who are not part of the executive team.
NPAT	NPAT is the net profit after tax in accordance with the Australian Accounting Standards.
Performance Rights	Performance Rights are granted under the Hurdled Equity component of the Executive Variable Incentive plan.
Restricted Shares	Once Share Rights are held for a two-year vesting period, and if the vesting conditions are met, they are converted to Restricted Shares on a one share for one Share Right basis. Restricted shares are then held for a further two years.
Share Rights	Share Rights are issued around September each year, following the performance period. Share Rights have a two-year vesting period, at which point, if the vesting conditions are met, they are converted to Restricted Shares on a one share for one Share Right basis.
STI	A short-term incentive paid to employees for meeting annual targets aimed at delivering our longer-term strategic plan. Under the STI Plan, employees may be paid a discretionary incentive (less applicable taxes) based on their individual performance as well as business performance. The CEO and Executive KMP participate in their own Variable Incentive plans, and therefore no longer participate in the Group STI plan.
Unhurdled Equity	The Unhurdled Equity component is awarded as Share Rights, which vest after two years into Restricted Shares for a further two years.
UPAT	UPAT is underlying net profit after tax in accordance with the Australian Accounting Standards.
Variable Incentive	Variable Incentive includes both cash and equity components of the CEO and other Executive KMP Variable Incentive Plan.

Non-audit services provided by the External Auditor

Fees for non-audit services paid to KPMG in the current year were $407,934 (2022: $189,313).

The Board has a review process in relation to any non-audit services provided by the external auditor. The Board considered the non-audit services provided by the auditor and is satisfied that the provision of these non-audit services by the auditor is compatible with, and does not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services are subject to the corporate governance procedures adopted by the Company and are reviewed by the Audit, Risk and Compliance Committee to ensure that they do not impact the integrity and objectivity of the auditor; and
- non-audit services provided do not undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants,* as they do not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

The Lead Auditor's independence declaration for the 30 June 2023 financial year is included at the end of this report.

Rounding off

The Company is of a kind referred to in *ASIC Corporations Instrument 2016/191* dated 1 April 2016 and, in accordance with that Instrument, amounts in the Financial Report and the Directors' Report have been rounded off to the nearest one hundred thousand dollars, unless otherwise stated.

This report is made in accordance with a resolution of the Directors.

Tony D'Aloisio
Chairman

Rob Adams
Chief Executive Officer and Managing Director

Sydney 24 August 2023

Lead Auditor's Independence Declaration

under Section 307C of the *Corporations Act 2001*

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Perpetual Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Perpetual Limited for the financial year ended 30 June 2023, there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Brendan Twining
Partner
Sydney
24 August 2023

Operating and Financial Review

for the 12 months ended 30 June 2023

Contents

Notes

Note that in this review:

- FY23 refers to the financial reporting period for the 12 months ended 30 June 2023
- 1H23 refers to the financial reporting period for the 6 months ended 31 December 2022
- 2H23 refers to the financial reporting period for the 6 months ended 30 June 2023

with similar abbreviations for previous and subsequent periods.

This is a review of Perpetual's operations for the 12 months ended 30 June 2023 (FY23). It also includes a review of its financial position as at 30 June 2023.

The following information should be read in conjunction with the Group's audited consolidated financial statements and associated notes for FY23.

All amounts shown are stated in Australian dollars unless otherwise noted and are subject to rounding.

Additional information is available on the Group's website perpetual.com.au.

A glossary of frequently used terms and abbreviations can be found at the end of the review.

Disclaimer

The following information should be read in conjunction with the Group's audited consolidated financial statements and associated notes for the 12 months ended 30 June 2023 contained in the Annual Report for the financial year ended 30 June 2023 (FY23). The Group's audited consolidated financial statements for the 12 months ended 30 June 2023 were subject to an independent audit by KPMG.

No representation or warranty is made as to the accuracy, adequacy or reliability of any statements, estimates, opinions or other information contained in this review (any of which may change without notice). To the maximum extent permitted by law, the Perpetual Group, its Directors, officers, employees, agents and contractors and any other person disclaim all liability and responsibility (including without limitation any liability arising from fault or negligence) for any direct or indirect loss or damage which may be suffered through use of or reliance on anything contained in or omitted from this review.

This review contains forward-looking statements. These forward-looking statements should not be relied upon as a representation or warranty, express or implied, as to future matters. Prospective financial information has been based on current expectations about future events but is, however, subject to risks, uncertainties, contingencies, and assumptions that could cause actual results to differ materially from the expectations described in such prospective financial information. The Perpetual Group undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date of this review, subject to disclosure requirements applicable to the Group.

Operating and Financial Review

for the 12 months ended 30 June 2023

Part 1 – Review of Group

1 About Perpetual

1.1 Overview

Perpetual Limited (Perpetual) is a diversified global financial services firm operating in asset management, wealth management and trustee services. Perpetual services a global client base from its offices in Australia as well as its international offices in the United States, United Kingdom, Europe and Asia. Perpetual earns the majority of its revenue from fees charged on assets under either management, advice or administration. Revenue is influenced by movement in the underlying asset values, margin on assets and net client flows. The business model provides Perpetual with recurring revenue streams and leverage to movement in asset values. As a provider of high-quality financial services, employment costs comprise the largest component of the Group's expenses. The recent acquisition of Pendal Group brings together two of Australia's most respected active asset management brands to create a global leader in multi-boutique asset management with approximately A$200 billion in assets under management.

1.1.1 Strategy

Perpetual's vision is to create enduring prosperity for its clients, people, communities and shareholders. Perpetual creates enduring prosperity by offering trusted services in Asset Management, Wealth Management and Corporate Trust.

Perpetual's long history has led to the evolution of our businesses, leading us to have a unique combination of businesses that positions us well to navigate global markets and to deliver positive outcomes to our clients. This combination includes material exposure to non-market linked revenues; exposure to a broad array of investment capabilities across regions, global markets and global thematics.

Asset Management's vision is to be a market-leading global multi-boutique asset management business, with world-class differentiated active investment capabilities designed to meet the evolving needs of our clients in our chosen markets (US, Europe, UK, Asia and Australia). The Pendal Group acquisition has brought to Asset Management complementary strengths in key strategies, regions and operating capabilities. Combined with Perpetual's pre-existing asset management business, the Pendal acquisition provides a global, scalable growth platform for Asset Management.

Wealth Management's vision is to empower families, businesses and communities to achieve their aspirations by delivering advisory service excellence. With a trusted fiduciary heritage, Wealth Management assists clients with a "protect" and "grow" investment philosophy for managing their wealth as their income and needs change over a lifetime.

Corporate Trust's vision is to be the most trusted fiduciary and the leading digital solutions provider to the banking and financial services industry, with a mission to support the delivery of its client's strategy through the provision of service excellence and digital solutions. Corporate Trust builds on its strategy of enabling client success by leveraging its longstanding relationships and supporting its clients with innovative and automated digital solutions to help them meet business challenges today and into the future.

To support our strategy in each of these businesses, Perpetual Group have committed to the following strategic imperatives[1]:

STRATEGIC IMPERATIVES		
CLIENT FIRST	**SIMPLIFY**	**SUSTAINABLE GROWTH**
– Deliver trusted advice and stewardship – Provide a high-quality client experience – Deliver strong investment performance – Be an Employer of choice to attract and retain the best talent – Set strong industry standards in all that we do	– Complete successful integration and synergy realisation – Seek areas of simplification across portfolio of businesses – Focus on areas where the Group adds value – Maintain focus on building a simple, efficient, secure and scalable platform – Drive proactive risk management and strong governance standards	– Unlock benefits of our multi-boutique model and distribution network – Leverage strengths in sustainable investing to build competitive advantage – Targeted investment in growth engines – Continue build-out of innovative digital solutions

1. Refreshed strategy announced 24 August 2023.

1.1.2 Operating segments and principal activities

Asset Management is a global multi-boutique asset management business offering an extensive range of specialist and differentiated investment capabilities through six boutique and seven brands in key regions globally. Within Australia, Perpetual and Pendal Group have a broad range of capabilities across Australian and global equities, credit, fixed income, multi-asset, and environmental, social and governance (ESG). We have an established and growing presence in the US, UK and Europe through Barrow Hanley, J O Hambro Capital Management (J O Hambro), Trillium, and Thompson, Siegel and Walmsley (TSW). Trillium and Regnan, specialist ESG-focused asset management businesses, provide leading global sustainable and impact-driven investment strategies in equities, fixed income and multi-asset.

The **Wealth Management** business consists of Perpetual Private and three other distinct specialist businesses (Fordham, Priority Life and Jacaranda), offering a unique mix of wealth management, advice and trustee services to individuals, families, businesses, not-for-profit organisations and Indigenous communities throughout Australia. Each of the businesses offer a diverse range of capabilities: Perpetual Private provides strategic advice on superannuation and retirement planning, general investment, asset protection, insurance, tax management, estate planning, aged care, social security, succession planning and philanthropy; Fordham acts exclusively for private business owners and their families to manage their businesses and build and protect their wealth; and Jacaranda Financial Planning provides high-quality investment and strategic advice to the high-net-worth pre-retiree segment of the wealth management market. Priority Life is a specialist insurance business focused on meeting the needs of medical specialists and other professionals across Australia.

Our **Corporate Trust** business is a leading provider of fiduciary and digital solutions to the banking and financial services industry in Australia and Singapore. It administers securitisation portfolios, investment and debt structures to protect the interests of our clients' investors. Corporate Trust supports clients locally and overseas with a unique offering through five key service offerings: Debt Market Services; Managed Fund Services; Perpetual Asia, headquartered in Singapore; Perpetual Digital, which provides data services and software-as-a-service products; and Laminar Capital, which provides fixed income dealing, treasury and advisory services to government organisations, superannuation funds, local councils, authorised deposit-taking institutions (ADIs), not-for-profits, wealth managers and sophisticated investors.

The business units are supported by **Group Support Services** comprising Group Investments, CEO, Finance, Corporate Affairs, Marketing, Legal, Audit, Risk, Compliance, Company Secretary, Technology, Project & Change Management, Operations, Product, People & Culture and Sustainability.

1.2 Group financial performance

Profitability and key performance indicators

FOR THE PERIOD	FY23 $M	FY22 $M	FY23 V FY22	FY23 V FY22
Operating revenue	1,013.8	767.7	246.1	32%
Total expenses	(794.6)	(566.5)	(228.1)	(40%)
Underlying profit before tax (UPBT)	**219.2**	**201.2**	**18.0**	**9%**
Tax expense	(56.0)	(53.0)	(3.0)	(6%)
Underlying profit after tax (UPAT)[1]	**163.2**	**148.2**	**15.0**	**10%**
Significant items[2]	(104.2)	(47.0)	(57.2)	(122%)
Net profit after tax (NPAT)	**59.0**	**101.2**	**(42.2)**	**(42%)**

1. Underlying profit after tax (UPAT) attributable to equity holders of Perpetual Limited reflects an assessment of the result for the ongoing business of the Group as determined by the Board and management. UPAT has been calculated in accordance with ASIC's Regulatory Guide 230 – Disclosing non-IFRS financial information. Refer to Appendix B for a reconciliation of the adjustments between Statutory Accounts and the OFR. UPAT attributable to equity holders of Perpetual Limited is disclosed as it is useful for investors to gain a better understanding of Perpetual's financial results from normal operating activities.
2. Significant items include (refer to Appendix A and Appendix B for further details):

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	PROFIT/(LOSS) AFTER TAX							
FOR THE PERIOD	FY23 $M	FY22 $M	FY23 V FY22	FY23 V FY22	2H23 $M	1H23 $M	2H22 $M	1H22 $M
Transaction and Integration costs	(80.0)	(22.2)	(57.8)	(260%)	(45.4)	(34.6)	(5.7)	(16.5)
– Trillium	(3.5)	(3.0)	(0.5)	(16%)	(1.7)	(1.8)	(1.7)	(1.4)
– Barrow Hanley	(5.4)	(16.8)	11.4	68%	(0.7)	(4.7)	(2.5)	(14.4)
– Pendal Group	(63.1)	–	(63.1)	–	(36.5)	(26.6)	–	–
– Other	(8.0)	(2.4)	(5.6)	(238%)	(6.5)	(1.5)	(1.6)	(0.8)
Non-cash amortisation of acquired intangibles	(40.6)	(18.6)	(22.0)	(119%)	(30.6)	(10.0)	(9.0)	(9.5)
Unrealised gains/losses on financial assets	16.4	(10.9)	27.3	250%	15.4	1.0	(10.2)	(0.7)
Accrued incentive compensation liability	–	4.7	(4.7)	100%	(3.4)	3.4	(2.3)	7.0
Total significant items	**(104.2)**	**(47.0)**	**(57.2)**	**(122%)**	**(63.9)**	**(40.3)**	**(27.3)**	**(19.8)**

KEY PERFORMANCE INDICATORS (KPI)	FY23	FY22	FY23 V FY22	FY23 V FY22
Profitability				
UPBT margin on revenue (%)	22	26	(5)	
Shareholder returns				
Diluted earnings per share (EPS)[1] on NPAT (cps)	71.1	176.5	(105.4)	(60%)
Diluted earnings per share (EPS)[1] on UPAT (cps)	196.6	258.4	(61.9)	(24%)
Dividends (cps)[4]	155.0	209.0	(54.0)	(26%)
Franking rate (%)[5]	40	100	(60)	
Dividend payout ratio (%)[6]	78	80	(2)	
Return on equity (ROE)[2] on NPAT (%)	3.6	11.0	(7.5)	(68%)
Return on equity (ROE)[2] on UPAT (%)	9.9	16.2	(6.3)	(39%)
Growth				
Perpetual average assets under management (AUM) $B[3]	154.0	107.2	46.7	44%
Average funds under advice (FUA) $B	18.1	18.3	(0.2)	(1%)
Closing Debt Markets Services FUA $B	691.1	682.2	8.9	1%
Closing Managed Funds Services FUA $B	471.4	410.1	61.3	15%

1. Diluted EPS is calculated using the weighted average number of ordinary shares and potential ordinary shares on issue of 83,014,616 for FY23 (FY22: 57,346,980).
2. The return on equity (ROE) quoted in the above table is an annualised rate of return based on actual results for each period. ROE is calculated using the UPAT or NPAT attributable to equity holders of Perpetual Limited for the period, divided by average equity attributable to equity holders of Perpetual Limited, multiplied by the number of such periods in a calendar year in order to arrive at an annualised ROE.
3. Refer to Appendix C for a breakdown by operating segment.
4. Made up of special dividend of 35c paid on 8 Feb 2023, interim dividend of 55c paid on 31 March 2023 and final dividend of 65c to be paid on 29 September 2023.
5. The franking rate for the special dividend paid on 8 February 2023 was 100%. Both the interim and final dividends for 2023 were paid using a 40% franking rate.
6. The payout ratio of 78% on full year UPAT includes the 3 months of Pendal earnings from 1 October 2022 to 31 December 2022. The payout ratio on 2H23 UPAT was 76%.

1.2.1 Financial performance

For the 12 months to 30 June 2023, Perpetual's UPAT was $163.2 million and NPAT was $59.0 million.

FY23 UPAT was 10% higher than FY22 principally due to:

- Acquisition of the Pendal Group through the boutiques of Pendal, J O Hambro and TSW
- Continued growth in Corporate Trust across all three service lines
- Higher Wealth Management non-market related revenue relating to Fordham & Priority Life and the higher interest rate environment
- Reduction in variable remuneration
- Partially offset by:
  - Lower average assets under management (AUM) within Perpetual Asset Management and Barrow Hanley, driven mainly due to prior period outflows;
  - Continued investment in the global build-out of the Asset Management business to support organic business growth; and
  - Higher interest expense following the debt raise to partially fund the Pendal Group acquisition and rises in official interest rates over the period.

FY23 NPAT was 42% lower than FY22, due to higher significant items driven by the Pendal Group acquisition (refer to Appendix A and B).

The key drivers of revenue and expenses at the Group level are summarised below. Analysis of performance for each of Perpetual's operating segments is provided in Section 2.

1.2.2 Revenue

The main driver of revenue in Asset Management is the value of AUM, which is primarily influenced by the level of the US, European and Australian equity markets. Wealth Management's main driver of revenue is funds under advice (FUA) and for Corporate Trust it is funds under administration (FUA). Revenue is sensitive to a number of factors, including but not limited to: the performance of funds under the Group's management and advice; the exposure to currency volatility; the impact and timing of flows on AUM and FUA[1] – inflows, outflows and distributions; and changes in pricing policy, channel and product mix.

In FY23, Perpetual generated $1,013.8 million of total operating revenue, which was $246.1 million or 32% higher than FY22. Revenue growth was primarily driven by the Pendal Group acquisition. Further growth was delivered through Corporate Trust across all three of its service lines, Wealth Management non-market, Group Investments and foreign exchange movement, partially offset by lower equity market-linked revenue across Asset Management and Wealth Management and net outflows mainly in Asset Management.

Performance fees earned in FY23 were $15.2 million, $0.9 million lower than FY22[2].

1.2.3 Expenses

Total expenses in FY23 were $794.6 million, $228.1 million or 40% higher than FY22, impacted by:

- Acquisition of the Pendal Group;
- Continued investment in the global build-out of our Asset Management business to support organic business growth;
- Normalisation of employment costs from tight labour markets experienced in FY22;
- Foreign exchange movement;
- Higher interest expense following official interest rate rises and the funding costs relating to the Pendal Group acquisition;
- Partially offset by lower variable remuneration.

1.2.4 Shareholder returns and dividends

The Board announced a final 40% franked ordinary dividend for 2H23 of 65 cents per share, to be paid on 29 September 2023. This represents a payout ratio of 76% of 2H23 UPAT and 78% of full year UPAT (inclusive of Pendal UPAT for the three months from 1 October to 31 December 2022 in addition to post-acquisition earnings).

This is in line with Perpetual's dividend policy to pay dividends within a range of 60% to 90% of UPAT on an annualised basis and maximising returns to shareholders.

The Dividend Reinvestment Plan (DRP) will be operational for the interim dividend. No discount will apply and the DRP will be met by issuing new shares.

Perpetual's return on equity (ROE) on NPAT was 3.6% for FY23 compared to 11.0% in FY22.

Perpetual's return on equity (ROE) on UPAT was 9.9% for FY23 compared to 16.2% in FY22.

1. FUA refers to both funds under advice in Wealth Management and funds under administration in Corporate Trust.
2. Includes performance fees earned by Asset Management and Wealth Management.

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1.3 Group financial position

BALANCE SHEET AS AT	2H23 $M	1H23 $M	2H22 $M	1H22 $M
Assets				
Cash and cash equivalents	263.2	133.6	175.4	130.9
Receivables	209.9	132.3	122.9	144.5
Structured products – EMCF assets	163.9	174.4	186.3	189.2
Liquid investments	291.4	149.9	152.0	154.8
Goodwill and other intangibles	2,717.8	948.8	951.7	929.2
Tax assets	149.2	64.3	57.2	48.9
Property, plant and equipment	104.9	71.3	77.8	84.8
Other assets	41.7	30.0	23.2	23.2
Total assets	**3,942.0**	**1,704.6**	**1,746.5**	**1,705.5**
Liabilities				
Payables	118.6	102.9	93.8	90.0
Structured products – EMCF liabilities	164.2	175.5	187.7	189.2
Derivative financial instruments	–	11.3	–	–
Tax liabilities	166.2	15.9	14.9	19.2
Employee benefits	219.3	83.2	119.4	90.2
Lease liabilities	90.9	65.8	72.3	78.3
Provisions	9.4	10.9	10.5	10.0
Borrowings	734.4	277.0	258.4	248.1
Accrued incentive compensation	50.7	46.3	48.6	45.6
Other liabilities	16.3	33.5	15.2	15.6
Total liabilities	**1,570.0**	**822.3**	**820.7**	**786.2**
Net assets	**2,372.0**	**882.3**	**925.8**	**919.3**
Shareholder funds				
Contributed equity	2,190.5	828.1	817.7	815.6
Reserves	184.4	28.2	34.3	8.8
Retained earnings	(2.9)	26.0	73.8	94.9
Total equity	**2,372.0**	**882.3**	**925.8**	**919.3**

DEBT METRICS	FY23 $M	FY22 $M	2H23 $M	1H23 $M	2H22 $M	1H22 $M
Corporate debt $M[1]	745.0	260.8	745.0	288.9	260.8	251.4
Corporate debt to capital ratio%[2]	23.9%	22.0%	23.9%	24.7%	22.0%	21.5%
Interest coverage calculation for continuing operations (times)[3]	8x	34x	8x	14x	34x	23x
NTA per share ($)[4]	**(2.63)**	**(1.14)**	**(2.63)**	**(1.59)**	**(1.14)**	**(0.52)**

1. Corporate debt represents the gross corporate debt excluding the offset of capitalised debt costs.
2. Corporate debt/(corporate debt + equity).
3. EBIT/gross interest expense in accordance with banking covenants.
4. Calculation includes lease assets and liabilities.

CASHFLOW FOR THE PERIOD	FY23 $M	FY22 $M	2H23 $M	1H23 $M	2H22 $M	1H22 $M
Net cash from/(used in) operating activities	134.8	170.9	136.4	(1.6)	135.5	35.4
Net cash used in investing activities	(244.0)	(69.3)	(237.7)	(6.3)	(20.8)	(48.5)
Net cash from/(used in) financing activities	221.6	(66.6)	263.4	(41.8)	(68.7)	2.1
Effective movements in exchange rates on cash held	(24.6)	(6.7)	(32.5)	7.9	(1.5)	(5.2)
Net increase/(decrease) in cash and cash equivalents	**87.8**	**28.3**	**129.6**	**(41.8)**	**44.5**	**(16.2)**

1.3.1 Balance sheet analysis

Key movements in Perpetual's consolidated balance sheet are described below.

- **Goodwill and other intangibles** increased by $1,766.1 million due to the acquisition of Pendal Group during the year;
- **Borrowings** increased by $476.0 million primarily due to an additional drawdown of $480.6 million in debt to fund the acquisition of Pendal Group, offset by $10.5 million of additional capitalised debt raising costs; and
- **Contributed equity** increased by $1,372.8 million primarily due to $1,359.9 million of shares issued on market in January 2023 as compensation to Pendal Group shareholders.

1.3.2 Capital management

Perpetual's principles for its capital management are as follows:

- maximising returns to shareholders;
- enabling the Group's strategy;
- ensuring compliance with the Group's Risk Appetite Statement and regulatory requirements; and
- maintaining liquidity lines and cash balance well in excess of regulatory and working capital requirements.

Perpetual maintains a conservative balance sheet with relatively low gearing levels. As part of its capital management strategy, the Group continually reviews options to ensure that it is optimising its use of capital and maximising returns to shareholders.

During FY23, the Group has maintained its balance sheet strength through:

- continuing to maintain the overall credit quality of the Group's risk assets;
- maintaining syndicated debt facility arrangements. Arrangements consist of:
  - a multi-currency revolving loan with a maximum commitment of $175 million AUD or equivalent;
  - a multi-currency term loan facility with a maximum commitment of $128 million USD or equivalent, and an AUD redrawable bank guarantee facility with a maximum commitment of $160 million AUD;
  - a multi-currency revolving loan facility with a maximum commitment of $215 million AUD;
  - a UK pound term loan facility with a maximum commitment of £115 million GBP or equivalent; and
  - a multi-currency term loan facility with a maximum commitment of $45 million USD or equivalent.

The Group uses a rolling forecast of net cash flows to assess its capital requirements. The model requires capital to be set aside for forecast net cash outflows (3-month average of a rolling 12-month forecast) offset by heavily discounted revenue forecasts, and any known capital commitments. At the end of FY23, Perpetual Group held $423 million of available liquid funds, well in excess of the total base capital requirements of $70 million.

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1.3.3 Liquidity

The Group actively manages liquidity risk by preparing cash flow forecasts for future periods, reviewing them regularly with senior management, maintaining a committed credit facility, and engaging regularly with its debt providers.

In FY23, cash and cash equivalents increased by $87.8 million to $263.2 million as at 30 June 2023. This increase was predominantly driven by inflows from the drawdown of debt and operating cash activities. These were partially offset by outflows associated with the acquisition of Pendal Group and the payment of the final FY22 and interim FY23 dividends.

1.3.4 Debt

Perpetual's corporate debt as at 30 June 2023 was $745.0 million compared to $260.8 million at the end of FY22. An additional $506.6 million of debt was drawn in FY23 (excluding the $150.0 million bridge facility drawdown and repayment). $25.0 million was used to fund various strategic initiatives and $480.6 million to fund the Pendal Group acquisition. An additional $125.0 million of debt facilities remain undrawn as at 30 June 2023. $153.2 million of bank guarantees have been issued under the syndicated facilities. The bank guarantees are not shown on the balance sheet.

The facility is subject to the Group meeting certain debt covenants including shareholder funds as a percentage of total assets, a maximum ratio of gross debt to EBITDA and a minimum interest cover. The Group complied with all the relevant covenants throughout the period. The Group's gearing ratio is 23.9% (FY22: 22.0%) at the end of FY23.

1.4 Regulatory developments and business risks

1.4.1 Regulatory developments

The financial services industry continues to be subject to legislative and regulatory reform which affects or could affect the Group's operations globally.

The following summarises key regulatory change projects that commenced in the last reporting period or are set to commence in this period.

Australia

Financial Accountability Regime (FAR) Bill 2023

The previous Government had proposed to extend the Banking Executive Accountability Regime (BEAR) to all APRA regulated entities, including RSE licensees – the Financial Accountability Regime (FAR).

The Financial Accountability Regime Bill 2021 ('the lapsed 2021 Bill') had been introduced by the former Government on 28 October 2021, however was dissolved following dissolution of the 46th Parliament in light of the election in May 2022.

The current Government has introduced the Financial Accountability Regime Bill 2023 ('the 2023 Bill'), the contents of which are similar to the lapsed 2021 Bill. The 2023 Bill has passed the House of Representatives and is currently before the Senate.

The Group is currently awaiting further developments in order to consider impact of the regime on the Group.

Greenwashing Guidance

On 14 June 2022, ASIC released an information sheet (INFO 271) for issuers of managed funds and superannuation products to help issuers avoid 'greenwashing' when offering or promoting sustainability-related products. Following this, ASIC released a further report (Report 763 – ASIC's recent greenwashing interventions) in May 2023, disclosing the 35 interventions it has made in response to its greenwashing surveillance, and how and why ASIC has taken action against greenwashing.

The Group has conducted gap analysis and has updated disclosure documents, marketing materials and related collateral as appropriate, to ensure alignment with the ASIC guidance.

Security Legislation Amendment (Critical Infrastructure) Act 2021 (formerly 2020) and Security Legislation Amendment (Critical Infrastructure Protection) Act 2022 ('the Acts')

The Acts propose an enhanced regulatory framework over physical facilities, supply chains, information technologies and communication networks, which if destroyed, degraded, or rendered unavailable for an extended period, would significantly impact the social or economic wellbeing of the nation, or affect Australia's ability to conduct national defence and ensure national security.

The Group has sought clarification from the regulator as to the application of these Acts to the Group's activities, and has concluded that it is not captured as a "Responsible Entity" (as defined in the Acts).

ASIC Derivative Transaction Reporting Rules

On 20 December 2022, ASIC released the new derivative transaction reporting rules, which will take effect from the deferred date of 21 October 2024.

The new rules follow two rounds of consultation, in November 2020 (CP 334) and May 2022 (CP 361), containing significant changes to the way transactions are to be reported and how reporting entities should approach its reporting.

The Group will review the changes and conduct an impact assessment to establish the scope of change.

Quality of Advice Review

The Quality of Advice Review is a Government undertaking, led by Michelle Levy, into ways to streamline the regulation of quality financial advice, consistent with recommendations from the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry, whilst acknowledging the significant difficulty that many Australians face in accessing affordable financial advice.

On 11 March 2022, the Government released the final terms of reference and on 25 March 2022, invited submissions for feedback on the Issues Paper from industry on how the regulatory framework could simplify and better enable the provision of high-quality, accessible and affordable financial advice for retail clients. After considering feedback on the Issues Paper, a Proposals Paper was released on 29 August 2022 to seek further feedback and assist the Reviewer in the preparation of a final report. The Group did not make a submission.

The proposals outlined some potentially significant changes, including:

– A much broader definition of 'Personal Financial Advice' and removing the concept of 'General Advice';
– Far less prescription in the provision of personal advice and who may provide it, removing complexity with reduced red tape for simpler personal advice, including:
  - removing the obligation to provide Statements of Advice and Records of Advice;
  - removal of the annual Fee Disclosure Statement and replacing it with annual written consent from the client to deduct fees;
– Removal of the safe harbour steps and Best Interests Duty and replaced with an obligation to provide 'good advice'.

The final report was provided to Government on 16 December 2022. The Government responded to the report on 13 June 2023 as part of its Delivering Better Financial Outcomes package, indicating it will adopt the bulk of Quality of Advice Review recommendations including to reduce red tape for simpler personal advice as set out above, and continue to consult industry and consumer stakeholders on the broader definition of 'Personal Financial Advice', the removal of the concept of 'General Advice' and the introduction of the Good Advice Duty. The Group continues to consider the impact of any changes to the Group.

Review of Modern Slavery Act 2018

On May 2023, the final review report on the Modern Slavery Act 2018, led by Professor John McMillan, was tabled in Parliament, following an initial three-month public consultation on the Issues Paper released in August 2022. Topics included the impact of the Modern Slavery Act, and administration and enforcement of compliance with the reporting requirement.

The report made 30 recommendations for Government consideration, including amendments to the Act, such as the threshold and scope of entity reporting; introducing penalties for specific non-compliance; expanding guidance material; and the role of the Anti-Slavery Commissioner in relation to the Act.

The Group recognises the significance of the changes, if approved, and continues to monitor progress through Parliament.

International

EU – Sustainable Finance Disclosure Regulation (SFDR)

SFDR Level 2 came into force on 1 January 2023 which requires mandatory implementation of the Regulatory Technical Standards (RTS). Previously under Level 1 firms could use the "comply or explain" principle. The RTS lays out the detailed annual reporting disclosure requirements that in-scope firms must comply with. The goal of making the RTS mandatory is to ensure the market gets all the information they need to make informed decisions, and that they understand the sustainability of financial products. RTS reporting requirements include principle adverse impact (PAI) indicators, pre-contractual disclosures, periodic disclosures and website disclosures. In addition, on 30 June 2023 firms were required to publish PAI statements regarding sustainability factors on their websites. The Group engaged external compliance consultants to assist with ensuring compliance with the new requirements.

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UK – Consumer Duty

Consumer Duty rules will come into force on 31 July 2023 for open products and services (and 31 July 2024 for closed products). The Consumer Duty consists of a new Consumer Principle that requires firms to act to deliver good outcomes for retail customers. These outcomes are focused on products and services, price and value, consumer understanding and consumer support. The new principle is supported by cross-cutting rules requiring firms to act in good faith, avoid causing foreseeable harm, and enable and support customers to pursue their financial objectives. The Duty will cover products and services sold to retail clients, which extends to firms that are involved in the manufacture or supply of products and services even if they do not have a direct relationship with the end consumer. The Group continues to assess the impact and scope of the Duty on the services and products offered and has identified measures to embed it effectively, where applicable.

UK – Appointed Representatives

On 8 December 2022, the Financial Conduct Authority (FCA) introduced important changes to the regime governing Appointed Representatives (ARs), which carries out regulated activity for which an authorised firm is responsible. The new rules are a response to the perception that ARs have not been adequately regulated and created a risk of harm to consumers. The rule changes clarify and enhance principals' responsibilities for ARs. The Group is currently working on an annual review document and embedding any changes necessary to the AR monitoring framework.

UK – Investment Research Review

The Investment Research Review was launched on 9 March 2023 and commissioned by the Government to independently review investment research and its contribution to UK capital markets competitiveness. In particular, the review covered the impact of the current legislative and regulatory environment on the provision and quality of research including the MiFID II unbundling rules. Many in the industry have noted there has been a decline in investment coverage in the UK and that the pricing of research in the UK post-MiFID II is "broken". Some preliminary comments and recommendations made by buy-side and sell-side firms include a research platform to help generate research, allowing more options to pay for research, and allowing greater access to investment research for retail investors. The review is due to run until June 2023 with recommendations to be made following this.

UK – Sustainability Disclosure Requirements (SDR) and FCA Anti-Greenwashing Rule

The FCA has published a consultation paper detailing new SDR designed to enforce a new classification and labelling system for sustainable investment products. In addition, the FCA has also proposed a new Anti-Greenwashing rule intended to go live by the end of the year. This rule will apply to all FCA authorised firms and require them to ensure that the naming and marketing of financial products/services in the UK is clear, fair and not misleading, and consistent with the sustainability profile of the product or service. At the core of the FCA's proposals are sustainable investment labels, classifying investment products into three different types: sustainable focus, sustainable impact and sustainable improvers.

The Group is currently reviewing the impact of the rules and considering materiality to our business. In particular, we are considering whether any funds would qualify for a sustainable label and assessing whether any fund names need to be amended to comply with naming and marketing rules.

US – SEC Advisor Advertisement Rule Changes

Amended Rule 206(4)–1 is a modernised marketing rule that impacts advertising and marketing for registered Investment Advisors, and came into effect on 4 November 2022. The rule changes have been implemented by the Group's US businesses.

US – ESG Disclosures for Investment Advisers and Investment Companies

The SEC proposed amendments to rules and disclosure forms to promote consistent, comparable, and reliable information for investors concerning funds' and advisers' incorporation of ESG factors. An extended public comment period closed 1 November 2022. If the proposed rules are adopted, the Group will work through implementation with its US businesses.

US – Tailored Shareholder Reports for Mutual Funds

In October 2022, the SEC adopted rule and form amendments (first proposed in August 2020) for mutual funds and exchange-traded funds that will substantially impact the content and scope of disclosure for shareholder reports, as well as amendments that will require fee comparability in fund advertising. These amendments reflect the SEC's goal of requiring funds to present key information to shareholders clearly and concisely. The rules came into effect on 24 January 2023 with an 18-month transition period, with the exception of a rule addressing representations of fees and expenses that could be materially misleading which does not have a transition period.

US – other proposed rules

In October 2022, the SEC proposed a new rule under the US Advisers Act, imposing due diligence, recordkeeping and reporting obligations on investment advisers who outsource certain key "covered functions" of the adviser's business to third parties, including affiliates. If adopted, the proposal will impose additional costs and operational risks on US investment advisers. In November 2022, the SEC proposed significant changes to the rules governing liquidity risk management and swing pricing for US mutual funds. The most significant features include: (i) mandated swing pricing for all US mutual funds (other than money market funds) based on a complex framework set forth in the proposal; and (ii) several major changes to the liquidity risk management framework for such funds, including expanding the types of assets that will be categorised in the illiquid investment category for purposes of the framework. If adopted in their current form, the proposed changes will cause significant and fundamental changes to core aspects of US mutual funds, including to fund management and certain investment strategies, such as bank loan funds.

The Group continues to monitor these proposed rule changes.

Singapore – MAS Business Continuity Management (BCM) Guidelines June 2022

MAS has released updated BCM Guidelines (Guidelines), which aim to share industry best practices, as well as emphasise the need for financial institutions (FI) to take an end-to-end service-centric view in ensuring the continuous delivery of critical business services to their customers. The Guidelines have incorporated public feedback from two rounds of consultations, as well as key learnings from the COVID-19 pandemic. The extent and degree to which an FI implements the Guidelines should be commensurate with the nature, size, risk profile and complexity of its business operations. FI's should meet the new Guidelines and establish a BCM audit plan within 12 months following its issuance (June 2023). The first BCM audit should be conducted within 24 months of the Guidelines' issuance (by June 2024). The Group continues to work through implementation with its Singapore businesses.

1.4.2 Business risks

Risk management framework

Perpetual's approach to risk management globally is based on a Risk Appetite Statement set by the Perpetual Board, which outlines the risk boundaries and minimum expectations of Perpetual Management. The Board's Audit, Risk and Compliance Committee (ARCC) is responsible for overseeing Perpetual's risk management process. Perpetual has dedicated Risk and Compliance functions, led by the Chief Risk and Sustainability Officer, which have day-to-day responsibility for the design, implementation and maintenance of Perpetual's Risk Management Framework (RMF), and an independent Internal Audit department.

The RMF is underpinned by the Three Lines of Accountability model (3LOA). This model sees the first line, being business unit management, accountable for the day-to-day identification, management and ownership of risks. Perpetual's Risk, Compliance and Client Advocacy functions represent the second line and are responsible for overseeing first line activities. Internal Audit provides independent assurance, representing the third line, and has an independent reporting line to the Chair of the ARCC.

The Group's RMF and 3LOA model are designed to manage and formulate responses to the key business risks faced by the Group which are set out below. The primary mitigants in place to manage these risks include Perpetual's risk and compliance frameworks, policies, clearly defined behaviours and performance assessment process, education and risk and compliance training, defined governance processes and delegation of authorities.

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1.4.3 Key business risks

The key business risks faced by Perpetual are set out below.

RISK CATEGORY	RISK DESCRIPTION/IMPACT	RISK MITIGANTS
Strategy and Execution	Risk arising from adverse strategic decisions, improper implementation of strategic decisions, a lack of responsiveness to industry changes or exposure to economic, market or demographic considerations that results in a poorly designed and/or executed strategy impacting Perpetual's market position and client value proposition.	– Considered strategic and business planning processes, including well-defined mergers and acquisitions (M&A) framework and integration programs – Strategic measures cascaded through performance management – Application of Risk Appetite Statement in strategic decision-making and monitoring – Ongoing monitoring by Perpetual's Executive Committee (ExCo) and reporting to Perpetual's Board on strategic execution and achievement of intended benefits
Management of Change	Risks arising from ineffectively managing the portfolio of change and/or the design and execution of delivering and embedding change associated with Perpetual's strategic priorities and/or business initiatives. Risk includes impacts to the realisation of benefits; and/or ability to deliver change initiatives to plan or expectations; and/or unintended consequences for our people, clients and/or business.	– Well-defined and embedded change management governance, practices, processes, systems and training – Adequate resourcing of change management initiatives – Ongoing monitoring and reporting on a portfolio view of change across the organisation, including change experience and post implementation reviews
People	Risk arising from an inability to attract, engage, mobilise and retain experienced, quality people at appropriate levels to execute Perpetual's business strategy, particularly in key investment management roles.	– Succession planning, talent identification programs, retention strategies, remuneration benchmarking and reporting to the People and Remuneration Committee – Alignment of remuneration outcomes, including asset manager (portfolio manager and investment analyst) remuneration, to longer term value creation for shareholders and clients – Employee engagement monitoring
	Risk arising from an inability to safeguard our people, clients and suppliers from work health and safety (WH&S) issues with potential detrimental impact.	– Well-defined WH&S policies, procedures and training – WH&S Committee – Incident and injury management processes – Employee Assistance Program – Employee engagement monitoring

RISK CATEGORY	RISK DESCRIPTION/IMPACT	RISK MITIGANTS
Financial, Market and Treasury	Risk that the strength of Perpetual's balance sheet, profitability or liquidity are inadequate for its business activities.	– Budget planning process – Reconciliation and review processes – Regular income and expense, debt and equity reviews
	Risk that Perpetual breaches its regulatory, legal, tax and/or financial reporting obligations. Risk includes incorrect interpretation of requirements across jurisdictions resulting in inappropriate financial accounting, reporting, lodgements and transfer pricing risk or related disclosures.	– Tax Governance Policy – Tax Risk Management Policy – Internal and external auditor
	Exposure to, or reliance on, revenue streams linked to equity markets resulting in potentially volatile earnings (revenue diversity and asset pricing market risk).	– Diversification of revenue sources – Active management of the cost base – Ongoing monitoring of key balance sheet metrics
	Impacts on profitability due to currency fluctuations.	– Treasury Risk Management Program – The US and UK denominated debt has been designated as a net investment hedge in a foreign operation and provides a natural hedge for US and UK denominated business line
Investment	Risk arising from non-adherence to investment style and/or investment governance, ineffective investment strategies and/or in adequate management of investment risks (including market, credit and liquidity) within the funds or client accounts that results in underperformance relative to peers, objectives and benchmarks.	– Well-defined and disciplined investment processes and philosophy for selection – Established investment governance frameworks in place – Robust pre-and post-trade investment compliance – Independent fund and mandate monitoring and reporting
Product and Distribution	Risk that products and client solutions fail to remain contemporary and do not meet clients' expectations resulting in an inability to deliver budgeted fund and revenue inflows. Risk that the design and/or execution of the distribution strategy is ineffective, resulting in a failure to positively identify, engage, retain and grow new and/or existing channels.	– Well-defined product and distribution strategy aligned with overall Group strategy – Established product governance frameworks in place – Approved business case for all new products including how the product will comply with regulatory obligations – Conflicts of Interests framework – Avoidance of business practices and partnerships which may result in adverse outcomes
Business Resilience, Operational and Fraud	Risk arising from inadequate, failed or disrupted processes, systems or people due to internal or external events. This includes (but is not limited to) processing errors, fraud or an event which disrupts business continuity.	– Clearly defined policies, procedures, roles and responsibilities – Controls testing in the form of control self-assessment – Effective issues management processes to respond to events that may arise – Business continuity planning and disaster recovery programs – Independent assurance – Robust Insurance program covering all material insurable risks to the Perpetual Group – Risk awareness programs regarding the potential for fraud or financial crime events

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RISK CATEGORY	RISK DESCRIPTION/IMPACT	RISK MITIGANTS
Information Technology (IT)	Risk arising from failed, corrupted, or inadequate information systems resulting from inadequate infrastructure, applications, cloud services and support. Includes (but is not limited to) loss of integrity and availability of critical data as well as business disruption resulting from a failure of technology or IT service provider to meet business requirements.	– Continued execution of technology modernisation programs – Business continuity planning and disaster recovery programs – Independent assurance
Cyber/Data Security	Risk arising from breached information systems resulting from inadequate infrastructure, applications, cloud services, security controls and support. Includes (but is not limited to) loss of confidentiality, integrity, and availability of sensitive or critical data, or inappropriate retention of data, as well as business disruption resulting from a cyber security event.	– Defined information security strategy, programs and IT security policies – Implementation of operational security technology (including firewalls and antivirus) – Dedicated Security Operations Centre (providing 24x7 coverage) – Establishment of global mandate for security across the Perpetual Group – Security assurance testing of key systems (including penetration testing, red teaming and vulnerability management) – Information security response plans and regular testings – Business continuity planning and disaster recovery programs – Independent assurance – Information security risk awareness programs – Ongoing, automated phishing training and testing of employees – Third party IT due diligence processes – Cyber Insurance
Outsourcing	Risk that Perpetual servicing arrangements and/or services performed by external service providers, including related and third parties, are not appropriate and/or are not managed in line with the servicing contract or the operational standards.	– Partnered with well-regarded and proven strategic partners – Outsourced relationships are managed at a senior level – Outsourcing and vendor management framework – Legal contracts/service level agreements in place and monitored – Independent assurance

RISK CATEGORY	RISK DESCRIPTION/IMPACT	RISK MITIGANTS
Sustainability and Responsible Investing	Risk arising from inadequate or inappropriate integration of sustainability-related considerations in strategic, business and investment decision-making. Includes the risk of not meeting the evolving stakeholder expectations, such as products to meet client needs, 'greenwashing' or meeting disclosure requirements.	– Development and implementation of a sustainability strategy framework – Perpetual's Prosperity Plan and 'Planet', 'People', 'Communities' and 'Governance' commitments – Partner with well-regarded, environmental and socially responsible partners – Continued build-out of ESG Investment capability across Perpetual's global business reinforcing our commitment to sustainability and responsible investing – Well-defined and embedded governance framework – Sustainable Finance Disclosure Regulation (SFDR) implementation
Compliance and Legal	The risk that Perpetual breaches its compliance and legal obligations (including licence conditions and client commitments). Risk includes an inability to effectively respond to regulatory change.	– Independent legal and compliance team, and training across teams – Compliance obligations are documented and monitored – Issues and beach management framework – Controls testing in the form of control self-assessment – Independent assurance
Conduct	Risk arising from conduct by Perpetual's Directors, employees or contractors that is unethical or does not align with Perpetual's values, policies or expected behaviours or, the expectation of Perpetual's internal and external stakeholders.	– Effective Risk Management Framework that sets out how risk is managed, including Three Lines of Accountability risk model and application of Perpetual's Risk Appetite Statement which outlines the risk behaviours expected of all Perpetual Directors, employees and contractors – Mandated training on Perpetual's Code of Conduct, Conflicts of Interest and Risk Management frameworks and behaviours of all staff that form part of the performance assessment process – Media monitoring – Net Promoter Score measurement and reporting – Whistleblowing arrangements managed by an independent vendor

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1.5 Outlook

While the macroeconomic and geopolitical conditions continue to pose challenges for the global financial services industry, the outlook for Perpetual Group remains positive. Perpetual's unique combination of quality businesses provides the Group with diversification of earnings and growth opportunities, and resilience in times of market volatility through our non-market-linked revenues in Corporate Trust and Wealth Management.

In addition, the strength of the Perpetual brand, built over generations as a leading provider of fiduciary services, has created a confidence and trust that gives the Group a strong foundation for future growth.

Asset Management

The operating environment for Asset Management is expected to continue to be challenging with investor caution towards equities, asset allocation shifts and higher interest rates impacting globally. While economic uncertainty remains a challenge, we believe this market environment creates opportunities for Perpetual's asset managers to explore diverging trends and views, and to capitalise on select opportunities to drive investment outperformance against benchmark. A key feature and strength of Perpetual's multi-boutique model is that Perpetual does not hold a "house" view, and therefore each boutique's ability to deliver value to investors is not constrained by views held by any other boutique within our stable. From a distribution and operational perspective, the successful acquisition of Pendal Group has brought together two complementary businesses and provided Perpetual with a global, multi-boutique business with a distribution presence in all our key chosen markets, and a scalable platform to enable growth. Our focus in the near term is to fully realise the potential of the combined businesses through successful integration, synergy realisation and by simplifying the management structure to allow us to focus on growing our market presence, particularly in the US and Europe.

Wealth Management

Positive momentum in Wealth Management, benefiting from expanded products and services driving growth in non-market-linked revenues. Continued growth is expected in the Wealth Management business through its differentiated advice model and new capabilities via the integration and expansion of Jacaranda Financial Planning and investment in its digital capability to support scale.

Corporate Trust

Continued organic growth in Corporate Trust, despite short-term headwinds in mortgage and commercial property sectors. The Corporate Trust business continues to deliver consistent growth in its core offerings while the Perpetual Digital business is well positioned to support our clients' needs and maintain its earnings growth rate.

Unique combination of businesses

Perpetual remains focused on its strategy to deliver sustainable growth across our unique combination of quality businesses. We will be focused on the successful integration of the Pendal Group, improving net flows, unlocking benefits from simplifying, and delivering returns on investments made across our quality portfolio.

We will continue to provide quarterly business updates on the underlying drivers of our business, the execution of our strategy and market conditions.

1. Includes Regnan branded funds

Part 2 – Review of Businesses

2 Review of businesses

The results and drivers of financial performance in FY23 for the three Perpetual Group operating segments are described in the following sections. A description of revenues and expenses at the Group Support Services level is also provided.

2.1 Asset Management

2.1.1 Business overview

Following the acquisition of the Pendal Group in January of 2023, the Asset Management segment was formed to combine global investment capabilities into a single segment, consisting of our six boutique managers:

Previously reported Perpetual Asset Management Australia and International boutiques

- **Perpetual Asset Management** – one of Australia's most respected and longstanding active investment managers, focused on the needs of Australian and New Zealand retail and institutional investors. Perpetual Asset Management is a dynamic, active manager, offering an extensive range of specialist investment capabilities including Australian and global equities, Australian credit and fixed income, multi-asset as well as ESG-focused products
- **Barrow Hanley** – a US-based diversified investment management firm offering value-focused investment strategies spanning global equities, US equities and fixed income. The business is 75% owned by Perpetual with the remaining interest in the firm held by employees
- **Trillium Asset Management** – based out of the US, offering ESG investment management strategies and products. The firm has been a value-led, impact-driven and ESG-focused asset management business since its foundation in 1982. Trillium combines impactful investment solutions with active ownership. The firm manages equity, fixed income, and alternative investment solutions for institutions, intermediaries and high-net-worth individuals, as well as charitable and non-profit organisations with the goal to provide both positive impact and long-term value to these clients.

New boutiques added through the Pendal Group acquisition

- **Pendal**[1] – one of Australia's largest active fund managers with offices in Sydney and Melbourne, managing assets across Australian and global equities, sustainable and ethical, multi-asset, bond, income and defensive strategies
- **J O Hambro Capital Management (J O Hambro)**[1] – a boutique investment management business with offices in London, Singapore, Munich, Paris, New York, Boston and Berwyn specialising in the active management of equities across a range of global and regional equity strategies, multi-asset, global impact and sustainable strategies
- **Thompson, Siegel and Walmsley (TSW)** – a US-based value-oriented investment management and advisory company, operating primarily in the long-only equity (international and US) and fixed income asset classes.

1. Includes Regnan branded funds.

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2.1.2 Financial performance

FOR THE PERIOD	FY23 $M	FY22 $M	FY23 V FY22	FY23 V FY22	2H23 $M	1H23 $M	2H22 $M	1H22 $M
Management fees by asset class[1]								
– Equities	508.4	313.2	195.2	62%	358.5	150.0	156.2	157.0
– Cash and fixed income	49.6	44.2	5.4	12%	29.8	19.7	21.6	22.7
– Multi Asset	27.5	15.9	11.6	73%	19.8	7.8	7.6	8.3
– Other AUM related	3.3	2.9	0.4	13%	2.1	1.2	1.4	1.5
Total AUM related management fees	**588.8**	**376.3**	**212.6**	**56%**	**410.2**	**178.7**	**186.8**	**189.5**
Performance fees by asset class								
– Equities	9.5	10.3	(0.8)	(8%)	6.8	2.7	5.7	4.6
– Cash and fixed income	1.1	1.2	(0.1)	(10%)	0.6	0.5	0.6	0.6
– Other AUM related	0.6	–	0.6		0.6	–	–	–
Total Performance fees	**11.1**	**11.5**	**(0.4)**	**(4%)**	**8.0**	**3.2**	**6.4**	**5.1**
Non-AUM related revenue	**0.5**	**0.0**	**0.5**	**2,730%**	**0.3**	**0.2**	**0.0**	**0.0**
Total revenue	**600.4**	**387.8**	**212.7**	**55%**	**418.4**	**182.0**	**193.2**	**194.6**
Operating expenses	437.7	271.2	166.4	61%	298.5	139.2	141.9	129.4
EBITDA	**162.8**	**116.5**	**46.2**	**40%**	**119.9**	**42.8**	**51.3**	**65.2**
Depreciation and amortisation	13.2	7.8	5.4	69%	9.0	4.2	4.0	3.8
Equity remuneration expense	15.5	5.2	10.3	198%	13.3	2.2	2.4	2.8
Interest expense	1.4	0.7	0.7	92%	1.0	0.4	0.4	0.4
Underlying profit before tax	**132.7**	**102.8**	**29.9**	**29%**	**96.5**	**36.1**	**44.5**	**58.3**

1. Revenue by asset class now presents Multi Asset separately from Equities and Cash and Fixed Income.

In FY23, Asset Management reported UPAT of $132.7 million which was $29.9 million or 29% higher than FY22. This was driven by the acquisition of Pendal Group through the boutiques of J O Hambro, Pendal and TSW.

The cost to income ratio in FY23 was 78% compared to 73% in FY22. The cost to income ratio increase was due to the global build-out of distribution and key functions together with the acquisition of the Pendal Group.

2.1.3 Drivers of performance

Revenue

Asset Management generated revenue of $600.4 million in FY23, an increase of $212.7 million or 55% higher than FY22. The increase was mainly driven by the contribution of Pendal Group boutiques. Pre-existing boutiques revenue was lower due to lower average AUM from lower markets and net outflows, partially offset by foreign exchange movements.

AUM related management fees increased $212.6 million or 56% to $588.8 million in FY23 mainly due to the contribution of Pendal Group, predominantly within the Equities asset class.

Performance fees of $11.1 million were earned in FY23, $0.4 million or 4% lower than FY22. Performance fees were mainly generated across the following funds:

- Perpetual Asset Management Pure Equity Alpha Fund
- Perpetual Pure Microcap Fund
- Pendal Opportunities Microcap Fund
- Perpetual Exact Market Return Fund
- Pendal SIV Emerging Companies Fund
- J O Hambro Asia ex Japan All Cap Fund

Other non-AUM related revenue includes interest earned on operational accounts.

Revenue margin

FOR THE PERIOD	FY23 BPS	FY22 BPS	FY23 V FY22	FY23 V FY22	2H23 BPS	1H23 BPS	2H22 BPS	1H22 BPS
By asset class[1]								
– Equities	44	42	2	5%	46	41	42	42
– Cash and fixed income	22	25	(3)	(12%)	19	27	25	24
– Multi Asset	45	45	(0)	(0%)	43	53	44	46
– Other AUM related	6	7	(1)	(18%)	5	7	7	7
Average revenue margin	**41**	**39**	**2**	**5%**	**42**	**39**	**39**	**39**

1. Revenue margin now presents Multi Asset separately from Equities and Cash and Fixed Income.

Average revenue margins for FY23 have increased by 2 bps to 41 bps largely due to the contribution of Pendal Group AUM with higher margins within Equities.

The drivers of revenue margins by asset class are described below:

Equities: Revenue represent fees earned on Australian, Global/International, UK, US, European and Emerging Markets equities products. Revenue in FY23 was $517.9 million. The average margin in FY23 was 44 bps, 2 bps higher than FY22 due to the contribution of Pendal Group AUM.

Cash and fixed income: Revenue is derived from the management of cash and fixed income products. Revenue in FY23 was $50.6 million. The FY23 revenue margin of 22 bps decreased by 3bps compared to FY22 due to proportionately higher AUM from Pendal Group products.

Multi Asset: Revenue in FY23 was $27.5 million. The FY23 revenue margin of 22 bps was stable compared to FY22.

Movements in average margins usually result from changes in the mix of AUM between lower-margin institutional and higher-margin retail investors, as well as changes in the mix of asset classes such as cash and fixed income (generally lower margin) and equities (generally higher margin) and the contribution of performance fees earned.

Expenses

FY23 expenses of $467.8 million increased by $182.9 million or 64% higher than FY22. This was driven by Pendal Group expenses, combined with growth in the pre-existing boutiques driven by continued investment in global distribution capability and other key functions. It was also driven by the impact of foreign exchange rate movements, partially offset by lower variable remuneration including the impact of lower performance fees paid.

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2.1.4 Assets under management

AT END OF		FY23 $B	AUM MOVEMENTS PENDAL AUM (AS AT 11 JANUARY 2023) $B	NET FLOWS $B
Equities	Australia	28.9	17.4	(1.6)
	Global/International	69.8	47.2	(0.8)
	UK	8.8	8.7	(0.3)
	US	52.3	7.5	(6.5)
	Europe	1.5	1.3	0.1
	Emerging markets	8.1	4.8	1.8
Total Equities		**169.4**	**87.0**	**(7.5)**
Fixed Income	Australia	10.2	6.7	(1.8)
	US	10.0	0.1	0.2
Total Fixed Income		**20.2**	**6.9**	**(1.6)**
Multi Asset		9.7	6.7	(0.5)
Other		0.8	0.2	(0.1)
Total asset classes (ex-cash)		**200.1**	**100.7**	**(9.6)**
Cash		12.0	9.5	1.5
Total asset classes[2]		**212.1**	**110.2**	**(8.1)**
Institutional		136.8	59.4	(7.1)
Intermediary & Retail		59.3	32.4	(2.1)
Westpac		4.0	8.8	(0.4)
Total distribution channels (ex-cash)		**200.1**	**100.7**	**(9.6)**
Cash		12.0	9.5	1.5
Total distribution channels		**212.1**	**110.2**	**(8.1)**

1. Includes changes in market value of assets, income, reinvestments, distributions and asset class rebalancing within the Group's diversified funds.
2. AUM by asset class now presents Multi Asset separately from Equities and Cash and Fixed Income. Prior period flows have been adjusted due to misclassification.

AUM

Asset Management AUM as at 30 June 2023 was $212.1 billion. The acquisition of the Pendal Group contributed $110.2 billion. The year-on-year increase excluding Pendal Group's opening AUM, was $11.5 billion driven by investment performance and improvement in capital markets together with strengthening of foreign exchange rates. This was partially offset by $8.1 billion net outflows, predominantly across US Equities strategies.

Outflows were predominantly in the institutional channels and US Equity mandates managed by Barrow Hanley, J O Hambro and TSW, partially offset by net inflows and strong performance in Trillium.

			NET FLOWS			
OTHER[1] $B	FOREIGN EXCHANGE IMPACTS $B	FY22 $B	2H23 $B	1H23 $B	2H22 $B	1H22 $B
2.0	–	11.2	(0.9)	(0.7)	(0.3)	(0.7)
4.7	3.2	15.6	(2.5)	1.7	1.0	1.7
(0.4)	0.7	–	(0.3)	–	–	–
4.9	2.2	44.2	(2.1)	(4.4)	(3.2)	(2.3)
(0.0)	0.1	–	0.1	–	–	–
0.3	0.2	1.0	1.0	0.8	0.2	0.2
11.5	**6.5**	**71.9**	**(4.8)**	**(2.7)**	**(2.3)**	**(1.1)**
0.3	–	5.0	(1.6)	(0.2)	0.2	0.6
0.1	0.4	9.2	0.3	(0.1)	(1.1)	(1.4)
0.3	**0.4**	**14.1**	**(1.3)**	**(0.3)**	**(1.0)**	**(0.9)**
0.4	0.1	3.0	(0.4)	(0.0)	(0.5)	0.3
0.0	0.0	0.7	(0.1)	(0.0)	(0.0)	(0.0)
12.2	**7.1**	**89.7**	**(6.6)**	**(3.0)**	**(3.7)**	**(1.7)**
0.2	–	0.7	1.4	0.1	(1.7)	0.0
12.5	**7.1**	**90.4**	**(5.2)**	**(2.9)**	**(5.4)**	**(1.7)**
13.7	5.2	65.5	(4.1)	(3.0)	(4.1)	(2.4)
2.9	1.8	24.3	(2.1)	(0.0)	0.3	0.7
(4.4)	–	–	(0.4)	–	–	–
12.2	**7.1**	**89.7**	**(6.6)**	**(3.0)**	**(3.7)**	**(1.7)**
0.2	–	0.7	1.4	0.1	(1.7)	0.0
12.5	**7.1**	**90.4**	**(5.2)**	**(2.9)**	**(5.4)**	**(1.7)**

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2.2 Wealth Management

2.2.1 Business overview

Wealth Management (formerly known as Perpetual Private) is one of Australia's leading wealth management businesses focused on the comprehensive needs of families, businesses, and communities.

Wealth Management aims to empower families, businesses, and communities to achieve their aspirations by delivering advisory service excellence. Wealth Management utilises a targeted client segment approach to grow its FUA by offering quality advice and wealth management services to established wealthy, ultra-high-net-worth clients and family offices, business owners, medical practitioners and other professionals, not-for-profit organisations and Indigenous communities.

Wealth Management is one of Australia's largest managers of philanthropic funds. Philanthropy and fiduciary services remain an important part of our heritage and contributor to our business.

2.2.2 Financial performance

FOR THE PERIOD	FY23 $M	FY22 $M	FY23 V FY22	FY23 V FY22	2H23 $M	1H23 $M	2H22 $M	1H22 $M
Market related revenue	145.1	153.0	(7.9)	(5%)	71.3	73.8	75.1	77.9
Non-market related revenue	72.3	58.3	14.0	24%	39.1	33.2	29.1	29.1
Total revenue	217.4	211.2	6.2	3%	110.4	107.0	104.3	107.0
Operating expenses	(155.4)	(151.5)	(3.9)	(3%)	(77.8)	(77.6)	(75.9)	(75.6)
EBITDA	**62.0**	**59.7**	**2.3**	**4%**	**32.6**	**29.3**	**28.3**	**31.4**
Depreciation and amortisation	(9.1)	(9.3)	0.2	2%	(4.3)	(4.8)	(4.7)	(4.7)
Equity remuneration expense	(4.6)	(4.0)	(0.6)	(15%)	(2.4)	(2.2)	(2.2)	(1.8)
Interest expense	(1.3)	(2.1)	0.8	39%	(1.1)	(0.2)	(1.1)	(1.0)
Underlying profit before tax	**47.0**	**44.3**	**2.7**	**6%**	**24.9**	**22.1**	**20.4**	**23.9**
Funds under advice ($B)								
Closing FUA	$18.5B	$17.4B	$1.1B	6%	$18.5B	$17.9B	$17.4B	$19.0B
Average FUA	$18.1B	$18.3B	$(0.2)B	(1%)	$18.4B	$17.8B	$18.4B	$18.3B
Market related revenue margin	80bps	84bps	–	(4bps)	77bps	83bps	82bps	85bps

2.2.3 Drivers of performance

In FY23, Wealth Management reported underlying profit before tax of $47.0 million, $2.7 million or 6% higher than FY22.

The increase on FY22 was mainly driven by strong Fordham performance, insurance revenue growth from Priority Life and a higher interest rate environment, partly offsetting lower equity markets and higher expenses driven by continued investment in supporting future business growth.

In FY23, Wealth Management experienced continued new client growth within the Native Title segment, not-for-profit segment and Priority Life. This was supported by the organic growth of the business as well as continued contributions from Jacaranda in the pre-retiree segment. The cost to income ratio in FY23 was 78% compared to 79% in FY22.

Revenue

Wealth Management generated revenue of $217.4 million in FY23, $6.2 million or 3% higher than FY22.

Market related revenue was $145.1 million, $7.9 million or 5% lower than FY22. The decrease on FY22 was mainly due to lower average equity markets, lower performance fees as well as repricing of the Select Super portfolio in March 2022. Performance fees revenue in FY23 was $4.1 million, $1.8 million lower than FY22.

Non-market related revenue was $72.3 million, $14.0 million or 24% higher than FY22. The increase was mainly driven by strong Fordham performance, higher insurance revenue driven by Priority Life and a higher interest rate environment. Priority Life gross written premiums in FY23 passed $50 million of gross written premium, $5 million higher than FY22.

Wealth Management's market related revenue margin was 80 bps (78 bps excluding performance fees) in FY23 compared to 84 bps in FY22 (80 bps excluding performance fees) due to Select Super repricing.

Expenses

Total expenses for Wealth Management in FY23 were $170.4 million, $3.4 million or 2% higher than FY22. The increase in expenses on FY22 was mainly driven by continued investment in staff and technology to support future business and an earnout payment in Priority Life due of an outperformance in the revenue of the business (part of the deferred earnout of the consideration of the acquisition in November 2019).

2.2.4 Funds under advice

Wealth Management's FUA at the end of FY23 was 18.5 billion, $1.1 billion or 6% higher than FY22 primarily due to positive net flows in the Native Title and not-for-profit segments, investment performance and some improvement in equity markets. Net flows of $0.4 billion was $0.6 billion lower than FY23 due to $0.5 million Laminar flows in FY22. Funds under advice for charitable trusts and endowments funds was $3.3 billion. Wealth Management's Native Title business passed $1 billion in FUA in FY23.

AT END OF	FY23 $B	NET FLOWS $B	OTHER[1] $B	FY22 $B	2H23 $B	1H23 $B	2H22 $B	1H22 $B
Total FUA	18.5	0.4	0.7	17.4	18.5	17.9	17.4	19.0

1. Includes reinvestments, distributions, income and asset growth.

2.3 Corporate Trust

2.3.1 Business overview

Corporate Trust (CT) is the leading provider of corporate trustee, agency, custody and digital solutions to the banking and financial services markets comprising of the following:

Debt Market Services – provides a holistic suite of products which include trustee, agency, trust management, accounting, document custody and standby servicing solutions to the global debt capital markets and securitisation industry.

Managed Funds Services – provides services including independent responsible entity, custodian, wholesale trustee, investment management and accounting. Singapore products include trustee, agency and escrow services. Managed Funds Services has a global client base serviced from our Singapore and Australian offices, administrating a broad range of asset classes including commercial property (office, industrial, retail and infrastructure), debt, fixed income, equity, private equity, emerging markets and hedge funds.

Perpetual Digital – combines CT's existing digital assets and the platform of Laminar Capital, acquired in October 2021, to provide innovative solutions to CT clients. Perpetual Digital provides a holistic and growing number of products including Data Services (RBA & ESMA regulatory, investor and intermediary reporting), Perpetual Roundtables (benchmarking, industry and client portfolio insights) and our new Perpetual Intelligence SaaS products providing a multitude of digital solutions to the banking and financial services industry. Laminar Capital, a specialist debt markets and advisory business, includes the Treasury Direct SaaS Platform.

2.3.2 Financial performance

FOR THE PERIOD	FY23 $M	FY22 $M	FY23 V FY22	FY23 V FY22	2H23 $M	1H23 $M	2H22 $M	1H22 $M
Debt Market Services	77.2	68.7	8.5	12%	38.9	38.3	35.6	33.1
Managed Funds Services	77.4	70.3	7.1	10%	38.3	39.0	36.8	33.5
Perpetual Digital	23.4	19.5	3.9	20%	12.1	11.3	9.6	9.9
Total revenue	178.0	158.5	19.5	12%	89.3	88.7	82.0	76.6
Operating expenses	(85.1)	(75.4)	(9.7)	(13%)	(43.4)	(41.7)	(41.0)	(34.4)
EBITDA	**92.9**	**83.1**	**9.8**	**12%**	**45.9**	**46.9**	**40.9**	**42.1**
Depreciation and amortisation	(8.4)	(8.0)	(0.3)	(4%)	(4.3)	(4.1)	(4.0)	(4.0)
Equity remuneration expense	(2.4)	(1.8)	(0.6)	(35%)	(1.4)	(1.0)	(1.1)	(0.7)
Interest expense	(0.5)	(0.7)	0.2	23%	(0.3)	(0.3)	(0.3)	(0.4)
Underlying profit before tax	**81.6**	**72.6**	**9.0**	**12%**	**40.0**	**41.7**	**35.5**	**37.1**

In FY23, Corporate Trust reported underlying profit before tax of $81.6 million, $9 million or 12% higher than FY22 with growth cross all three revenue lines. The cost to income ratio was stable at 54%.

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2.3.3 Drivers of performance

Revenue

Corporate Trust generated revenue of $178 million in FY23, $19.5 million or 12% higher than in FY22. The main drivers of the improvement by business line were as detailed below.

In FY23, Debt Markets Services revenue was $77.2 million, $8.5 million or 12% higher than in FY22. The primary drivers for the increase on FY22 were underlying growth in the securitisation portfolio from new and existing clients due to higher average FUA from non-bank RMBS and ABS sectors, higher document custody volumes and additional new clients in trust management.

In FY23, Managed Funds Services revenue was $77.4 million, $7.1 million or 10% higher than FY22. The increase was primarily due to continued market activity within commercial property (office, industrial, retail and infrastructure) and fixed income.

In FY23, Perpetual Digital revenue was $23.4 million, $3.9 million or 20% higher than FY22. The increase was primarily due to the acquisition of Laminar Capital together with continued growth from new and existing clients.

Expenses

Total expenses for Corporate Trust in FY23 were $96.4 million, $10.5 million or 12% higher than FY22.

The increase in expenses on FY22 was mainly driven by costs to support investment in new SaaS products to digitally transform Corporate Trust's operating legacy technology systems, and new products to clients, increased client volumes, operating costs of Laminar Capital and regulatory requirements.

2.3.4 Funds under administration

AT END OF	FY23 $B	FY22 $B	FY23 V FY22	FY23 V FY22	2H23 $B	1H23 $B	2H22 $B	1H22 $B
Public Market Securitisation								
RMBS – bank (ADI)	52.4	57.4	(5.1)	(9%)	52.4	54.3	57.4	57.7
RMBS – non-bank	79.3	78.4	0.9	1%	79.3	83.0	78.4	70.1
ABS & CMBS	60.7	52.3	8.5	16%	60.7	61.7	52.3	45.5
Balance Sheet Securitisation								
RMBS – repos	393.3	398.9	(5.6)	(1%)	393.3	393.1	398.9	366.1
Covered bonds	89.2	76.3	12.9	17%	89.2	83.4	76.3	73.2
Debt Market Services – Securitisation[1]	**674.9**	**663.4**	**11.5**	**2%**	**674.9**	**675.5**	**663.4**	**612.7**
Corporate and Structured Finance	16.2	18.8	(2.6)	(14%)	16.2	18.4	18.8	18.2
Total Debt Market Services	**691.1**	**682.2**	**8.9**	**1%**	**691.1**	**693.9**	**682.2**	**630.9**
Custody	244.5	212.0	32.5	15%	244.5	229.6	212.0	187.9
Wholesale Trustee	115.7	100.6	15.1	15%	115.7	117.2	100.6	83.1
Responsible Entity	52.1	49.5	2.7	5%	52.1	51.6	49.5	46.0
Singapore	59.0	48.0	11.0	23%	59.0	51.5	48.0	42.5
Managed Funds Services	**471.4**	**410.1**	**61.3**	**15%**	**471.4**	**449.9**	**410.1**	**359.5**
Total FUA	**1,162.5**	**1,092.3**	**70.2**	**6%**	**1,162.5**	**1,143.8**	**1,092.3**	**990.4**

1. Includes warehouse and liquidity finance facilities.

At the end of FY23, Debt Market Services business was $691.1 billion, an increase of $8.9 billion or 1% on FY22. The movement was driven by continued growth in the ABS and CMBS segments, as well as Covered Bonds and continued slowing of RMBS sector due to higher cash rate.

At the end of FY23, Managed Funds Services FUA was $471.4 billion, an increase of $61.3 billion or 15% on FY22. The increase was driven by growth mainly across real assets products Wholesale Trustee, Custody and Singapore.

2.4 Group Support Services

2.4.1 Business overview

Group Support Services consist of Group Investments, CEO, Finance, Corporate Affairs, Marketing, Legal, Audit, Risk, Compliance, Company Secretary, Technology, Project & Change Management, Operations, Product, People & Culture and Sustainability. It provides technology, operations, vendor management, marketing, property, legal, risk, financial management and human resources support to the business units.

Costs retained by Group Support Services reflect costs that management deems to be associated with corporate functions rather than reportable business segment activity. These include costs associated with the Board of Directors and 50% of the costs associated with the Group Executives of each of the Group Support Services business units. Costs and revenues associated with the capital structure of the Group, including interest income and expense, financing costs, ASX listing fees and distributions of employee-owned units of acquired entities are also retained within Group Support Services.

2.4.2 Financial performance

FOR THE PERIOD	FY23 $M	FY22 $M	FY23 V FY22	FY23 V FY22	2H23 $M	1H23 $M	2H22 $M	1H22 $M
Interest Income	3.9	0.3	3.6	1,377%	3.0	0.9	0.2	0.1
Other Income	14.1	9.9	4.2	43%	4.3	9.8	3.2	6.7
Total revenue	18.0	10.2	7.8	77%	7.3	10.7	3.4	6.8
Operating expenses	(25.7)	(21.0)	(4.6)	(22%)	(14.7)	(10.9)	(8.4)	(12.6)
EBITDA	**(7.7)**	**(10.9)**	**3.2**	**29%**	**(7.4)**	**(0.2)**	**(5.0)**	**(5.8)**
Depreciation and amortisation	(2.3)	(2.1)	(0.2)	(10%)	(1.1)	(1.2)	(1.0)	(1.1)
Equity remuneration expense	(0.4)	(0.1)	(0.4)	(468%)	(0.1)	(0.3)	0.3	(0.4)
Interest expense	(31.7)	(5.5)	(26.2)	(477%)	(23.6)	(8.1)	(3.1)	(2.4)
Underlying profit before tax	**(42.1)**	**(18.5)**	**(23.6)**	**(127%)**	**(32.2)**	**(9.9)**	**(8.8)**	**(9.7)**

2.4.3 Drivers of performance

Revenue

In FY23, Group Investments revenue was $18.0 million, $7.8 million or 77% higher than FY22. The increase was mainly due to movement in the investing in product (IIP) portfolio, higher distribution income received from unit trust investments held in seed funds, partially offset by a decrease in the net gain on sale of seed funds.

Expenses

Total expenses, comprising operating expenses, depreciation, amortisation, equity remuneration and interest expenses for Group Support Services in FY23 were $60.1 million, $31.4 million or 109% higher than in FY22. The increase in total expenses was predominantly due to higher interest expense following interest rate rises commencing in late 2H22 together with funding costs for the Pendal Group acquisition.

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Part 3 – Appendices

3 Appendices

3.1 Appendix A: Segment results

	FY23					
PERIOD	ASSET MANAGEMENT $M	WEALTH MANAGEMENT $M	CORPORATE TRUST $M	GROUP SUPPORT SERVICES $M	TOTAL $M	ASSET MANAGEMENT $M
Operating revenue	600.4	217.4	178.0	18.0	1,013.8	418.4
Operating expenses	(437.7)	(155.4)	(85.1)	(25.7)	(703.9)	(298.5)
EBITDA	**162.8**	**62.0**	**92.9**	**(7.7)**	**310.0**	**119.9**
Depreciation and amortisation	(13.2)	(9.1)	(8.4)	(2.3)	(33.0)	(9.0)
Equity remuneration	(15.5)	(4.6)	(2.4)	(0.4)	(22.9)	(13.3)
EBIT	**134.1**	**48.3**	**82.1**	**(10.4)**	**254.1**	**97.6**
Interest expense	(1.4)	(1.3)	(0.5)	(31.7)	(34.9)	(1.0)
UPBT	**132.7**	**47.0**	**81.6**	**(42.1)**	**219.2**	**96.5**
Significant Items Pre Tax	**(134.3)**	**(5.8)**	**(1.9)**	**12.0**	(130.0)	**(119.3)**
Reportable Segment NPBT	**(1.6)**	**41.2**	**79.7**	**(30.1)**	**89.2**	**(22.7)**

	FY22					
PERIOD	ASSET MANAGEMENT $M	WEALTH MANAGEMENT $M	CORPORATE TRUST $M	GROUP SUPPORT SERVICES $M	TOTAL $M	ASSET MANAGEMENT $M
Operating revenue	387.8	211.2	158.5	10.2	767.7	193.2
Operating expenses	(271.2)	(151.5)	(75.4)	(21.0)	(519.2)	(141.9)
EBITDA	**116.5**	**59.7**	**83.1**	**(10.9)**	248.5	**51.3**
Depreciation and amortisation	(7.8)	(9.3)	(8.0)	(2.1)	(27.2)	(4.0)
Equity remuneration	(5.2)	(4.0)	(1.8)	(0.1)	(11.0)	(2.4)
EBIT	**103.5**	**46.4**	**73.3**	**(13.0)**	**210.2**	**44.9**
Interest expense	(0.7)	(2.1)	(0.7)	(5.5)	(9.0)	(0.4)
UPBT	**102.8**	**44.3**	**72.6**	**(18.5)**	**201.2**	**44.5**
Significant Items Pre Tax	**(43.1)**	**(5.0)**	**(2.7)**	**(13.1)**	(64.0)	**(22.5)**
Reportable Segment NPBT	**59.7**	**39.2**	**69.9**	**(31.6)**	**137.2**	**22.0**

2H23				1H23				
WEALTH MANAGEMENT $M	CORPORATE TRUST $M	GROUP SUPPORT SERVICES $M	TOTAL $M	ASSET MANAGEMENT $M	WEALTH MANAGEMENT $M	CORPORATE TRUST $M	GROUP SUPPORT SERVICES $M	TOTAL $M
110.4	89.3	7.3	625.5	182.0	107.0	88.7	10.7	388.3
(77.8)	(43.4)	(14.7)	(434.4)	(139.2)	(77.6)	(41.7)	(10.9)	(269.5)
32.6	**45.9**	**(7.4)**	**191.1**	**42.8**	**29.3**	**46.9**	**(0.2)**	**118.9**
(4.3)	(4.3)	(1.1)	(18.7)	(4.2)	(4.8)	(4.1)	(1.2)	(14.2)
(2.4)	(1.4)	(0.1)	(17.2)	(2.2)	(2.2)	(1.0)	(0.3)	(5.7)
25.9	**40.2**	**(8.6)**	**155.1**	**36.5**	**22.4**	**41.9**	**(1.8)**	**99.0**
(1.1)	(0.3)	(23.6)	(25.9)	(0.4)	(0.2)	(0.3)	(8.1)	(9.0)
24.9	**40.0**	**(32.2)**	**129.2**	**36.1**	**22.1**	**41.7**	**(9.9)**	**90.0**
(3.0)	**(0.8)**	**38.0**	(85.0)	**(15.0)**	**(2.8)**	**(1.1)**	**(26.1)**	(45.0)
21.9	**39.2**	**5.8**	**44.2**	**21.1**	**19.3**	**40.5**	**(36.0)**	**45.0**

2H22				1H22				
WEALTH MANAGEMENT $M	CORPORATE TRUST $M	GROUP SUPPORT SERVICES $M	TOTAL $M	ASSET MANAGEMENT $M	WEALTH MANAGEMENT $M	CORPORATE TRUST $M	GROUP SUPPORT SERVICES $M	TOTAL $M
104.3	82.0	3.4	382.8	194.6	107.0	76.6	6.8	384.9
(75.9)	(41.0)	(8.4)	(267.2)	(129.4)	(75.6)	(34.4)	(12.6)	(252.0)
28.3	**40.9**	**(5.0)**	115.6	**65.2**	**31.4**	**42.1**	**(5.8)**	132.9
(4.7)	(4.0)	(1.0)	(13.7)	(3.8)	(4.7)	(4.0)	(1.1)	(13.6)
(2.2)	(1.1)	0.3	(5.4)	(2.8)	(1.8)	(0.7)	(0.4)	(5.6)
21.5	**35.8**	**(5.7)**	**96.5**	**58.6**	**24.9**	**37.5**	**(7.3)**	**113.8**
(1.1)	(0.3)	(3.1)	(4.9)	(0.4)	(1.0)	(0.4)	(2.4)	(4.1)
20.4	**35.5**	**(8.8)**	**91.6**	**58.3**	**23.9**	**37.1**	**(9.7)**	**109.6**
(3.1)	**(0.9)**	**(13.1)**	(39.6)	**(20.6)**	**(2.0)**	**(1.8)**	**(0.0)**	(24.4)
17.3	**34.7**	**(21.9)**	**52.0**	**37.6**	**22.0**	**35.3**	**(9.7)**	**85.2**

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3.1.1 Breakdown of significant items pre tax

	FY23					
PERIOD	ASSET MANAGEMENT $M	WEALTH MANAGEMENT $M	CORPORATE TRUST $M	GROUP SUPPORT SERVICES $M	TOTAL $M	ASSET MANAGEMENT $M
Transaction and Integration costs[1]	(89.2)	(2.9)	(0.7)	(5.2)	(98.0)	(80.6)
– Trillium	(4.0)				(4.0)	(2.0)
– Barrow Hanley	(7.6)				(7.6)	(1.0)
– Pendal Group[2]	(77.6)				(77.6)	(77.6)
– Other	–	(2.9)	(0.7)	(5.2)	(8.8)	0.1
Non-cash amortisation of acquired intangibles[3]	(46.2)	(2.9)	(1.2)	–	(50.3)	(35.1)
Unrealised gains/losses on financial assets[4]	1.1	–		17.2	18.3	0.7
Accrued incentive compensation liability[5]	–				–	(4.3)
Significant items pre tax	**(134.3)**	**(5.8)**	**(1.9)**	**12.0**	**(130.0)**	**(119.3)**

1. Relates to costs associated with the acquisition/establishment of Barrow Hanley, Trillium, Pendal Group and other entities. Costs include professional fees, administrative and general expenses and staff costs related to specific retention and performance grants.
2. 1H23 costs have been restated to show all costs related to Pendal Group acquisition under Asset Management.
3. Relates to amortisation expense on customer contracts and non-compete agreements acquired through business combinations.
4. Relates to unrealised mark to market gains and losses on EMCF, seed fund investments and financial assets held for regulatory purposes.
5. This liability reflects the value of employee-owned units in Barrow Hanley.

3.2 Appendix B: Bridge for FY23 statutory accounts and OFR

UPAT represents Perpetual's measure of the results for the ongoing business of the Group as determined by the Board and management. UPAT has been calculated in accordance with ASIC's Regulatory Guide 230 – Disclosing non-IFRS financial information has been followed when presenting this information. UPAT attributable to equity holders of Perpetual Limited has not been audited by the Group's external auditors, however, the adjustments have been extracted from the books and records that have been reviewed. Underlying profit after tax attributable to equity holders of Perpetual Limited is disclosed as it is useful for investors to gain a better understanding of Perpetual's financial results from normal operating activities.

Post completion of Barrow Hanley acquisition in November 2020, the definition of UPAT was revised to reflect changes to the Group's operating cash flows from both existing and future opportunities. As shown in the table below, FY23 reporting adjusted NPAT for the four types of significant items:

- those that are material in nature and in Perpetual's view do not reflect normal operating activities;
- non-cash tax-effected amortisation of acquired intangibles;
- tax-effected unrealised gains/losses on financial assets, this excludes unrealised gains/losses on financial assets held as a hedge to the Investing in Product scheme; and
- accrued incentive compensation liability.

2H23				1H23				
WEALTH MANAGEMENT $M	CORPORATE TRUST $M	GROUP SUPPORT SERVICES $M	TOTAL $M	ASSET MANAGEMENT $M	WEALTH MANAGEMENT $M	CORPORATE TRUST $M	GROUP SUPPORT SERVICES $M	TOTAL $M
(1.6)	(0.2)	22.0	(60.3)	(8.6)	(1.3)	(0.5)	(27.2)	(37.7)
–	–	–	(2.0)	(2.0)				(2.0)
–	–	–	(1.0)	(6.6)				(6.6)
–	–	27.2	(50.4)	–			(27.2)	(27.2)
(1.6)	(0.2)	(5.2)	(6.9)	(0.1)	(1.3)	(0.5)	–	(1.9)
(1.4)	(0.6)	–	(37.1)	(11.1)	(1.5)	(0.6)		(13.2)
–	–	16.0	16.7	0.4	–	–	1.2	1.6
–	–	(0.0)	(4.3)	4.3	–	–	0.0	4.3
(3.0)	**(0.8)**	**38.0**	**(85.0)**	**(15.0)**	**(2.8)**	**(1.1)**	**(26.0)**	**(45.0)**

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	FY23 STATUTORY ACCOUNTS $M	EMCF[1] $M
Revenue	**1,034.1**	**(5.0)**
Staff related expenses excluding equity remuneration expense	(524.8)	
Occupancy expenses	(10.6)	
Administrative and general expenses	(237.4)	
Distributions and expenses relating to structured products	(5.0)	5.0
Equity remuneration expense	(39.2)	
Depreciation and amortisation expense	(83.2)	
Financing costs	(44.8)	
Total expenses	(945.0)	5.0
Net profit before tax	**89.1**	**–**
Income tax expense	(30.1)	–
Net profit after tax	**59.0**	**–**
Significant Items (net of tax)		
Transaction and Integration costs		
– Trillium		
– Barrow Hanley		
– Pendal Group		
– Other		
Non-cash amortisation of acquired intangibles		
Unrealised gains/losses on financial assets		
Accrued incentive compensation liability		
Net profit after tax attributable to equity holders		

1. Income from the EMCF structured products is recorded on a net basis, for statutory purposes, revenue and distributions are adjusted to reflect the gross revenue and expenses of these products.

	OFR ADJUSTMENTS							
	TRANSACTION AND INTEGRATION COSTS							
	TRILLIUM $M	BARROW HANLEY $M	PENDAL GROUP $M	OTHER $M	NON-CASH AMORTISATION OF ACQUIRED INTANGIBLES $M	UNREALISED GAINS/LOSSES ON FINANCIAL ASSETS $M	ACCRUED INCENTIVE COMPEN-SATION LIABILITY $M	FY23 OFR $M
			5.9			**(21.2)**		**1,013.8**
		(1.7)	25.7	2.8			–	(498.0)
								(10.6)
		6.8	33.8	1.5				(195.3)
								–
	2.1	0.1	9.5	4.6				(22.9)
		–			50.3			(33.0)
	1.9	2.4	2.7	–		2.9		(34.9)
	4.0	7.6	71.7	8.9	50.3	2.9	–	(794.6)
	4.0	**7.6**	**77.6**	**8.9**	**50.3**	**(18.3)**	**–**	**219.2**
	(0.5)	(2.2)	(14.5)	(0.9)	(9.7)	1.9	–	(56.0)
	3.5	**5.4**	**63.1**	**8.0**	**40.6**	**(16.4)**	**–**	**163.2**
								(3.5)
								(5.4)
								(63.1)
								(8.0)
								(40.6)
								16.4
								–
								59.0

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3.3 Appendix C: Average assets under management

FOR THE PERIOD IN AUSTRALIAN DOLLARS	FY23 $B	FY22 $B	FY23 V FY22	FY23 V FY22	2H23 $B	1H23 $B	2H22 $B	1H22 $B
Equities								
– Australia	19.8	12.8	7.0	54%	28.0	11.7	12.7	13.0
– Global/International	40.3	15.1	25.2	167%	64.1	16.5	15.7	14.5
– US	47.9	48.3	(0.4)	(1%)	50.6	45.3	47.6	49.0
– UK	4.1	–	4.1	100%	8.2	–	–	–
– Europe	0.7	–	0.7	100%	1.3	–	–	–
Emerging Markets	4.0	0.7	3.3	100%	6.9	1.1	0.8	0.6
Total Equities	**116.8**	**77.0**	**39.8**	**52%**	**159.1**	**74.5**	**76.8**	**77.2**
Fixed income								
– Australia	7.9	4.8	3.1	64%	10.9	4.9	5.0	4.6
– US	9.6	11.1	(1.5)	(14%)	9.9	9.2	10.2	12.0
Multi Asset	6.1	3.5	2.6	74%	9.3	2.9	3.5	3.6
Other	0.8	0.8	(0.0)	(2%)	0.8	0.7	0.8	0.8
Total Asset Management Average AUM (ex-cash)	**141.1**	**97.2**	**44.0**	**45%**	**190.0**	**92.3**	**96.2**	**98.2**
Cash	5.8	2.3	3.5	149%	10.7	0.8	2.3	2.4
Total Asset Management Average AUM	**146.9**	**99.5**	**47.4**	**48%**	**200.7**	**93.1**	**98.4**	**100.6**
Wealth Management Average AUM	**7.5**	**7.7**	**(0.3)**	**(4%)**	**7.6**	**7.3**	**7.7**	**7.8**
Total Group average AUM	**154.4**	**107.2**	**47.1**	**44%**	**208.3**	**100.4**	**106.1**	**108.4**

3.4 Appendix D: Full time equivalent employees

AT END OF	2H23	1H23	2H22	1H22
Asset Management	522	266	265	245
Wealth Management	468	419	419	371
Corporate Trust	307	299	286	234
Group Support Services	571	428	400	378
Total operations	**1,870**	**1,411**	**1,370**	**1,228**
Permanent	1,845	1,378	1,346	1,211
Contractors	24	33	25	16
Total operations	**1,870**	**1,411**	**1,370**	**1,228**

3.5 Appendix E: Dividend history

Perpetual's payout ratio is in line with Perpetual's dividend policy to pay dividends within the range of 60% and 90% of UPAT on an annualised basis. An extended history of Perpetual's dividends paid including the dividend reinvestment price can be found via this link: perpetual.com.au/about/shareholders/dividend-history.

YEAR	DIVIDEND	DATE PAID	DIVIDEND PER SHARE	FRANKING RATE	COMPANY TAX RATE	DRP PRICE
FY23	Final	29 Sep 2023	65 cents	40%	30%	NOT DETERMINED AT TIME OF PUBLICATION
FY23	Interim	31 Mar 2023	55 cents	40%	30%	$21.39
FY23	Special	8 Feb 2023	35 cents	100%	30%	$26.08
FY22	Final	30 Sep 2022	97 cents	100%	30%	$25.18
FY22	Interim	1 Apr 2022	112 cents	100%	30%	$34.67
FY21	Final	24 Sep 2021	96 cents	100%	30%	$41.31
FY21	Interim	26 Mar 2021	84 cents	100%	30%	$32.34
FY20	Final	25 Sep 2020	50 cents	100%	30%	$28.54
FY20	Interim	27 Mar 2020	105 cents	100%	30%	$28.06
FY19	Final	30 Sep 2019	125 cents	100%	30%	$36.70
FY19	Interim	29 Mar 2019	125 cents	100%	30%	$41.62
FY18	Final	8 Oct 2018	140 cents	100%	30%	$42.20
FY18	Interim	26 Mar 2018	135 cents	100%	30%	$50.34
FY17	Final	29 Sep 2017	135 cents	100%	30%	$52.33
FY17	Interim	24 Mar 2017	130 cents	100%	30%	$51.86

Operating and Financial Review
for the 12 months ended 30 June 2023

3.6 Glossary

3LOA	Three Lines of Accountability model
ABS	Asset-backed securities
ADI	Authorised deposit-taking institution
All Ords	All Ordinaries Price Index
AM	Asset Management
APRA	Australian Prudential Regulatory Authority
ARs	Appointed Representatives
ARCC	Audit, Risk and Compliance Committee
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
AUD	Australian dollars
AUM	Assets under management
B	Billion
BCM	Business Continuity Management
BEAR	Banking Executive Accountability Regime
bps	Basis point (0.01%)
CEO	Chief executive officer
CMBS	Commercial mortgage-backed securities
COVID-19	Coronavirus disease
cps	Cents per share
CT	Corporate Trust
DPS	Dividend(s) per share
DRP	Dividend Reinvestment Plan
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation of intangible assets, equity remuneration expense, and significant items
EMCF	Perpetual Exact Market Cash Fund
EPS	Earnings per share
ESG	Environmental, Social and Governance
ESMA	European Securities and Markets Authority
ExCo	Perpetual's Executive Committee
FAR	Financial Accountability Regime
FCA	Financial Conduct Authority
FI	Financial Institutions
FTE	Full time equivalent employee
FUA	Funds under advice (for Wealth Management) or funds under administration (for Corporate Trust)
Group	Perpetual Limited and its controlled entities (the consolidated entity) and the consolidated entity's interests in associates
GBP	British pounds
IFRS	International Financial Reporting Standards
IIP	Investing in Product – portfolio managers can invest deferred incentives into units in their own funds, aligning deferred remuneration to client outcomes
IT	Information technology
J O Hambro	J O Hambro Capital Management
KPI	Key performance indicator
M	Million
M&A	Mergers and Acquisitions
MAS	Monetary Authority of Singapore
NPBT	Net profit before tax
NPAT	Net profit after tax
NTA	Net tangible asset
OFR	Operating and Financial Review
PAI	Principle adverse impact
Pendal	Pendal Asset Management
Pendal Group	Acquired 23rd January consisting of the Pendal, J O Hambro and TSW boutiques
RAS	Risk Appetite Statement
Regnan	A trading name of J O Hambro specialising in impact investment
RBA	Reserve Bank of Australia
RMBS	Residential mortgage-backed securities
RMF	Risk Management Framework
ROE	Return on equity
RSE	Registrable Superannuation Entity
RTS	Regulatory Technical Standards
SaaS	Software-as-a-Service
SDR	Sustainable Disclosure Requirements
SEC	Securities and exchange commission
SFDR	Sustainable Finance Disclosure Regulation
TSW	Thompson, Siegel and Walmsley
UK	United Kingdom
UPAT	Underlying profit after tax
UPBT	Underlying profit before tax
US	United States
USD	United States dollars
WH&S	Work health and safety

Financial Statements of Perpetual Limited and its controlled entities for the year ended 30 June 2023

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2023

	SECTION	2023 $M	2022 $M
Revenue	1-2	1,034.1	749.6
Expenses	1-3	(900.2)	(603.1)
Financing costs		(44.8)	(9.2)
Net profit before tax		**89.1**	**137.3**
Income tax expense	1-4	(30.1)	(36.1)
Net profit after tax		59.0	**101.2**
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		87.8	32.2
Other comprehensive income, net of income tax		**87.8**	**32.2**
Total comprehensive income		**146.8**	**133.4**
Total comprehensive income attributable to:			
Equity holders of Perpetual Limited		146.8	133.4
Earnings per share			
Basic earnings per share – cents per share	1-5	73.2	179.6
Diluted earnings per share – cents per share	1-5	71.1	176.5

The Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the 'Notes to and forming part of the financial statements' set out on pages 110 to 163.

Consolidated Statement of Financial Position

as at 30 June 2023

	SECTION	2023 $M	2022 $M
Assets			
Cash and cash equivalents	3-1	263.2	175.4
Receivables	2-2	209.9	122.9
Current tax assets	1-4	33.2	3.6
Structured products – EMCF assets	5-1	163.9	186.3
Other assets		32.3	10.2
Total current assets		**702.5**	**498.4**
Other financial assets	2-3	291.4	152.0
Property, plant and equipment		104.9	77.8
Intangibles	2-4	2,717.8	951.7
Deferred tax assets	1-4	116.0	53.6
Other assets		9.4	13.0
Total non-current assets		**3,239.5**	**1,248.1**
Total assets		**3,942.0**	**1,746.5**
Liabilities			
Payables		93.0	54.0
Structured products – EMCF liabilities	5-1	164.2	187.7
Employee benefits	2-6	164.8	90.1
Lease liabilities		19.6	16.4
Provisions	2-5	4.5	5.8
Other liabilities		16.3	15.2
Total current liabilities		**462.4**	**369.2**
Payables		25.6	39.7
Borrowings	3-2	734.4	258.4
Deferred tax liabilities	1-4	166.2	14.9
Employee benefits	2-6	54.5	29.3
Accrued incentive compensation	2-7	50.7	48.6
Lease liabilities		71.3	55.9
Provisions	2-5	4.9	4.7
Total non-current liabilities		**1,107.6**	**451.5**
Total liabilities		**1,570.0**	**820.7**
Net assets		**2,372.0**	**925.8**
Equity			
Contributed equity	3-3	2,190.5	817.7
Reserves	3-4	184.4	34.3
Retained earnings		(2.9)	73.8
Total equity attributable to equity holders of Perpetual Limited		**2,372.0**	**925.8**

The Consolidated Statement of Financial Position is to be read in conjunction with the 'Notes to and forming part of the financial statements' set out on pages 110 to 163.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2023

$M	GROSS CONTRIBUTED EQUITY	TREASURY SHARE RESERVE	EQUITY COMPENSATION RESERVE	FOREIGN CURRENCY TRANSLATION RESERVES	RETAINED EARNINGS	TOTAL EQUITY ATTRIBUTABLE TO SHARE-HOLDERS OF PERPETUAL LIMITED
Balance at 1 July 2022	**858.1**	**(40.4)**	**20.9**	**13.4**	**73.8**	**925.8**
Treasury shares acquired through employee benefit schemes	–	14.8	–	–	–	14.8
Total comprehensive income/(expense)	**–**	**–**	**–**	**87.8**	**59.0**	**146.8**
Movement on treasury shares	(1.9)	14.6	(13.7)	–	1.0	–
Issue of ordinary shares	25.1	(19.9)	–	–	–	5.2
Issue of ordinary shares arising from business combinations	1,359.9	–	36.8	–	–	1,396.7
Repurchase of shares on market	–	(19.8)	–	–	–	(19.8)
Equity remuneration expense	–	–	39.2	–	–	39.2
Dividends paid to shareholders	–	–	–	–	(136.7)	(136.7)
Balance at 30 June 2023	**2,241.2**	**(50.7)**	**83.2**	**101.2**	**(2.9)**	**2,372.0**

$M	GROSS CONTRIBUTED EQUITY	TREASURY SHARE RESERVE	EQUITY COMPENSATION RESERVE	FOREIGN CURRENCY TRANSLATION RESERVES	RETAINED EARNINGS	TOTAL EQUITY ATTRIBUTABLE TO SHARE-HOLDERS OF PERPETUAL LIMITED
Balance at 1 July 2021	854.6	(39.3)	21.3	(18.8)	89.3	907.1
Total comprehensive income/(expense)	–	–	–	32.2	101.2	133.4
Movement on treasury shares	(1.8)	14.6	(13.8)	–	1.0	–
Issue of ordinary shares	5.3	–	–	–	–	5.3
Transaction costs	–	–	–	–	–	–
Repurchase of shares on market	–	(15.7)	–	–	–	(15.7)
Equity remuneration expense	–	–	13.4	–	–	13.4
Dividends paid to shareholders	–	–	–	–	(117.7)	(117.7)
Balance at 30 June 2022	**858.1**	**(40.4)**	**20.9**	**13.4**	**73.8**	**925.8**

The Consolidated Statement of Changes in Equity is to be read in conjunction with the 'Notes to and forming part of the financial statements' set out on pages 110 to 163.

Consolidated Statement of Cash Flows

for the year ended 30 June 2023

	SECTION	2023 $M	2022 $M
Cash flows from operating activities			
Cash receipts in the course of operations		1,079.2	834.1
Cash payments in the course of operations		(876.2)	(596.4)
Dividends received		0.8	0.5
Interest received		6.7	0.4
Interest paid		(26.9)	(8.2)
Income taxes paid		(48.8)	(59.6)
Net cash from operating activities	1-7	**134.8**	**170.8**
Cash flows from investing activities			
Payments for property, plant, equipment and software		(25.4)	(15.0)
Payments for investments		(54.4)	(43.1)
Payment for acquisition of a business		(624.5)	(49.8)
Cash acquired as part of acquisition of business		149.0	3.5
Proceeds from sale of investments		311.3	35.2
Net cash used in investing activities		**(244.0)**	**(69.2)**
Cash flows from financing activities			
Transaction costs related to borrowings		(13.2)	–
Lease financing costs		(18.8)	(14.4)
Receipt from borrowings		405.0	75.0
Repurchase of shares on market		(19.8)	(14.8)
Dividends paid		(131.6)	(112.4)
Net cash from/(used in) financing activities		**221.6**	**(66.6)**
Net increase in cash and cash equivalents		112.4	35.0
Cash and cash equivalents at 1 July		175.4	147.1
Effect of movements in exchange rates on cash held		(24.6)	(6.7)
Cash and cash equivalents at 30 June	3-1	**263.2**	**175.4**

The Consolidated Statement of Cash Flows is to be read in conjunction with the 'Notes to and forming part of the financial statements' set out on pages 110 to 163.

Notes to and forming part of the financial statements

for the year ended 30 June 2023

Section 1 – Group performance

This section focuses on the results and performance of Perpetual as a consolidated entity. On the following pages you will find disclosures explaining Perpetual's results for the year, segmental information, taxation, earnings per share and dividend information.

Where an accounting policy is specific to a single note, the policy is described in the section to which it relates.

1-1 Operating segments

An operating segment is a component of the consolidated entity that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the consolidated entity's other components and for which discrete financial information is available. All operating segments' operating results are regularly reviewed by the consolidated entity's CEO to make decisions about resources to be allocated to the segment and assess their performance.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses, income tax expenses, assets and liabilities.

During the year, the consolidated entity completed the acquisition of Pendal Group, a leading global multi-boutique asset manager. This resulted in management creating a new segment, Asset Management. The comparative period information has been re-presented to include Perpetual Asset Management, International and Perpetual Asset Management, Australia which now form part of the Asset Management segment.

The following summary describes the operations in each of the reportable segments:

i. Services provided

Perpetual is a global financial services firm operating in Australia, United States, United Kingdom, the Netherlands, Singapore and Hong Kong. Perpetual provides a diverse range of financial products and services including asset management, financial advisory and trustee services via its four business segments, supported by Group Support Services.

Asset Management	A global multi-boutique asset management business offering an extensive range of specialist and differentiated investment capabilities through seven boutique brands in key regions globally.
Wealth Management	The wealth management business offers a unique mix of wealth management, advice and trustee services to individuals, families, businesses, not-for-profit organisations and Indigenous communities throughout Australia.
Corporate Trust	Our corporate trust business is a leading provider of fiduciary and digital solutions to the banking and financial services industry in Australia and Singapore.
Group Support Services	The business units are supported by Group Support Services comprising Group Investments, CEO, Finance, Corporate Affairs, Marketing, Legal, Audit, Risk, Compliance, Company Secretary, Technology, Project & Change Management, Operations, Product and People & Culture.

ii. Geographical information

The consolidated entity is a global business that operates in Australia, United States, United Kingdom, the Netherlands, Republic of Ireland, Singapore and Hong Kong. The majority of the consolidated entity's revenue and assets relate to operations in Australia, United States and United Kingdom. The Australian operations are represented by Asset Management, Wealth Management and Corporate Trust. The United States and United Kingdom Operations are also represented by Asset Management. The geographic information analyses the consolidated entity's revenue and non-current assets by the Company's country of domicile. In presenting the geographic information revenue has been based on the country of domicile of the Company recognising it and segment assets were based on the geographic location of the assets.

iii. Major customer

Operating revenue by segment

The consolidated entity does not rely on any major customer.

	ASSET MANAGEMENT[1,2] $M	WEALTH MANAGEMENT $M	CORPORATE TRUST $M	TOTAL REPORTABLE SEGMENT $M	GROUP SUPPORT SERVICES $M	SIGNIFICANT ITEMS[3] $M	CONSOLIDATED INCOME STATEMENT $M
30 June 2023							
Major service lines							
Equities	516.2	–	–	516.2	–	–	516.2
Cash and fixed income	55.7	–	–	55.7	–	–	55.7
Multi Asset	27.5	–	–	27.5	–	–	27.5
Other AUM related	3.9	–	–	3.9	–	–	3.9
Wealth Management market related	–	145.1	–	145.1	–	–	145.1
Wealth Management non-market related	–	69.5	–	69.5	–	–	69.5
Debt Market Services	–	–	77.2	77.2	–	–	77.2
Managed Funds Services	–	–	77.1	77.1	–	–	77.1
Perpetual Digital	–	–	23.4	23.4	–	–	23.4
Investment income/(loss)	1.8	2.8	0.3	4.9	17.2	(5.9)	16.2
Unrealised gains on financial assets	1.4	–	–	1.4	0.8	20.1	22.3
Total revenue	606.5	217.4	178.0	1,001.9	18.0	14.2	1,034.1
Operating expenses	(442.7)	(155.4)	(85.1)	(683.2)	(25.7)	(68.9)	(777.8)
Depreciation and amortisation	(13.2)	(9.1)	(8.4)	(30.7)	(2.3)	(50.2)	(83.2)
Equity remuneration amortisation	(15.5)	(4.6)	(2.4)	(22.5)	(0.4)	(16.3)	(39.2)
Financing costs	(1.4)	(1.3)	(0.5)	(3.2)	(31.7)	(9.9)	(44.8)
Profit/(loss) before tax	133.7	47.0	81.6	262.3	(42.1)	(131.1)	89.1
Income tax expense							(30.1)
Net profit after tax							59.0
Reportable segment assets	2,231.4	247.6	250.2	2,729.2	1,212.8		3,942.0
Reportable segment liabilities	(501.4)	(34.6)	(16.0)	(552.0)	(1,018.0)		(1,570.0)
Capital expenditure	28.1	0.1	10.2	38.4	11.8		50.2

1. Asset Management is a new segment following the acquisition of Pendal Group. The previous Perpetual Asset Management, International and Perpetual Asset Management, Australia segments now form part of the Asset Management segment. Prior period comparatives has been restated to include Perpetual Asset Management, International and Perpetual Asset Management, Australia, which now form part of the Asset Management segment.
2. Segment information for Asset Management includes the Perpetual Exact Market Return Fund, refer to section 5-1(i).
3. Significant items includes:
   - costs associated with the acquisition and establishment of Pendal (2023 only), Trillium, Barrow Hanley and other entities.
   - amortisation expense on customer contracts and non-compete agreements acquired through business combinations.
   - unrealised mark to market gains and losses on seed fund investments and financial assets held for regulatory purposes.
   - value of employee owned units in Barrow Hanley.

Notes to and forming part of the financial statements
for the year ended 30 June 2023

1-1 Operating segments continued

	ASSET MANAGEMENT[1,2] (RESTATED) $M	WEALTH MANAGEMENT $M	CORPORATE TRUST $M	TOTAL REPORTABLE SEGMENT $M	GROUP SUPPORT SERVICES $M	SIGNIFICANT ITEMS[3] $M	CONSOLIDATED INCOME STATEMENT $M
30 June 2022							
Major service lines							
Equities	323.6	–	–	323.6	–	–	323.6
Cash and fixed income	45.6	–	–	45.6	–	–	45.6
Multi Asset	15.9	–	–	15.9	–	–	15.9
Other AUM Related	2.9	–	–	2.9	–	–	2.9
Wealth Management market related	–	153.0	–	153.0	–	–	153.0
Wealth Management non-market related	–	55.2	–	55.2	–	–	55.2
Debt Market Services	–	–	68.7	68.7	–	–	68.7
Managed Funds Services	–	–	70.3	70.3	–	–	70.3
Perpetual Digital	–		19.5	19.5	–	–	19.5
Investment income	–	3.0	–	3.0	17.0	(1.2)	18.8
Unrealised (losses) on financial assets	(2.0)	–	–	(2.0)	(6.8)	(15.1)	(23.9)
Total revenue	386.0	211.2	158.5	755.7	10.2	(16.3)	749.6
Operating expenses	(271.4)	(151.5)	(75.4)	(498.3)	(21.0)	(17.7)	(537.0)
Depreciation and amortisation	(7.8)	(9.3)	(8.0)	(25.1)	(2.1)	(25.5)	(52.7)
Equity remuneration amortisation	(5.2)	(4.0)	(1.8)	(11.0)	(0.1)	(2.3)	(13.4)
Financing costs	(0.7)	(2.1)	(0.7)	(3.5)	(5.5)	(0.2)	(9.2)
Profit/(loss) before tax	100.9	44.3	72.6	217.8	(18.5)	(62.0)	137.3
Income tax expense							(36.1)
Net profit after tax							101.2
Reportable segment assets	922.8	252.8	246.6	1,422.2	324.3		1,746.5
Reportable segment liabilities	(344.1)	(44.0)	(22.9)	(411.0)	(409.7)		(820.7)
Capital expenditure	2.9	0.1	6.0	9.0	7.6		16.6

1. Asset Management is a new segment following the acquisition of Pendal Group. The previous Perpetual Asset Management, International and Perpetual Asset Management, Australia segments now form part of the Asset Management segment. Prior period comparatives has been restated to include Perpetual Asset Management, International and Perpetual Asset Management, Australia, which now form part of the Asset Management segment.
2. Segment information for Asset Management includes the Perpetual Exact Market Return Fund, refer to section 5-1(i).
3. Significant items includes:
   - costs associated with the acquisition and establishment of Pendal (2023 only), Trillium, Barrow Hanley and other entities.
   - amortisation expense on customer contracts and non-compete agreements acquired through business combinations.
   - unrealised mark to market gains and losses on seed fund investments and financial assets held for regulatory purposes.
   - value of employee owned units in Barrow Hanley.

	2023 $M	2022 $M
Revenue		
Australia	620.0	531.8
United States	315.3	212.2
United Kingdom	55.3	–
Other countries	43.5	5.6
	1,034.1	**749.6**
Non-current assets		
Australia	1,968.1	599.5
United States	1,217.4	638.6
United Kingdom	51.0	1.1
Other countries	3.0	8.9
	3,239.5	**1,248.1**

1-2 Revenue

	2023 $M	2022 $M
Revenue from contracts with customers	989.5	753.3
Income from structured products	6.1	1.4
Dividends	0.8	0.6
Interest and unit trust distributions	5.4	5.4
Net realised (loss)/gains on sale of investments	(0.9)	3.4
Unrealised gains/(losses) on financial assets	22.3	(23.9)
Other	10.9	9.4
	1,034.1	**749.6**

Accounting policies

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The consolidated entity recognises revenue when it transfers control over a product or service to a customer.

Revenue from contracts with customers

The consolidated entity earns revenue from the provision of financial products and services. These include investment management and administration, financial advisory and trustee services (including responsible entity, superannuation, philanthropic and estate administration).

The majority of the consolidated entity's revenue arises from service contracts where performance obligations are satisfied over time. Customers obtain control of services as they are delivered, and revenue is recognised over time as those services are provided.

Notes to and forming part of the financial statements

for the year ended 30 June 2023

1-2 Revenue continued

Revenue from contracts with customers continued

Investment management and administration revenue is calculated as a percentage of the funds invested in accordance with the investment mandates or the respective product disclosure statements. Some investment products and mandates include performance fees, which are contingent on achieving or exceeding a defined performance hurdle and the revenue is recognised when it is highly probable that a significant reversal in the cumulative amount of the revenue would not occur. Whilst performance fees are recognised over time, they are typically constrained until meeting or exceeding the performance hurdle due to market volatility.

Revenue from financial advisory services is assessed on a contract by contract basis. Revenue is recognised over the period the services are provided. Revenue may be charged on a fixed fee, fee for service ("time and costs") or as a percentage of assets under administration basis:

- Under fixed fee contracts, revenue is recognised as the related services are provided on a percentage of completion basis, or when specified milestones in the contract have been achieved. Fees received in advance are deferred as a contract liability until the service has been provided.
- Revenue charged under fee for service contracts is recognised based on the amount the consolidated entity is entitled to invoice for services performed to date, based on the contracted rates.

Trustee Services are also assessed on a contract by contract basis. Contracts may include a fee to establish a trust, as well as ongoing trustee and other service fees. Establishment fees are recognised when the trust has been established and is based on the standalone value of the service.

A small part of the consolidated entity's revenue is recognised at a point in time, generally when a performance obligation is linked to a particular event (i.e. an application or redemption transaction for a customer). Revenue is recognised when the consolidated entity executes a specific transaction on behalf of the customer.

Income from structured products

Income represents fees earned from managing the Exact Market Cash Funds.

Dividends

Dividend income is recognised in profit or loss on the date the consolidated entity's right to receive payment is established which, in the case of quoted securities, is the ex-dividend date.

Interest and unit trust distributions

Interest income is recognised as it accrues, taking into account the effective yield of the financial asset.

Unit trust distributions are recognised in profit or loss as they are received.

Net realised gains on sale of investments

Net gain on sale of investments represents proceeds less costs on sale of financial assets.

Unrealised gains on financial assets

Represents movement in the fair value of the consolidated entity's financial assets classified as Fair Value Through Profit and Loss (FVTPL) during the financial year.

1-3 Expenses

	2023 $M	2022 $M
Staff related expenses excluding equity remuneration expense[1]	524.8	367.8
Occupancy expenses	10.6	6.4
Administrative and general expenses	237.4	162.6
Distributions and expenses relating to structured products	5.0	0.2
Equity remuneration expense	39.2	13.4
Depreciation and amortisation expense	83.2	52.7
	900.2	**603.1**

1. Includes an amount related to Perpetual Group's defined contributions to employees' superannuation and pensions of $27.6m (2022: $20.4m).

Accounting policies

Expenses are recognised at the fair value of the consideration paid or payable when services are received.

1-4 Income taxes

	2023 $M	2022 $M
Current year tax expense		
Current year tax expense	38.5	48.1
Prior year adjustments	(2.5)	0.8
Total current tax expense impacting income taxes payable	36.0	48.9
Deferred tax expense		
Prior year adjustments	2.7	(0.8)
Temporary differences	(8.6)	(12.0)
Total deferred tax expense	(5.9)	(12.8)
Total income tax expenses	30.1	36.1
Net profit before tax for the year	89.1	137.3
Prima facie income tax expense calculated at 30% (2022: 30%) on profit for the year	26.7	41.2
– Recognition of previously unrecognised capital and revenue losses	(0.1)	(2.5)
– Non-assessable income	(3.3)	(2.8)
– Prior year adjustments	0.2	–
– Effect of tax rates in foreign jurisdictions	(1.7)	(1.7)
– Other non-taxable income/expenses and tax credits	(2.8)	–
– Other non-deductible expenses	11.1	1.9
Total	30.1	36.1
Effective tax rate (ETR)	33.8%	26.3%
Income taxes (receivable)/payable at the beginning of the year	(3.6)	7.6
Income taxes payable for the financial year	38.5	48.9
Less: Tax paid during the year	(48.8)	(59.6)
Acquisition from Pendal	(17.0)	–
Other	(2.3)	(0.5)
Income taxes receivable at the end of the year	(33.2)	(3.6)
Represented in the Statement of Financial Position by:		
Current tax assets	33.2	3.6

Basis of calculation of ETR

The ETR is calculated as total income tax expenses divided by net profit before tax for the year.

The consolidated entity currently has tax obligations in Australia, United States, Singapore, the UK, Republic of Ireland, Hong Kong and the Netherlands. United States operations include Trillium, Barrow Hanley Global Investors, J O Hambro and TSW. UK and Singapore operations include J O Hambro. Operations in Hong Kong and the Netherlands do not currently have a material tax impact.

Explanation of variance to the legislated 30% tax rate

The consolidated entity's effective tax rate for the year was 33.8% (2022: 26.3%). The increase of 3.8% in the effective tax rate compared to the legislated 30% is mainly attributable to non-deductible expenses related to Pendal acquisition costs, which are partially offset by prior year adjustments related to Australian R&D claim and income referable to Non Controlled Interests in trusts, and exclusion of non-assessable accounting income arising from an adjustment to the Laminar earnout calculation.

Capital tax (gains)/losses calculated at 30% tax in Australia

The total tax benefits of realised capital losses are $21,290,329 (2022: $21,327,854), comprising $3,000,000 (2022: $3,000,000) recognised in deferred tax assets and $18,290,329 (2022: $18,327,854) not recognised in deferred tax assets. These are net of realised tax capital gains and losses incurred in the current and/or prior year and are available to be utilised by the Australian income tax consolidated group in future years.

Notes to and forming part of the financial statements

for the year ended 30 June 2023

1-4 Income taxes continued

Movement in deferred tax balances

2023	BALANCE 1 JULY 2022 $M	RECOGNISED IN PROFIT OR LOSS $M	ACQUIRED IN BUSINESS COMBINATION $M	BALANCE 30 JUNE 2023 $M
Deferred tax assets				
Provisions and accruals	6.2	2.1	1.4	9.7
Capital expenditure deductible over five years	0.2	0.3	5.5	6.0
Employee benefits	29.9	9.2	21.3	60.4
Property, plant and equipment	3.2	0.5	–	3.7
Intangible assets	3.5	0.1	20.4	24.0
Recognised capital losses	3.0	–	–	3.0
Unrealised net capital losses	1.0	(1.4)	0.5	0.1
Lease adjustments AASB 16	4.5	–	1.4	5.9
Other items	2.1	1.1	–	3.2
Deferred tax assets	53.6	11.9	50.5	116.0
Deferred tax liabilities				
Intangible assets	(11.9)	2.5	(147.4)	(156.8)
Lease adjustment AASB 16	(0.5)	(0.1)	–	(0.6)
Unrealised net capital gains	–	(2.0)	–	(2.0)
Capital raising costs	(2.1)	0.3	–	(1.8)
Other items	(0.4)	(4.6)	–	(5.0)
Deferred tax liabilities	**(14.9)**	**(3.9)**	**(147.4)**	**(166.2)**
Net deferred tax assets	**38.7**	**8.0**	**(96.9)**	**(50.2)**

2022	BALANCE 1 JULY 2021 $M	RECOGNISED IN PROFIT OR LOSS $M	ACQUIRED IN BUSINESS COMBINATION $M	BALANCE 30 JUNE 2022 $M
Deferred tax assets				
Provisions and accruals	4.7	1.5	–	6.2
Capital expenditure deductible over five years	0.2	–	–	0.2
Employee benefits	29.1	0.7	0.1	29.9
Property, plant and equipment	2.4	0.8	–	3.2
Intangible assets	3.7	(0.2)	–	3.5
Recognised capital losses	3.0	–	–	3.0
Unrealised net capital losses	–	1.0	–	1.0
Lease adjustments AASB 16	4.1	0.3	0.1	4.5
Other items	–	2.1	–	2.1
Deferred tax assets	47.2	6.2	0.2	53.6
Deferred tax liabilities				
Intangible assets	(6.8)	0.8	(5.9)	(11.9)
Lease adjustment AASB 16	–	(0.5)	–	(0.5)
Unrealised net capital gains	(6.1)	6.1	–	–
Capital raising costs	(2.4)	0.3	–	(2.1)
Other items	(0.3)	(0.1)	–	(0.4)
Deferred tax liabilities	**(15.6)**	**6.6**	**(5.9)**	**(14.9)**
Net deferred tax assets	**31.6**	**12.8**	**(5.7)**	**38.7**

Accounting policies

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the net profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in other comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at reporting date and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes.

Deferred tax is not recognised for the following temporary differences:

– the initial recognition of goodwill
– the initial recognition of assets or liabilities that affect neither accounting nor taxable profit
– differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each balance date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are netted when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

Perpetual Limited and its wholly owned Australian entities elected to form an income tax consolidated group as of 1 July 2002. As a consequence, all members of the tax consolidated group are taxed as a single entity and governed by a tax funding agreement. Under the agreement, all wholly owned Australian entities fully compensate Perpetual Limited for any current income tax payable assumed and are compensated by Perpetual Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Perpetual Limited under the income tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the members' financial statements.

1-5 Earnings per share

	2023 CENTS PER SHARE	2022 CENTS PER SHARE
Basic earnings per share	73.2	179.6
Diluted earnings per share	71.1	176.5

	2023 $M	2022 $M
Net profit after tax attributable to equity holders of Perpetual Limited	59.0	101.2

	2023 NUMBER OF SHARES	2022 NUMBER OF SHARES
Weighted average number of ordinary shares (basic)	80,564,501	56,356,663
Effect of dilutive potential ordinary shares (including those subject to rights)	2,450,115	990,317
Weighted average number of ordinary shares (diluted)	83,014,616	57,346,980

Accounting policies

The consolidated entity presents basic and diluted earnings per share (EPS) data for its ordinary shares.

Basic EPS is calculated by dividing the net profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for shares held by the Company's employee share plan trust.

Diluted EPS is determined by dividing the net profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding, adjusted for shares held by the Company's sponsored employee share plan trust and for the effects of all dilutive potential ordinary shares, which comprise shares and options/rights granted to employees under long-term incentive and retention plans.

Notes to and forming part of the financial statements

for the year ended 30 June 2023

1-6 Dividends

	CENTS PER SHARE	TOTAL AMOUNT $M	FRANKED/UNFRANKED	DATE OF PAYMENT
2023				
Final 2022 ordinary	97	55.0	100% Franked	30 Sep 2022
Special dividend	35	20.1	100% Franked	8 Feb 2023
Interim 2023 ordinary	55	61.6	40% Franked	31 Mar 2023
Total amount	**187**	**136.7**		
2022				
Final 2021 ordinary	96	54.3	100% Franked	24 Sep 2021
Interim 2022 ordinary	112	63.4	100% Franked	1 Apr 2022
Total amount	**208**	**117.7**		

All franked dividends declared or paid during the year were franked at a tax rate of 30% and paid out of retained earnings.

The Company's Dividend Reinvestment Plan (DRP) is optional and offers ordinary shareholders in Australia and New Zealand the opportunity to acquire fully paid ordinary shares, without transaction costs. Shareholders can elect to participate in or terminate their involvement in the DRP at any time.

Subsequent events

Since the end of the financial year, the Directors declared the following dividend. The dividend has not been provided for and there are no tax consequences.

	CENTS PER SHARE	TOTAL AMOUNT[1] $M	FRANKED/UNFRANKED	DATE OF PAYMENT
Final 2023 ordinary	65	73.1	40% Franked	29 Sep 2023

1. Calculation based on the estimated ordinary shares on issue at the record date.

The financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 June 2023 and will be recognised in subsequent financial reports.

DIVIDEND FRANKING ACCOUNT	2023 $M	2022 $M
Amount of franking credits available to shareholders for subsequent financial years	9.6	27.8

The above available amounts are based on the balance of the dividend franking account at 30 June 2023 adjusted for franking credits that will arise from the payment of the current tax liabilities, and franking credits that will arise from the receipt of dividends recognised as receivables by the tax consolidated group at the year end.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends. The impact on the dividend franking account of dividends proposed after the balance date, but not recognised as a liability, is to reduce it to ($2,900,000) (2022: $4,200,000).

Accounting policies

Dividends are recognised as a liability in the year in which they are declared.

1-7 Net cash from operating activities

	2023 $M	2022 $M
Reconciliation of profit for the year to net cash from operating activities		
Profit for the year	59.0	101.2
Items classified as investing/financing activities:		
Loss/(Profit) on sale of investments	0.9	(3.4)
Realised loss on forward exchange contract	5.9	–
Deferred acquisition consideration	2.6	16.1
Operating (liabilities)/assets acquired from business combinations	(127.0)	3.5
Lease financing costs	18.8	14.4
Non-cash items:		
Depreciation and amortisation expense	83.2	52.7
Equity remuneration expense	39.2	13.4
Transfer to foreign currency translation reserve	(4.3)	(32.2)
Reinvestment of dividends and unit distributions	(6.1)	(4.0)
Accrued fixed asset additions	1.6	(1.5)
Mark to market movements on financial assets	(22.3)	23.9
Fair value adjustment to put liability	–	(4.7)
Other	5.8	(7.4)
(Increase)/decrease in assets		
Receivables	(87.0)	9.8
Current tax assets	(29.6)	(3.6)
Other assets	(18.5)	(1.6)
Deferred tax assets	(62.4)	(6.4)
Increase/(decrease) in liabilities		
Payables	24.9	3.0
Provisions	(1.1)	4.1
Current tax liabilities	–	(7.6)
Deferred tax liabilities	151.3	(0.7)
Employee benefits	99.9	1.8
Net cash from operating activities	**134.8**	**170.8**

Notes to and forming part of the financial statements
for the year ended 30 June 2023

Section 2 – Operating assets and liabilities

This section shows the assets used to generate Perpetual's trading performance and the liabilities incurred as a result. Liabilities relating to the consolidated entity's financing activities are addressed in section 3.

2-1 Business combinations

Pendal Group

On 23 January 2023, Perpetual acquired 100% of the share capital of Pendal Group ('Pendal') by way of a Scheme of Arrangement ('the Acquisition'). The acquisition created a global multi-boutique asset manager with significant scale, diversified investment strategies, ESG capabilities and a global distribution capability, complemented by Perpetual's wealth management and trustee businesses.

For the period post acquisition and ending 30 June 2023, Pendal contributed revenue of $231.4 million and profit (before tax) of $22.5 million to the consolidated entity's results. If the acquisition had occurred on 1 July 2022, management estimates that consolidated revenue would have been $519.2 million and consolidated profit (before tax) for the year would have been $47.1 million. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 July 2022.

Consideration transferred

The acquisition was effected via a share exchange with every seven shares of Pendal stock exchanged for one newly issued Perpetual share and $1.65 cash per Pendal share held, less the final FY22 Pendal dividend of 3.5 cents per share paid to Pendal shareholders on 15 December 2023. A total of 54,747,428 Perpetual shares were issued to Pendal shareholders as part of the consideration.

The following table summarises the acquisition date fair value of each major class of consideration transferred:

	$M
Share consideration[1]	1,359.9
Cash consideration[2]	618.8
Replacement share-based payment awards	36.8
Total consideration transferred	**2,015.5**

Replacement share-based payment awards

In accordance with the terms of the acquisition agreement, the Group exchanged equity-settled share-based payment awards held by employees of Pendal (the acquiree's awards) for equity settled share-based payment awards of the Company (the replacement awards). The vesting dates of the replacement awards replicate the existing acquiree's awards.

The consideration for the business combination includes $36.8 million transferred to employees of Pendal when the acquiree's awards were substituted by the replacement awards, which relate to past service.

Refer to 5-6 Share-based payments for more information.

Acquisition-related costs

The consolidated entity incurred acquisition and integration related costs of $50.7 million before tax which are included in expenses in the consolidated entity's statement of profit and loss and other comprehensive income and borrowing costs of $13.2 million associated with the acquisition which were capitalised.

1. The Scheme Implementation Deed was approved by the Supreme Court of New South Wales on 11 January 2023 and became effective and binding on 12 January 2023. On this date, the Scheme became unconditional and control was acquired in accordance with AASB 10 *Consolidated Financial Statements*. Therefore, 11 January 2023 has been assessed as the acquisition date under AASB 3 *Business Combinations* ('AASB 3'). The fair value of ordinary shares issued was based on the closing share price of Perpetual Limited on 11 January 2023 of $24.84.
2. The cash consideration was based on the number of Pendal shares acquired of 383,149,490.

Provisional value of identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:

	$M
Cash and cash equivalents	149.0
Trade and other receivables	79.3
Other financial assets	335.0
Prepayments	10.0
Derivative financial instruments	0.4
Property, plant and equipment	41.7
Deferred tax assets	49.7
Intangible assets	784.5
Current tax asset	17.0
Trade and other payables	(60.0)
Employee benefits	(74.5)
Provisions	(0.4)
Lease liability	(33.7)
Borrowings	(50.6)
Deferred tax liabilities	(138.1)
Total identifiable net assets acquired	**1,109.3**

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

ASSETS ACQUIRED	VALUATION TECHNIQUES
Intangible assets: Customer contracts	Multi-period excess earnings method: The multi-period excess earnings method considers the present value of net cash flows expected to be generated by the customer relationships, by excluding any cash flows related to contributory assets.
Intangible assets: Brands	Relief from royalty method: The relief-from-royalty method considers the discounted estimated royalty payments that are expected to be avoided as a result of the patents being owned.

All trade receivables were expected to be recoverable at the acquisition date.

Goodwill

Goodwill arising from the acquisition has been recognised as follows:

	$M
Total consideration transferred	2,015.5
Less: Provisional value of identifiable net assets	(1,109.3)
Goodwill	**906.2**

The goodwill is attributable mainly to the skills and technical talent of Pendal's work force and the synergies expected to be achieved from integrating the company into the Group's existing asset management business. None of the goodwill recognised is expected to be deductible for tax purposes, aside from the goodwill recognised by Pendal upon its acquisition of TSW in 2021, which continues to be deductible in the US.

Notes to and forming part of the financial statements
for the year ended 30 June 2023

2-1 Business combinations continued

Critical accounting assumptions and estimates

Accounting for acquisitions is inherently complex, requiring a number of judgements and estimates to be made.

The acquisition of Pendal was effected through a Scheme of Arrangement under which the Company acquired all of the shares in Pendal. While the Scheme of Arrangement was implemented on 23 January 2023, the Scheme Implementation Deed was approved by the Supreme Court of New South Wales on 11 January 2023 and became effective and binding on 12 January 2023. On this date, the Scheme became unconditional and control was acquired in accordance with AASB 10 *Consolidated Financial Statements*. Therefore, 11 January 2023 has been assessed as the acquisition date under AASB 3 *Business Combinations*.

Management judgement is required to determine the fair value of identifiable assets and liabilities acquired in business combinations. A number of judgements have been made in relation to the identification of fair values attributable to separately identifiable assets and liabilities acquired, including customer relationships and brands. This work was performed by an external valuation expert. The determination of fair values requires the use of valuation techniques based on assumptions including future cash flows, revenue growth, margins, customer attrition rates and weighted-average cost of capital.

In accordance with the terms of the acquisition agreement, the Consolidated Entity exchanged equity-settled share-based payment awards held by employees of Pendal (the acquiree's awards) for equity settled share-based payment awards of the Company (the replacement awards) as part of the consideration. The fair value of the replacement awards was measured by reference to the fair value of the equity instruments at the acquisition date. The fair value calculation was performed by an external valuation expert and determined using the Black Scholes Model and other market-based valuation techniques, taking into account the terms and conditions upon which the replacement awards were granted. The valuation methodologies involve a number of judgements and assumptions which may affect the value of pre-acquisition expense taken as part of consideration transferred, as well as the post-acquisition share-based payment expense taken to profit and loss and equity.

Accounting policies

Business combinations are accounted for using the acquisition method as at the acquisition date of 11 January 2023, which is the date on which control is transferred to the consolidated entity. In assessing control, the consolidated entity takes into consideration potential voting rights that currently are exercisable.

As at 30 June 2023 the acquisition accounting balances were provisional and have been accounted for in these financial statements on that basis. These balances may be revised up to 12 months from the acquisition date in accordance with AASB 3.

The consolidated entity measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the consolidated entity incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and related to past services, then all or a portion of the amount of the acquirer's replacement award is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

2-2 Receivables

	2023 $M	2022 $M
Current		
Trade receivables	193.1	120.5
Less: Provision for doubtful debts	(2.5)	(3.0)
	190.6	117.5
Other receivables	19.3	5.4
	209.9	122.9
Movements in the provision for doubtful debts are as follows:		
Balance as at beginning of the year	3.0	3.1
Doubtful debts provided for during the year	1.1	1.7
Receivables written off during the year as uncollectible	(1.6)	(1.8)
Balance as at end of the year	**2.5**	**3.0**

Movements in the provision for doubtful debts have been recognised in Administrative and general expenses in section 1-3. Amounts charged to the provision account are generally written off when there is no expectation of additional recoveries. In subsequent periods, any recoveries of amounts previously written off are credited against Administrative and general expenses in section 1-3. Based on the analysis at the end of the reporting period, the collectively provided impairment under the expected credit loss (ECL) method is considered to be immaterial and currently no amount is recognised in the financial statements.

Accounting policies

Receivables comprise trade and other receivables. Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for ECL. Collectability of trade receivables is reviewed on an ongoing basis and at balance date, in addition to the ECL, specific impairment losses are recorded for any doubtful debts.

2-3 Other financial assets

	2023 $M	2022 $M
Non-current		
Listed equity securities	56.2	50.2
Unlisted unit trusts	205.8	89.8
Debt securities	3.7	3.4
Unlisted investment funds	25.7	8.6
	291.4	**152.0**

Accounting policies

Financial assets

The consolidated entity's investments in equity securities, unlisted unit trusts, unlisted investment funds and debt securities are classified at Fair Value Through Profit and Loss (FVTPL) with the associated realised and unrealised gains and losses taken to the Income Statement. Refer to section 4-1 (iv).

Fair values for investments in equity securities, unlisted unit trusts and other securities are obtained from quoted market prices in active markets, including market transactions and valuation techniques (such as discounted cash flow models and option pricing models), as appropriate.

Unlisted investment funds represent an equity interest in an unlisted investment fund established to invest its assets primarily in the economic equity interests of multiple collateralised loan obligation (CLO) transactions and warehouse facilities in connection therewith. Fair values for unlisted investment funds are obtained from an independent, third-party fund administrator and are based on the net asset value of the fund at the reporting date.

Notes to and forming part of the financial statements
for the year ended 30 June 2023

2-4 Intangibles

$M	GOODWILL	INTANGIBLE ASSETS CUSTOMER CONTRACTS	CAPITALISED SOFTWARE	PROJECT WORK IN PROGRESS	OTHER	TOTAL
Year ended 30 June 2023						
At cost	1,508.0	1,077.6	102.4	39.7	73.3	2,801.0
Foreign exchange movement	71.9	67.3	0.5	–	4.5	144.2
Accumulated amortisation	–	(127.9)	(83.5)	–	(16.0)	(227.4)
Carrying amount	**1,579.9**	**1,017.0**	**19.4**	**39.7**	**61.8**	**2,717.8**
Balance at 1 July 2022	616.7	241.8	21.3	25.4	46.5	951.7
Additions	–	0.9	–	20.3	–	21.2
Additions through business combinations	906.2	763.6	1.1	0.8	18.8	1,690.5
Transfers	–	–	6.8	(6.8)	–	–
Foreign exchange movement	57.0	55.1	0.2	–	2.0	114.3
Amortisation expense	–	(44.4)	(10.0)	–	(5.5)	(59.9)
Balance as at 30 June 2023	**1,579.9**	**1,017.0**	**19.4**	**39.7**	**61.8**	**2,717.8**
Year ended 30 June 2022						
At cost	601.8	313.1	94.5	25.4	54.5	1,089.3
Foreign exchange movement	14.9	12.2	0.3	–	2.5	29.9
Accumulated amortisation	–	(83.5)	(73.5)	–	(10.5)	(167.5)
Carrying amount	**616.7**	**241.8**	**21.3**	**25.4**	**46.5**	**951.7**
Balance at 1 July 2021	554.5	224.3	19.2	17.3	47.6	862.9
Additions	–	–	–	18.2	–	18.2
Additions through business combinations	39.5	19.7	1.1	–	–	60.3
Transfers	–	–	10.1	(10.1)	–	–
Foreign exchange movement	22.7	19.3	0.3	–	4.1	46.4
Amortisation expense	–	(21.5)	(9.4)	–	(5.2)	(36.1)
Balance as at 30 June 2022	**616.7**	**241.8**	**21.3**	**25.4**	**46.5**	**951.7**

	2023 $M	2022 $M
Goodwill Impairment Testing		
The following cash-generating units have significant carrying amounts of goodwill:		
Wealth Management	190.2	190.2
Corporate Trust	158.7	158.7
Asset Management, comprising CGU:		
– Perpetual Asset Management	3.5	3.5
– Trillium Asset Management	52.1	50.0
– Barrow Hanley	222.7	214.3
– TSW	208.8	–
– J O Hambro	538.3	–
– Pendal	205.6	–
	1,579.9	**616.7**

The recoverable amount has been determined on a consistent basis across each cash-generating unit (CGU) by using their value in use. The following assumptions have been applied across each CGU:

- The value in use is estimated based on the net present value of future cash flow projections to be realised from each of the CGUs over the next five years plus a terminal value.
- The pre-tax discount rates used in the current year ranged from 13.5% to 15.7% (2022: 14.0% to 15.9%) for Australian CGUs and from 13.1% to 14.2% (2022: 15.0% to 15.4%) for Non-Australian CGUs.

The forecast cash flows used in impairment testing are based on assumptions as to the level of profitability for each business over a projected five-year period. These forecasted cash flows are based on a five-year forecast, three years of which has been approved by the Board and a further two years of management forecasts have been applied.

The main drivers of revenue growth are the value of assets under management (AUM) in the Trillium, Barrow Hanley, Perpetual Australia Asset Management, Pendal JOHCM and TSW CGUs, funds under advice (FUA) in the Wealth Management CGU and securitisation and capital flows in the Corporate Trust CGU. A terminal value with a growth rate of 2.1% for US CGUs and 2.5% for UK and Australia CGUs has also been applied.

Other than the normal operating changes linked to ongoing business initiatives, the assumptions do not include the effects of any future restructuring to which the consolidated entity is not yet committed or of future cash outflows by the consolidated entity which will improve or enhance the consolidated entity's performance. At the reporting date, there is no reasonable change in key assumptions that could cause the carrying amount to exceed the recoverable amount.

The estimated recoverable amount is greater than the carrying value for each CGU. For the estimated recoverable amount to be equal to the carrying amount, the pre-tax discount rate would have to increase from 13.5% to 28.9% (2022: 14.0% to 26.4%) for Australian CGUs and from 13.1% to 43.4% (2022: 15.0% to 25.3%) for Non-Australian CGUs.

Accounting policies

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets.

Goodwill represents the excess of acquisition cost over the fair value of the consolidated entity's share of the net identifiable assets of the acquired subsidiary or associate at the date of acquisition. Goodwill is allocated to cash-generating units and is not amortised, but tested for impairment annually.

Goodwill is measured at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Amortisation

For those intangible assets which are amortised, the amortisation is calculated over the cost of the asset, or another amount substituted for cost, less its residual value.

The estimated useful lives in the current and comparative periods are as follows:

- capitalised software: 2.5–8 years
- customer contracts and relationships acquired: 5–16 years
- non-compete (included in other intangible assets): 3–5 years.

Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

Software

Certain internal and external costs directly incurred in acquiring and developing software have been capitalised and are amortised over their useful lives. Development costs include only those costs directly attributable to the development phase and are only recognised following completion of a technical feasibility study and where the consolidated entity has an intention and ability to use the asset. Costs incurred on software maintenance are expensed as incurred.

Other intangible assets

Brand names acquired by the consolidated entity are included in other intangible assets. Brand names have an indefinite useful life and are not amortised, but tested for impairment annually. Brand names are measured at cost less accumulated impairment losses.

Other intangible assets acquired by the consolidated entity, which have finite useful lives, are stated at cost less accumulated amortisation and impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Notes to and forming part of the financial statements

for the year ended 30 June 2023

2-5 Provisions

	2023 $M	2022 $M
Current		
Insurance and legal provision	–	1.8
Operational process review provision	4.5	3.6
Make good and other occupancy related provisions	–	0.4
	4.5	**5.8**
Non-current		
Make good and other occupancy related provisions	4.9	4.7
	4.9	**4.7**

$M	CARRYING AMOUNT AT 1 JULY 2022	ADDITIONAL PROVISION MADE	UNUSED AMOUNTS REVERSED	PAYMENTS MADE	CARRYING AMOUNT AT 30 JUNE 2023
Legal provision	1.8	0.8	(0.3)	(2.3)	–
Operational process review provision	3.6	3.0	–	(2.1)	4.5
Make good and other occupancy related provisions	5.1	0.4	–	(0.6)	4.9
Total provisions	**10.5**	**4.2**	**(0.3)**	**(5.0)**	**9.4**

Accounting policies

A provision is recognised in the Statement of Financial Position when the consolidated entity has a present legal or constructive obligation as a result of a past event that can be measured reliably and it is probable that an outflow of economic benefits will be required to settle the obligation.

Management exercises judgement in estimating provision amounts. It may be possible, based on existing knowledge, that outcomes in the next annual reporting period differ from amounts provided and may require adjustment to the carrying amount of the liability affected.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

Legal provision

A provision for litigation is recognised when reported litigation claims arise and are measured at the cost that the consolidated entity expects to incur in settling the claim (refer to section 3-5).

Operational process review

A provision for operational process reviews is recognised when operational errors are identified and represents the cost that the consolidated entity expects to incur in rectification and restitution costs.

Make good and other occupancy related provisions

A provision for make good and other occupancy related provisions is recognised when certain make good conditions exist upon exit of a premises lease. The provision is expected to be settled at the end of the term of the related lease.

2-6 Employee benefits

Aggregate liability for employee benefits, including on-costs

$M	2023 CURRENT	2023 NON-CURRENT	2022 CURRENT	2022 NON-CURRENT
Provision for annual leave	13.0	–	8.1	–
Provision for long service leave	12.1	3.8	8.7	2.5
Other employee benefits[1]	129.6	37.4	70.6	9.9
Provision for distribution – Barrow Hanley	2.9	–	2.6	–
Provision for long-term incentive plans	–	13.3	–	16.9
Restructuring provision	7.2	–	0.1	–
	164.8	**54.5**	**90.1**	**29.3**

1 Short-term incentives (STI) and deferred STI.

The non-current portion of the long service leave provision has been discounted using a rate of 5.6% (2022: 5.3%) which is based on the 10 year corporate bond rate. The provision for long-term incentive plans has been discounted using a range of 3.77% to 3.80% (2022: 3.0% to 3.1%), which is based on the relevant US Treasury note rate that matches the expected payment term.

The number of full time equivalent employees at 30 June 2023 was 1,870 (2022: 1,370).

Accounting policies

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the consolidated entity has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Other long-term employee benefits and provision for long-term incentive plans

The consolidated entity's net obligation in respect of long-term employee benefits and long-term incentive plans are the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognised in profit or loss in the period in which they arise. The provision for long-term incentive plans relates to schemes operated by Barrow Hanley.

Restructuring

A provision for restructuring is recognised when the consolidated entity has approved a detailed and formal restructuring plan and the restructuring has either commenced or has been announced publicly. Future operating costs are not provided for.

Critical assumptions and estimates

The provision for other long-term incentive plans are dependent on the achievement of future revenue and profit hurdles, which have been measured using management's estimate of likely outcomes. Key assumptions requiring judgement include projected cash flows, growth rate assumptions and margins. The provision represents the pro-rated portion (based on service provided to date) of the estimated future cash payments, discounted using the relevant US Treasury bond rate. The liability will be reassessed at each reporting period based on the latest consolidated entity's forecasts, with fair value adjustments recognised in profit and loss.

2-7 Accrued incentive compensation

	2023 $M	2022 $M
Non-current		
Accrued incentive compensation	50.7	48.6
	50.7	**48.6**

Barrow Hanley, a Group Subsidiary, has a profit-sharing plan (the Plan). Under the Plan, Barrow Hanley may award annual bonuses to key employees, a portion of which may be paid to the eligible employees through the issuance of unit interests. The awards of unit interests have a three-year vesting period from the grant date, and the value is determined at grant date based on a predetermined formula. Under the provisions of the Plan, these awards contain a feature whereby shares may be put back to the Parent of Barrow Hanley (Perpetual US Holding Company, Inc) in the future.

Movement in the fair value of the liability is taken to staff related expenses. The liability is re-measured each period until settlement.

Unit interests are also entitled to distributions, which are accrued at each reporting date. An increase to staff related expenses is recorded with the corresponding increase to the liability included in employee benefits.

Notes to and forming part of the financial statements

for the year ended 30 June 2023

Section 3 – Capital management and financing

This section outlines how Perpetual manages its capital structure and related financing costs, including its balance sheet liquidity and access to capital markets. Perpetual's objectives when managing capital are to safeguard its ability to continue as a going concern, to continue to provide returns to shareholders and benefits to other stakeholders, and to reduce the cost of capital.

3-1 Cash and cash equivalents

	2023 $M	2022 $M
Bank balances	232.4	158.4
Short-term deposits	30.8	17.0
	263.2	**175.4**

Short-term deposits represent rolling 90 day term deposits.

3-2 Borrowings

	2023 $M	2022 $M
The consolidated entity has access to the following credit facilities:		
Total facility used	734.4	258.4
Facility unused	125.0	122.3

In November 2022, the consolidated entity refinanced and entered into a new syndicated facility arrangement. The arrangement comprises of a core facility which refinanced the previous debt facility, and an acquisition facility which funded the cash portion of the Pendal acquisition.

The core facility comprises of a revolving loan facility with a maximum commitment of A$175 million or equivalent (Core Facility 1), a USD term loan facility with a maximum commitment of US$128 million (Core Facility 2) and a bank guarantee facility with a maximum commitment of A$160 million (Core Facility 3).

The acquisition facility comprises of a revolving loan facility with a maximum commitment of A$215 million (Acquisition Facility 1), a GBP term loan facility with a maximum commitment of £115 million (Acquisition Facility 2) and a USD term loan facility with a maximum commitment of US$45 million (Acquisition Facility 3).

Core Facility 1 and Acquisition Facility 1 have an interest rate equal to BBSY plus a margin, Core Facility 2 and Acquisition Facility 2 have an interest rate equal to SOFR plus a margin, Acquisition Facility 3 have an interest rate equal to SONIA plus a margin and Core Facility 3 is at a flat rate. Core Facilities 1 and 3 and Acquisition Facilities 1 and 2 have a term of three years. Core Facility 2 and Acquisition Facility 3 have a term of four years.

The syndicated facility had a weighted average floating interest rate of 6.00% at 30 June 2023, exclusive of bank guarantees and the undrawn line fee (30 June 2022: 2.09%)[1].

The consolidated entity relies on bank guarantees issued under Core Facility 3 to meet its regulatory capital requirements.

In establishing the new syndicated facility arrangement, the consolidated entity incurred costs of $13.2 million (including underwriting fees). These costs have been capitalised and net off against the total facility used. Costs will be released to profit and loss over the term of the facility. There currently remains $10.5 million of capitalised borrowing costs that have yet to be released to the profit and loss account.

The consolidated entity has agreed to various debt covenants including shareholders' funds as a specified percentage of total assets, a maximum ratio of gross debt to EBITDA and a minimum interest cover. The consolidated entity is in compliance with the covenants at 30 June 2023 and anticipates being compliant going forward. Should the consolidated entity not satisfy any of these covenants, the outstanding balance of the loans may become due and payable.

1. Prior year has been restated.

Accounting policies

Borrowings are initially recognised at fair value net of transaction costs incurred. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost. The financial liability under the facility has a fair value equal to its carrying amount.

Interest-bearing borrowings are removed from the Consolidated Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired.

Financing costs comprise interest payments on borrowings calculated using the effective interest method, and unwinding of discounts on provisions.

3-3 Contributed equity

	2023 $M	2022 $M
Fully paid ordinary shares 112,517,592 (2022: 56,713,419)	2,241.2	858.1
Treasury shares 1,636,431 (2022: 651,437)	(50.7)	(40.4)
	2,190.5	**817.7**

	2023		2022	
	NUMBER OF SHARES	$M	NUMBER OF SHARES	$M
Movements in share capital				
Balance at beginning of year	56,061,982	817.7	55,958,199	815.3
Shares issued:				
– Issue of ordinary shares[1]	55,804,173	1,385.0	140,140	5.3
– Movement on treasury shares	(984,994)	(12.2)	(36,357)	(2.9)
Balance at end of year	**110,881,161**	**2,190.5**	**56,061,982**	**817.7**

1. The consolidated entity issued 500,000 ($12.4 million) shares in September 2022 and 340,000 ($7.5 million) shares in March 2023 to Queensland Trustees Pty Ltd Long Term Incentive Plan Trust to satisfy employee share scheme commitments during the period. In addition, 216,745 ($5.2 million) shares were issued on market to satisfy Dividend Re-investment Plan requirements, and 54,747,428 ($1,359.9 million) shares were issued on market in January 2023 as compensation to Pendal shareholders.

The Company does not have authorised capital or par value in respect of its issued shares.

Terms and conditions

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

In the event of winding up of the Company, ordinary shareholders rank after creditors and are fully entitled to any surplus capital.

Accounting policies

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Repurchase of share capital (treasury shares)

When share capital recognised as equity is repurchased or held by employee share plans and subject to vesting conditions, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity.

Notes to and forming part of the financial statements

for the year ended 30 June 2023

3-4 Reserves

	2023 $M	2022 $M
Foreign currency translation reserve	101.1	13.3
General reserve	0.1	0.1
	101.2	**13.4**
Equity compensation reserve	83.2	20.9
	184.4	**34.3**

Accounting policies

Foreign currency translation reserve

The Foreign Currency Translation Reserve (FCTR) records the foreign currency differences from the translation of the financial information of foreign operations that have a functional currency other than Australian dollars.

Equity compensation reserve

The equity compensation reserve represents the value of the Company's own shares held by an equity compensation plan that the consolidated entity is required to include in the consolidated financial statements. This reserve will be reversed against share capital when the underlying shares vest to the employee. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the consolidated entity's own equity instruments.

3-5 Commitments and contingencies

(a) Commitments

	2023 $M	2022 $M
Capital expenditure commitments		
Contracted but not provided for and payable within one year	21.9	38.6

Capital expenditure contracted but not provided for and payable within one year primarily relates to further investments in the unlisted investment fund which is primarily invested in multiple collateralised loan obligation transactions and warehouse facilities in connection therewith.

(b) Contingencies

	2023 $M	2022 $M
Contingent liabilities		
Bank guarantee in favour of the ASX Settlement and Transfer Corporation Pty Limited with respect to trading activities	1.0	1.0
Bank guarantee in favour of certain Group subsidiaries in relation to the provision of responsible entity services and custodial or depository services	146.9	127.8
Bank guarantee issued in respect of the lease of premises	2.5	0.6
	150.4	**129.4**

In the ordinary course of business, contingent liabilities exist in respect of claims and potential claims against entities in the consolidated entity. The consolidated entity does not consider that the outcomes of any such claims known to exist at the date of this report, either individually or in aggregate, are likely to have a material effect on its operations or financial position.

Accounting policies

Contingent liabilities

A contingent liability is a possible obligation arising from past events that may be incurred subject to the outcome of an uncertain future event not wholly within the consolidated entity's control.

Section 4 – Risk management

Perpetual's activities expose it to a variety of financial and non-financial risks. Financial risks include credit risk, liquidity risk and market risks (including currency risk, interest rate risk and price risk). Key financial exposures are operational risk and a failure to meet regulatory compliance obligations. The nature of the financial risk exposures arising from financial instruments, the objectives, policies and processes for managing these risks, and the methods used to measure them are detailed below.

4-1 Financial risk management

Perpetual recognises that risk is part of doing business and that the ongoing management of risk is critical to its success. The approach to managing risk is articulated in the Risk Management Framework. The Risk Management Framework is supported by the Risk Group, who is responsible for the design and maintenance of the framework, establishing and maintaining group-wide risk management policies, and providing regular risk reporting to the Board, the Audit, Risk and Compliance Committee (ARCC) and the Group Executive Leadership Team. This framework is approved by the Perpetual Board of Directors (the Board) and is reviewed for adequacy and appropriateness on an annual basis.

The Board regularly monitors the overall risk profile of the consolidated entity and sets the risk appetite for the consolidated entity, usually in conjunction with the annual planning process. The Board is responsible for ensuring that management has appropriate processes in place for managing all types of risk, ranging from financial risk to operational risk. To assist in providing ongoing assurance and comfort to the Board, responsibility for risk management oversight has been delegated to the ARCC. The main functions of this Committee are to oversee the consolidated entity's accounting policies and practices, the integrity of financial statements and reports, the scope, quality and independence of external audit arrangements, the monitoring of the internal audit function, the effectiveness of risk management policies and the adequacy of insurance programs. This Committee is also responsible for monitoring overall legal and regulatory compliance.

The activities of the consolidated entity expose it to the following financial risks: credit risk, liquidity risk and market risk. These are distinct from the financial risks borne by customers which arise from financial assets managed by the consolidated entity in its role as fund manager, trustee and responsible entity.

The risk management approach to, and exposures arising from, the Exact Market Cash Fund (EMCF 1) are disclosed in section 5-1.

i. Credit risk

Credit risk refers to the risk that a customer or counterparty to a financial instrument will fail to meet its contractual obligations resulting in financial loss to the consolidated entity. Credit risk arises principally from the consolidated entity's cash and trade receivables.

The consolidated entity mitigates its credit risk by ensuring cash deposits are held with high credit quality financial institutions and other highly liquid investments are held with trusts operated by the entity.

The maximum exposure of the consolidated entity to credit risk on financial assets which have been recognised on the Consolidated Statement of Financial Position is the carrying amount, net of any provision for doubtful debts. The table below outlines the consolidated entity's maximum exposure to credit risk as at reporting date.

	2023 $M	2022 $M
Cash and cash equivalents	263.2	175.4
Trade receivables	190.6	117.4
Other receivables and other financial assets	19.3	5.5
Listed equity securities and unlisted unit trusts	262.0	140.0
Unlisted investment fund	25.7	8.6
Debt securities	3.7	3.4

Details of the assets held in debt securities are listed below:

2023	AAA TO AA- $M	A+ TO A- $M	BBB+ TO BBB- $M	TOTAL $M
Debt securities	0.2	1.0	2.5	3.7

Credit risk is managed on a functional basis across the various business segments. As a result of the swap agreements between EMCF 1 and the consolidated entity, the consolidated entity consolidates EMCF 1 and is hence exposed to credit risk on its exposure to the $163.9 million (2022: $186.3 million) of underlying investments held by EMCF 1.

The maximum exposure would only be realised in the unlikely event that the recoverable value of all the underlying investments held by EMCF 1 decline to $nil. Further details of the credit risk relating to EMCF 1 are disclosed in section 5-1.

Notes to and forming part of the financial statements
for the year ended 30 June 2023

4-1 Financial risk management continued

i. Credit risk continued

(a) Investments held by seed fund investments

Perpetual incubates new investment strategies through the establishment of seed funds for the purpose of building investment track records and developing asset management skills before releasing products to Perpetual's investors. Exposure to credit risk arises on the consolidated entity's financial assets held by the seed funds, mainly being debt securities, loans, deposits with financial institutions and derivative financial instruments.

The exposure to credit risk is monitored on an ongoing basis by the funds' investment managers and managed in accordance with the investment mandate of the funds.

(b) Other financial assets

The consolidated entity's exposure to trade receivables is influenced mainly by the individual characteristic of each customer.

Trade receivables are managed by the accounts receivable department. Outstanding fees and receivables are monitored on a daily basis and an aged debtors report is prepared and monitored by Group Finance. Management assesses the credit quality of customers by taking into account their financial position, past experience and other factors.

Credit risk further arises in relation to financial guarantees given to wholly owned subsidiaries. Such guarantees are only provided in exceptional circumstances and are subject to specific Board approval and are monitored on a quarterly basis as part of the consolidated entity's regulatory reporting.

The consolidated entity held cash and cash equivalents of $263.2 million at 30 June 2023 (2022: $175.4 million). The cash and cash equivalents are held with bank and financial institution counterparties, which are predominantly rated 'BBB' or higher, based on Standard & Poor's rating.

The credit quality of financial assets that are neither past due nor impaired is assessed by reference to external credit ratings, if available, or to historical information on counterparty default rates.

The tables below provide an aged analysis of the financial assets which were past due but not impaired:

	30 JUNE 2023					30 JUNE 2022				
	LESS THAN 30 DAYS $M	30 TO 60 DAYS $M	60 TO 90 DAYS $M	MORE THAN 90 DAYS $M	TOTAL $M	LESS THAN 30 DAYS $M	30 TO 60 DAYS $M	60 TO 90 DAYS $M	MORE THAN 90 DAYS $M	TOTAL $M
Trade and other receivables	4.5	3.9	0.6	0.4	9.4	5.0	1.3	1.2	1.8	9.3

The nominal values of financial assets which were impaired and have been provided for are as follows:

	2023 $M	2022 $M
Trade and other receivables	2.5	3.0

The impaired financial assets relate mainly to independent customers and investors who are in unexpectedly difficult economic situations, where the consolidated entity is of the view that the full carrying value of the receivable cannot be recovered. The consolidated entity does not hold any collateral against the trade and other receivables.

(c) Unlisted investment fund

The consolidated entity holds an equity interest in an unlisted investment fund established to invest its assets primarily in the economic equity interests of multiple collateralised loan obligation (CLO) transactions and warehouse facilities in connection therewith. Exposure to credit risk arises on the underlying pool of bank loan assets which serve as collateral for the CLO's.

At 30 June 2023, the underlying pool of bank loan assets were issued by counterparties rated 'B-' or higher, based on Standard & Poor's rating.

Exposure to credit risk is monitored on an ongoing basis by the funds' investment managers and managed in accordance with the investment mandate of the funds.

ii. Liquidity risk

Liquidity risk is the risk that the financial obligations of the consolidated entity cannot be met as and when they fall due without incurring significant costs.

The consolidated entity's approach to managing liquidity is to maintain a level of cash or liquid investments sufficient to meet its ongoing financial obligations. The consolidated entity has a robust liquidity risk framework in place which is principally driven by the Capital Management Review (refer to section 4-1(v) for further information).

At 30 June 2023, total base capital requirements were $70 million, as per the Group Treasury Policy, compared to $423 million of available liquid funds.

The consolidated entity manages liquidity risk by continually monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Surplus funds are generally only invested in instruments that are tradeable in highly liquid markets. In addition, a six month forecast of liquid assets, cash flows and balance sheet is reviewed by the Board on a semi-annual basis to ensure there is sufficient liquidity within the consolidated entity.

The tables below show the maturity profiles of the financial liabilities for the consolidated entity. These have been calculated using the contractual undiscounted cash flows.

	30 JUNE 2023				30 JUNE 2022			
	LESS THAN 1 YEAR $M	1 TO 5 YEARS $M	GREATER THAN 5 YEARS $M	TOTAL $M	LESS THAN 1 YEAR $M	1 TO 5 YEARS $M	GREATER THAN 5 YEARS $M	TOTAL $M
Liabilities								
Payables	93.0	25.6	–	118.6	58.1	39.7	–	97.8
Borrowings	–	745.0	–	745.0	–	260.8	–	260.8
Lease liabilities	23.4	50.1	9.5	83.0	13.8	41.3	6.8	61.9
	116.4	**820.7**	**9.5**	**946.6**	**71.9**	**341.8**	**6.8**	**420.5**

iii. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the consolidated entity's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The consolidated entity is subject to the following market risks:

(a) Currency risk

The consolidated entity's investment of capital in foreign operations – for example, subsidiaries or associates with functional currencies other than the Australian dollar – exposes the consolidated entity to the risk of changes in foreign exchange rates. Variations in the value of these foreign operations arising as a result of exchange differences are reflected in the foreign currency translation reserve in equity.

The consolidated entity is exposed to currency risk relating to the United States (USD), United Kingdom (GBP), Singapore (SGD), Europe (EUR) and the Hong Kong (HKD) operations.

Where it is considered appropriate, the consolidated entity takes out economic hedges against larger foreign exchange denominated revenue streams (primarily USD). The primary objective of hedging is to ensure that, if practical, the effect of changes in foreign exchange rates on the consolidated capital ratios are minimised.

Notes to and forming part of the financial statements

for the year ended 30 June 2023

4-1 Financial risk management continued

iii. Market risk continued

(a) Currency risk continued

Exposure to currency risk

The summary quantitative data about the consolidated entity's exposure to currency risk as reported to management of the consolidated entity is as follows. The following are financial assets and liabilities in currencies other than the reporting currency of the consolidated entity.

	30 JUNE 2023					30 JUNE 2022				
	USD $M	GBP $M	SGD $M	EUR $M	HKD $M	USD $M	GBP $M	SGD $M	EUR $M	HKD $M
Financial assets and liabilities										
Cash and cash equivalents	82.0	60.4	35.2	10.3	1.7	72.3	3.3	11.2	1.3	1.3
Receivables	84.2	17.3	1.9	4.7	–	35.0	–	1.6	–	–
Other financial assets	95.5	–	–	–	–	50.6	–	–	–	–
Unlisted investment fund	25.7	–	–	–	–	8.6	–	–	–	–
Payables	(10.9)	(18.7)	(1.2)	(0.2)	(0.1)	(4.3)	(0.1)	(0.3)	–	(0.1)
Borrowings	(260.9)	(219.0)	–	–	–	(185.8)	–	–	–	–
Net statement of financial position exposure	**15.6**	**(160.0)**	**35.9**	**14.8**	**1.6**	**(23.6)**	**3.2**	**12.5**	**1.3**	**1.2**

The table below demonstrates the impact of a 10% strengthening/(weakening) of the Australian dollar against the currencies noted above at 30 June, on the net profit after tax and equity of the consolidated entity with all other variables held constant:

	30 JUNE 2023		30 JUNE 2022	
	IMPACT ON NET PROFIT AFTER TAX $M	IMPACT ON EQUITY $M	IMPACT ON NET PROFIT AFTER TAX $M	IMPACT ON EQUITY $M
+/- 10%	(9.3)/9.3	7.1/(7.1)	(4.5)/4.5	0.4/(0.4)
AUD weakens by 10%	9.3	(7.1)	4.5	(0.4)

b) Interest rate risk

Interest rate risk is the risk to the consolidated entity's earnings and capital arising from changes in market interest rates. The financial instruments held that are impacted by interest rate risk consist of cash and borrowings.

The consolidated entity's exposure to interest rate risk arises predominantly on the $870.0 million syndicated facility, of which $745.0 million was drawn as at 30 June 2023 (refer to section 3-2). This loan facility is rolled on a one month, three month or six month term.

The consolidated entity's exposure to interest rate risk for the financial assets and liabilities is set out as follows:

	FLOATING INTEREST RATE $M	FIXED INTEREST RATE $M	NON-INTEREST BEARING $M	TOTAL $M
At 30 June 2023				
Financial assets				
Cash and cash equivalents	206.4	30.8	26.0	263.2
Receivables	1.3	–	208.6	209.9
Other financial assets	0.5	3.2	287.7	291.4
	208.2	**34.0**	**522.3**	**764.5**
Financial liabilities				
Payables	–	–	118.6	118.6
Lease liabilities	–	90.9	–	90.9
Borrowings	745.0	–	–	745.0
	745.0	**90.9**	**118.6**	**954.5**
At 30 June 2022				
Financial assets				
Cash and cash equivalents	158.4	17.0	–	175.4
Receivables	1.3	–	121.6	122.9
Other financial assets	0.4	3.0	148.6	152.0
	160.1	**20.0**	**270.2**	**450.3**
Financial liabilities				
Payables	–	–	93.7	93.7
Lease liabilities	–	72.3	–	72.3
Borrowings	260.8	–	–	260.8
	260.8	**72.3**	**93.7**	**426.8**

Notes to and forming part of the financial statements
for the year ended 30 June 2023

4-1 Financial risk management continued

iii. Market risk continued

b) Interest rate risk continued

The table below demonstrates the impact of a 1% change in interest rates, with all other variables held constant, on the NPAT and equity of the consolidated entity.

	30 JUNE 2023		30 JUNE 2022	
	IMPACT ON NET PROFIT AFTER TAX $M	IMPACT ON EQUITY $M	IMPACT ON NET PROFIT AFTER TAX $M	IMPACT ON EQUITY $M
+/- 1%	(3.8)/3.8	(3.8)/3.8	(0.7)/0.7	(0.7)/0.7

The impact on NPAT for the year would be mainly as a result of an (increase)/decrease in interest expense on borrowings.

(c) Market risks arising from Assets Under Management and Funds Under Advice

The consolidated entity's revenue is significantly dependent on AUM and FUA. Management calculates the expected impact to annualised revenue from a 10% movement in AUM and FUA to be approximately $99.0 million.

(d) Market risks arising from seed funds

The consolidated entity is exposed to equity price risk on investments held by its seed funds. The funds may also be exposed to the other risks which influence the value of those shares or units (including foreign exchange rates and interest rates).

The Asset Management divisions' Investment Review Committee is responsible for reviewing and recommending new incubation strategies and ensuring management has appropriate processes and systems in place for managing investment risk for each fund. Risk management techniques are used in the selection of investments, including derivatives, which are only acquired if they meet specified investment criteria. Daily monitoring of trade restrictions and derivative exposure against limits is undertaken with any breach of these restrictions reported to the Chief Risk & Sustainability Officer.

These funds may be party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in foreign exchange rates, interest rates and equity indices in accordance with the funds' investment guidelines.

The seed funds may be exposed to currency risk and interest rate risk. Their investment managers may enter into derivative contracts (such as forwards, swaps, options and futures) through approved counterparties to manage this risk. However, the use of these contracts must be consistent with the investment strategy and restrictions of each seed fund, and agreed acceptable level of risk. These funds are also exposed to interest rate risk on cash holdings. Interest income from cash holdings is earned at variable interest rates and investments in cash holdings are at call.

(e) Market risks arising from the Exact Market Cash Fund

The consolidated entity is further subject to market risks through the Exact Market Cash Fund (EMCF 1). The Fund was established with the purpose of providing an exact return utilising the Bloomberg AusBond Bank Bill Index (the benchmark index) to investors. The impact of EMCF 1 on the consolidated entity's financial results is dependent on the performance of the Fund relative to the benchmark. Unrealised gains/losses are taken through profit and loss.

The risk management approach to, and exposures arising from EMCF 1 are disclosed in section 5-1.

iv. Fair value

The following tables present the consolidated entity's assets and liabilities measured and recognised at fair value, by valuation method, at 30 June 2023. The different levels have been defined as follows:

Level 1: Quoted prices in active markets for identical assets and liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs for the asset or liability that are not based on observable market data.

	LEVEL 1 $M	LEVEL 2 $M	LEVEL 3 $M	TOTAL $M
At 30 June 2023				
Financial assets				
Listed equity securities	56.2	–	–	56.2
Unlisted unit trusts	–	205.8	–	205.8
Unlisted investment fund	–	–	25.7	25.7
Structured products – EMCF assets	0.8	163.1	–	163.9
Debt securities	3.7	–	–	3.7
	60.7	**368.9**	**25.7**	**455.3**
At 30 June 2022				
Financial assets				
Listed equity securities	50.2	–	–	50.2
Unlisted unit trusts	–	89.8	–	89.8
Unlisted investment fund	–	–	8.6	8.6
Structured products – EMCF assets	1.8	184.5	–	186.3
Debt securities	3.4	–	–	3.4
	55.4	**274.3**	**8.6**	**338.3**

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values:

	2023 $M	2022 $M
Balance at 1 July	8.6	–
Investments	14.9	9.2
Capital returns	–	(0.6)
Withdrawals	–	–
Foreign exchange movements	1.7	0.7
Net change in fair value (unrealised)	0.5	(0.7)
Balance at 30 June	**25.7**	**8.6**

The investment in the unlisted investment fund, representing equity interests of multiple collateralised loan obligation (CLO) transactions, is classified as a Level 3 fair value instrument as it is an unlisted entity, valued using unobservable inputs. The fair value of the unlisted investment fund has been determined using the net asset value of the fund as at 30 June 2023 obtained from an independent, third-party fund administrator.

For the fair value of the unlisted investment fund, reasonably possible changes at the reporting date to the net asset value of the fund, holding other inputs constant, would have the following effects:

	30 JUNE 2023		30 JUNE 2022	
	IMPACT ON NET PROFIT AFTER TAX $M	IMPACT ON EQUITY $M	IMPACT ON NET PROFIT AFTER TAX $M	IMPACT ON EQUITY $M
+/- 10%	1.8/(1.8)	1.8/(1.8)	0.6/(0.6)	0.6/(0.6)

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4-1 Financial risk management continued

iv. Fair value continued

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the consolidated entity is the last traded price. Marketable shares included in other financial assets are traded in an organised financial market and their fair value is the current quoted last traded price for an asset. The carrying amounts of bank term deposits and receivables approximate fair value. The fair value of investments in unlisted shares in other corporations is determined by reference to the underlying net assets and an assessment of future maintainable earnings and cash flows of the respective corporations.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The estimates of fair value where valuation techniques are applied are subjective and involve the exercise of judgement. Changing one or more of the assumptions applied in valuation techniques to reasonably possible alternative assumptions may impact on the amounts disclosed.

The carrying amount of financial assets and financial liabilities, less any impairment, approximates their fair value, except for those outlined in the table below, which are stated at amortised cost.

	2023		2022	
	CARRYING AMOUNT $M	FAIR VALUE $M	CARRYING AMOUNT $M	FAIR VALUE $M
Structured products – EMCF liabilities	164.2	163.9	187.7	186.3

v. Capital risk management

A Capital Management Review is carried out on an annual basis and is submitted to the CFO for review and approval. If changes are required to funding requirements, the capital structure or to the capital management strategy of the consolidated entity, the CFO will present their recommendation to the Board via the Audit, Risk and Compliance Committee. The Group Policy – Treasury ensures that the level of financial conservatism is appropriate for the Company's businesses including acting as custodian and manager of clients' assets and operation as a trustee company. This policy also aims to provide business stability and accommodate the growth needs of the consolidated entity. This policy comprises three parts:

(a) Dividend policy

Dividends paid to shareholders are typically in the range of 60–90% of the consolidated entity's UPAT attributable to members of the Company, which is line with the new policy announced in December 2020. In certain circumstances, the Board may declare a dividend outside of that range.

(b) Review of capital and distribution of excess capital

A review of the consolidated entity's capital base is performed at least semi-annually and excess capital that is surplus to the consolidated entity's current requirements may potentially be returned to shareholders in the absence of a strategically aligned, value accretive investment opportunity.

(c) Gearing policy

The current gearing policy aims to target an investment grade credit rating by maintaining a corporate debt to capital ratio (corporate debt/(corporate debt + equity)) of 30% or less and EBIT interest cover (EBIT/interest expense) of more than 10 times. The gearing ratio is 23.9% as at 30 June 2023 (2022: 22.0%). The EBIT interest cover ratio for the consolidated entity as at 30 June 2023 was 8 times (2022: 21 times).

Accounting policies

The consolidated entity initially recognises receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the consolidated entity becomes a party to the contractual provisions of the instrument.

Financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the consolidated entity becomes a party to the contractual provisions of the instrument. The consolidated entity derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

(a) Financial assets at fair value through profit or loss

Financial assets are mandatorily classified and measured at fair value through profit or loss on initial recognition. Attributable transaction costs are recognised in profit or loss when incurred. Financial assets mandatorily classified at fair value through profit or loss are measured at fair value and changes recognised in profit or loss.

(b) Receivables

Receivables are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, receivables are measured at amortised cost using the effective interest method less impairment losses.

The consolidated entity derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the consolidated entity is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the Consolidated Statement of Financial Position when, and only when, the consolidated entity has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(c) Derivative financial instruments

The consolidated entity holds derivative financial instruments within funds to hedge its interest rate, foreign exchange and market risk exposures.

Derivatives are recognised initially at fair value. Attributable transaction costs are recognised in profit or loss when incurred.

(d) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. Financial guarantees are given to wholly owned subsidiaries, within the consolidated entity. Such guarantees are only provided in exceptional circumstances and are subject to specific Board approval and are monitored on a quarterly basis as part of the consolidated entity's regulatory reporting.

The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate.

Where guarantees in relation to loans or other payables of subsidiaries are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

Notes to and forming part of the financial statements
for the year ended 30 June 2023

Section 5 – Other disclosures

This section contains other miscellaneous disclosures that are required by accounting standards.

5-1 Structured products assets and liabilities

i. Exact Market Cash Fund

	2023 $M	2022 $M
Current assets		
Perpetual Exact Market Cash Fund	163.9	186.3
	163.9	**186.3**
Current liabilities		
Perpetual Exact Market Cash Fund	164.2	187.7
	164.2	**187.7**

The Exact Market Cash Fund (EMCF 1) current asset balances reflect the fair value of the net assets held by the Fund. The current liabilities balances represent the consolidated entity's obligation to the Fund's investors. The difference between the current assets and current liabilities balance has been recorded in profit and loss.

EMCF 1 was established with the purpose of providing an exact return that matched the Bloomberg AusBond Bank Bill Index (the benchmark index) to investors. The Fund's ability to pay the benchmark return to the investors is guaranteed by the consolidated entity. The National Australia Bank has provided EMCF 1 product with a guarantee to the value of $3 million (2022: $3 million) to be called upon in the event that the consolidated entity is unable to meet its obligations. Due to the guaranteed benchmark return to investors, the consolidated entity is exposed to the risk that the return of EMCF 1 differs from that of the benchmark. The return of EMCF 1 is affected by risks to the underlying investments in the EMCF 1 portfolio, which are market, liquidity and credit risks.

The underlying investments of EMCF 1 are valued on a hold to maturity basis for unit pricing purposes, which is consistent with the way in which Perpetual manages the portfolio.

EMCF 1 use professional investment managers to manage the impact of the above risks by using prudent investment guidelines and investment processes. The investment managers explicitly target low volatility and aim to achieve this through a quality screening process that is designed to assess the likelihood of default and difficult trading patterns during periods of rapid systematic risk reduction.

There is a clearly defined mandate for the inclusion of sectors and issuances. In periods of risk reduction, diversification may be narrowly focused on cash and highly liquid investment-grade assets. At times of higher risk tolerance, appropriate diversification should be expected.

Interest rate exposure is limited to +/- 90 days versus the benchmark. The portfolios are constructed with the goal of having a diversified set of securities, while largely retaining the low risk characteristics of a cash investment.

Liquidity risk of EMCF 1 is managed by maintaining a level of cash or liquid investments in the portfolios which is sufficient to meet a level and pattern of investor redemptions (consistent with past experience), distributions or other of the Fund's financial obligations. This is complemented by a dynamic portfolio management process that ensures liquidity is increased when there is an expectation of a deterioration in market conditions. Cash flow forecasts are prepared for the Fund, including the consideration of the maturity profile of the securities, interest and other income earned by the Fund, and projected investor flows based on historical trends and future expectations.

Furthermore, the credit quality of financial assets is managed by EMCF 1 using Standard & Poor's rating categories or equivalent, in accordance with the investment mandate of EMCF 1. The exposure in each credit rating category is monitored on a daily basis. This review process allows assessment of potential losses as a result of risks and the undertaking of corrective actions. The investment managers have undertaken to restrict the asset portfolio of the underlying funds to securities, deposits or obligations with a Standard & Poor's or equivalent 'BBB-' fund credit quality rating or higher.

The investment managers of the underlying Funds invested by EMCF 1 enter into a variety of derivative financial instruments such as credit default swaps and foreign exchange forwards in the normal course of business in order to mitigate credit risk exposure and to hedge fluctuations in foreign exchange rates.

Details of the assets held by the underlying Funds are set out below:

30 JUNE 2023	AAA TO AA- $M	A+ TO A- $M	BBB+ TO BBB- $M	TOTAL $M
Corporate bonds and money market securities	75.1	30.6	8.7	114.4
Mortgage and asset backed securities	50.2	–	–	50.2
Cash	0.8	–	–	0.8
	126.1	30.6	8.7	165.4
Other				(1.5)
				163.9

30 JUNE 2022	AAA TO AA- $M	A+ TO A- $M	BBB+ TO BBB- $M	TOTAL $M
Corporate bonds and money market securities	66.4	40.5	7.4	114.3
Mortgage and asset backed securities	70.2	–	–	70.2
Cash	1.8	–	–	1.8
	138.4	**40.5**	**7.4**	**186.3**

The table below demonstrates the impact of a 1% change in the fair value of the underlying assets of EMCF 1, due to market price movements, based on the values at reporting date.

	2023 $M	2022 $M
1% increase	1.6	1.9
1% decrease	(1.6)	(1.9)

The actual impact of a change in the fair value of the underlying assets of EMCF 1 on the consolidated profit before tax is dependent on the performance of the Fund relative to the benchmark index. If the Fund's performance is below the benchmark return, then the consolidated entity will be obliged to make payments to the investor. Conversely, if the Fund's performance is higher than the benchmark, then the benefit of the higher performance accrues to the consolidated entity.

In addition, any variance between the consolidated entity's current assets EMCF 1 balance and the consolidated entity's current liabilities EMCF 1 balance would be reflected in profit and loss.

Accounting policies

The EMCF product, consisting of EMCF 1, is consolidated as the consolidated entity is exposed to variable returns and has the power to affect those returns. The swap agreements result in the benchmark rate of return being paid to the unitholders in the Fund. The swap agreements are inter-company transactions between a subsidiary of the Company and the Funds and are eliminated on consolidation.

Assets and liabilities of EMCF 1 are disclosed separately on the face of the Consolidated Statement of Financial Position as structured product assets and structured product liabilities. The benchmark return generated by EMCF 1 and distributions to unitholders are disclosed in section 1-3 Expenses as distributions and expenses related to structured products.

The financial assets represented by the structured products assets balance are accounted for in accordance with the underlying accounting policies of the consolidated entity. These consist of investments that are mandatorily classified at FVTPL.

Notes to and forming part of the financial statements

for the year ended 30 June 2023

5-2 Parent entity disclosures

As at, and throughout, the financial year ended 30 June 2023 the parent entity of the consolidated entity was Perpetual Limited.

	2023 $M	2022 $M
Result of the parent entity		
Profit after tax for the year	305.6	61.6
Total comprehensive income for the year	305.6	61.6
Financial position of the parent entity at year end		
Current assets	2,530.2	523.5
Total assets	3,645.7	1,644.4
Current liabilities	435.5	438.3
Total liabilities	1,216.1	749.7
Total equity of the parent entity comprising:		
Share capital	2,195.0	817.7
Reserves	(3.5)	7.3
Retained earnings	238.1	69.7
Total equity	**2,429.6**	**894.7**

Parent entity contingencies

The Directors are of the opinion that provisions are not required in respect of any parent entity contingencies, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

	2023 $M	2022 $M
Uncalled capital of the controlled entities	12.5	12.5

In the ordinary course of business, contingent liabilities exist in respect of claims and potential claims against the parent entity. The parent entity does not consider that the outcome of any such claims known to exist at the date of this report, either individually or in aggregate, are likely to have a material effect on its operations or financial position.

Parent entity guarantees

In November 2022, the Company provided a financial guarantee to secure a syndicated banking facility (refer to section 3-2). The bank facility covers a period of up to four years.

No liability was recognised by the Company in relation to this guarantee as the fair value of this guarantee is considered to be immaterial. The Company does not expect the financial guarantee to be called upon.

5-3 Controlled entities

NAME OF COMPANY	BENEFICIAL INTEREST 2023 %	BENEFICIAL INTEREST 2022 %	COUNTRY OF INCORPORATION AND PRINCIPAL PLACE OF BUSINESS
Perpetual Limited[5]			
Controlled Entities[1]			
Perpetual Investment Management Limited	100	100	Australia
Perpetual Assets Pty. Ltd.[2]	100	100	Australia
Australian Trustees Limited[5]	100	100	Australia
Commonwealth Trustees Pty. Ltd.[2]	100	100	Australia
Perpetual Trustee Company (Canberra) Limited[5]	100	100	Australia
Perpetual Trustees Consolidated Limited[5]	100	100	Australia
Perpetual Trustees Queensland Limited[5]	100	100	Australia
Perpetual Trustees Victoria Limited[5]	100	100	Australia
Perpetual Trustees W.A. Ltd[5]	100	100	Australia
Queensland Trustees Pty. Ltd.[2]	100	100	Australia
Fordham Business Advisors Pty Ltd[2]	100	100	Australia
Perpetual Superannuation Limited	100	100	Australia
Perpetual Nominees Limited	100	100	Australia
Perpetual Tax and Accounting Pty Ltd[2]	100	100	Australia
Perpetual Services Pty Limited[2]	100	100	Australia
Perpetual Mortgage Services Pty Limited[2]	100	100	Australia
Perpetual Australia Pty Limited[2,5]	100	100	Australia
Perpetual Trust Services Limited	100	100	Australia
Trillium ESG Global High Conviction Equity Fund	100	100	Australia
Barrow Hanley US ESG Value	100	100	USA
BHMS All Country World Ex-U.S. Value	100	100	USA
BHMS Credit	100	100	USA
BHMS Concentrated U.S. Opportunities	100	100	USA
Trillium ESG Global Equity Fund	47	52	USA
BHMS US Opportunistic Value DLCV, SCV	100	100	USA
BHMS Diversified Small Cap Value Strategy	100	100	USA
Trillium ESG International Conviction	100	–	USA
Barrow Hanley Concentrated Global Equity	100	–	USA
Barrow Hanley Emerging Markets Ex China Value Equity	100	–	USA
Perpetual Exact Market Cash Fund	100	100	Australia

Notes to and forming part of the financial statements

for the year ended 30 June 2023

5-3 Controlled entities continued

NAME OF COMPANY	BENEFICIAL INTEREST 2023 %	BENEFICIAL INTEREST 2022 %	COUNTRY OF INCORPORATION AND PRINCIPAL PLACE OF BUSINESS
Entities under the control of Perpetual Digital Holdings Pty Limited			
Perpetual Digital Pty Ltd[2]	100	100	Australia
Perpetual Roundtables Pty Limited[2]	100	100	Australia
Perpetual Wholesale Fiduciary Services Pty Ltd[2]	100	100	Australia
Laminar Capital Pty Ltd	100	100	Australia
Entities under the control of Laminar Capital Pty Ltd			
Easterly Asset Management Pty Ltd[2]	100	100	Australia
Laminar Advisory Pty Ltd[2]	100	100	Australia
Entities under the control of Perpetual Trustee Company Limited			
Perpetual Corporate Trust Limited	100	100	Australia
Perpetual Custodians Ltd	100	100	Australia
P.T. Limited	100	100	Australia
Perpetual Legal Services Pty Ltd[2,6]	100	100	Australia
Entities under the control of P.T. Limited			
Perpetrust Nominees Proprietary Limited[2]	100	100	Australia
Entities under the control of Perpetual Acquisition Company Limited			
The Trust Company Limited	100	100	Australia
Fintuition Pty Limited[2]	100	100	Australia
Fintuition Institute Pty Limited[2]	100	100	Australia
Skinner Macarounas Pty Limited[2]	100	100	Australia
Perpetual US Holding Company, Inc	100	100	USA
Perpetual Asset Management UK Limited	100	100	UK
Trillium Asset Management UK Limited	100	100	UK
Perpetual Europe Holding Company B.V.	100	100	Netherlands
Jacaranda Financial Planning Ltd	100	100	Australia
Perpetual Asia – Hong Kong Limited	100	100	Hong Kong
Perpetual Finance UK Ltd	100	100	UK
Pendal Group Limited[7]	100	–	Australia
Entities under the control of Perpetual Finance UK Ltd			
Barrow Hanley Concentrated Emerging Markets Fund	100	100	UK
Trillium ESG Global Conviction Fund	100	100	UK
Barrow Hanley US ESG Value Opportunities Fund	100	–	UK

NAME OF COMPANY	BENEFICIAL INTEREST 2023 %	2022 %	COUNTRY OF INCORPORATION AND PRINCIPAL PLACE OF BUSINESS
Entities under the control of Perpetual Europe Holding Company B.V			
Perpetual Nertherlands B.V.	100	100	Netherlands
Entities under the control of Pendal Group Limited[7]			
Pendal Institutional Limited[7]	100	–	Australia
Pendal Fund Services Limited[7]	100	–	Australia
JOHCM (Singapore) PTE. Limited[7]	100	–	Singapore
JOHCM Funds (UK) Limited[7]	100	–	UK
J O Hambro Capital Management Limited[7]	100	–	UK
JOHCM Funds (Ireland) Limited[7]	100	–	Ireland
Pendal USA Inc.[7]	100	–	USA
Entities under the control of Pendal USA Inc.[7]			
JOHCM (USA) Inc.[7]	100	–	USA
Thompson, Siegel & Walmsley LLC[7]	100	–	USA
Entities under the control of Thompson, Siegel & Walmsley LLC[7]			
WPS Capital Management, LLC[7]	50	–	USA
Entities under the control of The Trust Company Limited			
Perpetual (Asia Holdings) Pte. Ltd.	100	100	Singapore
The Trust Company (Australia) Limited	100	100	Australia
The Trust Company (UTCCL) Limited	100	100	Australia
Perpetual CT (Asia) Limited[8]	–	100	Hong Kong
Entities under the control of The Trust Company (Australia) Limited			
The Trust Company (Nominees) Limited	100	100	Australia
The Trust Company (PTAL) Limited	100	100	Australia
The Trust Company (RE Services) Limited	100	100	Australia
Entities under the control of The Trust Company (RE Services) Limited			
The Trust Company (Sydney Airport) Limited	100	100	Australia
Entities under the control of Perpetual (Asia Holdings) Pte. Ltd.			
Perpetual (Asia) Limited	100	100	Singapore
Perpetual Wealth Management PTE. Limited[9]	100	–	Singapore

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5-3 Controlled entities continued

NAME OF COMPANY	BENEFICIAL INTEREST 2023 %	BENEFICIAL INTEREST 2022 %	COUNTRY OF INCORPORATION AND PRINCIPAL PLACE OF BUSINESS
Entities under the control of Perpetual US Holding Company, Inc			
Trillium Asset Management Group, LLC	100	100	USA
Perpetual US Services, LLC	100	100	USA
Perpetual US TDC, LLC	100	100	USA
Barrow Hanley Mewhinney & Strauss, LLC	77	74	USA
BHMS Investment GP, LLC	100	100	USA
Entities under the control of Trillium Asset Management Group, LLC			
Trillium Asset Management, LLC	100	100	USA
Trillium Impact GP, LLC	100	100	USA
Entities under the control of Perpetual US TDC, LLC			
Barrow Hanley Concentrated Emerging Markets ESG Opportunities Fund[10]	–	50	USA
Barrow Hanley Emerging Markets Value Fund	71	100	USA
Entities under the control of Barrow Hanley Mewhinney & Strauss, LLC			
BH Credit Holdings GP, LLC	100	–	USA
BH Credit Management, LLC	100	–	USA
Barrow Hanley Holding GP, LLC	100	–	USA
Associates			
Loan RQ Ltd[3]	–	26	Australia

1. Entities in bold are directly owned by Perpetual Limited.
2. A small proprietary company as defined by the *Corporations Act 2001* and is not required to be audited for statutory purposes.
3. Loan RQ Ltd was deregistered on 27 November 2022.
4. Perpetual Trustee Company Limited has a branch operation in New Zealand known as Perpetual Trustee Company Limited (New Zealand branch).
5. Company is a party to the Deed of Cross Guarantee as noted in section 5-4.
6. Indirectly owned through PLS Charitable Trust Fund.
7. Pendal Group and its related entities were acquired on 11 January 2023.
8. Perpetual CT (Asia) Limited was deregistered on 17 March 2023.
9. Perpetual Wealth Management PTE. Limited was incorporated on 5 August 2022.
10. Barrow Hanley Concentrated Emerging Markets ESG Opportunities Fund ceased to be a controlled entity in December 2022.

5-4 Deed of cross guarantee

Perpetual Limited and certain wholly owned subsidiaries listed below (collectively, 'the Closed Group') have entered into a Deed of Cross Guarantee ('the Deed') effective 29 June 2017. The effect of the Deed is that Perpetual Limited has guaranteed to pay any deficiency in the event of a winding up of any of the subsidiaries under certain provisions of the *Corporations Act 2001*. The subsidiaries have also given a similar guarantee in the event that Perpetual Limited is wound up.

Pursuant to *ASIC Corporations (wholly owned companies) Instrument 2016/785* ('Instrument'), the wholly owned subsidiaries noted below within the Closed Group are relieved from the *Corporations Act 2001* requirements for preparation, audit and lodgement of their financial reports.

The subsidiaries to the Deed forming the Closed Group are;

- Perpetual Trustees Consolidated Limited
- Perpetual Trustee Company (Canberra) Limited
- Perpetual Trustees Victoria Limited
- Perpetual Trustees Queensland Limited
- Perpetual Trustees WA Limited
- Perpetual Australia Pty Limited
- Perpetual Acquisition Company Limited
- Australian Trustees Limited

A summarised Consolidated Statement of Profit or Loss and Other Comprehensive Income and Consolidated Statement of Financial Position comprising the Closed Group as at 30 June 2023 are set out below.

	YEAR ENDED 30 JUNE 2023 $M	YEAR ENDED 30 JUNE 2022 $M
Revenue	404.4	97.3
Expenses	(82.2)	(42.9)
Financing costs	(37.9)	(8.1)
Net profit before tax	**284.3**	**46.3**
Income tax benefit	23.0	14.7
Net profit after tax	**307.3**	**61.0**
Other comprehensive income, net of income tax	–	–
Total comprehensive income	**307.3**	**61.0**
Total comprehensive income attributable to:		
Equity holders of the Company	307.3	61.0

Notes to and forming part of the financial statements
for the year ended 30 June 2023

5-4 Deed of cross guarantee continued

	2023 $M	2022 $M
Current assets		
Cash and cash equivalents	34.2	65.9
Receivables	178.8	278.4
Current tax assets	21.1	4.1
Structured Products – EMCF assets	163.9	186.3
Prepayments	17.0	5.8
Other assets	0.8	–
Total current assets	**415.8**	**540.5**
Non-current assets		
Prepayments	2.7	–
Other financial assets	3,075.6	1,083.9
Property, plant and equipment	46.8	53.3
Intangibles	0.4	–
Deferred tax assets	35.5	38.9
Other assets	–	0.9
Total non-current assets	**3,161.0**	**1,177.0**
Total assets	**3,576.8**	**1,717.5**
Current liabilities		
Payables	175.3	288.7
Structured Products – EMCF liabilities	164.2	187.7
Employee benefits	62.8	69.3
Lease liabilities	12.1	11.7
Provisions	2.3	–
Total current liabilities	**416.7**	**557.4**
Non-current liabilities		
Borrowings	734.4	258.4
Deferred tax liabilities	1.5	–
Employee benefits	12.4	17.0
Lease liabilities	27.5	37.9
Provisions	4.7	4.6
Total non-current liabilities	**780.5**	**317.9**
Total liabilities	**1,197.2**	**875.3**
Net assets	**2,379.6**	**842.2**
Equity		
Contributed equity	2,195.0	817.7
Reserves	(3.4)	7.3
Retained earnings	188.0	17.2
Total equity	**2,379.6**	**842.2**

5-5 Unconsolidated structured entities

Perpetual Limited and its subsidiaries have interests in various structured entities that are not consolidated. A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements.

Perpetual has an interest in a structured entity when the Company has a contractual or non-contractual involvement that exposes it to variable returns from the performance of the entity. The Company's interest includes investments held in securities or units issued by these entities and fees earned from management of the assets within these entities.

Information on the Company's interests in unconsolidated structured entities as at 30 June is as follows:

INVESTMENT FUNDS – COMPANY MANAGED	CARRYING AMOUNT $M	MAXIMUM EXPOSURE TO LOSS[1] $M
Year ended 30 June 2023		
Statement of Financial Position line item		
Other financial assets – non-current	189.8	186.5
Year ended 30 June 2022		
Statement of Financial Position line item		
Other financial assets – non-current	96.7	98.3

1. The maximum exposure to loss is the maximum loss that could be recorded through profit and loss as a result of the involvement with these entities.

Company managed investment funds

The Company manages unlisted unit trusts and investment funds through asset management subsidiaries. Control over these managed unlisted unit trusts and investment funds may exist since the Company has power over the activities of the funds. However, these unlisted unit trusts and investment funds have not been consolidated because the Company does not have the ability to affect the level of returns and is not exposed to significant variability in returns from the funds. The Company earns management fees from the management of these unlisted unit trusts and investment funds which are commensurate with the services provided and are reported in revenue from the provision of services. Management fees are generally based on the value of the AUM. Therefore, the fees earned are impacted by the composition of the AUM and fluctuations in financial markets. The revenue earned is included in revenue from the provision of services in section 1-2.

Unlisted unit trusts and investment funds are investment vehicles that consist of a pool of funds collected from several investors for the purpose of investing in securities such as money market instruments, debt securities, equity securities and other similar assets. For all unlisted unit trusts and investment funds, the Company's maximum exposure to loss is equivalent to the cost of the investment in the fund. Unlisted unit trusts and investment funds are generally financed through the issuance of fund units.

5-6 Share-based payments

i. Employee share schemes

(a) Long-term Incentive Plan (LTI)

Management and specialist employees may be eligible to receive ordinary shares in the Company on an annual basis as part of their variable remuneration. The vesting conditions are continued employment and minimum individual performance requirements. The vesting period is three years.

(b) One Perpetual Share Plan (OPSP)

The OPSP awards eligible employees with annual grants of up to $1,000 worth of Perpetual shares subject to the Company meeting its net profit after tax target. Shares granted under the OPSP cannot be sold or transferred until the earlier of three years from the date the shares are allocated or cessation of employment. Employees who are granted shares have full dividend and voting rights during this time.

For financial accounting purposes, shares granted under the OPSP are deemed to vest immediately because there is no risk of forfeiture. Accordingly, the fair value of the grant is recognised as an expense over the performance period with the corresponding entry directly in equity.

Notes to and forming part of the financial statements

for the year ended 30 June 2023

5-6 Share-based payments continued

i. Employee share schemes continued

(c) Perpetual Asset Manager Deferred Short-term Incentive

Investment managers are paid a combination of fixed and variable reward in the form of cash and mandatory deferred ordinary shares in the Company. The vesting condition is continued employment. The vesting period is up to three years.

(d) Pendal Australia Boutique Variable Reward Scheme

Eligible fund managers receive variable remuneration based on a profit share arrangement directly attributed to the boutique, with a portion of the variable reward deferred into ordinary shares in the Company. The vesting condition is continued employment. The vesting period is up to five years.

(e) Pendal Australia/JOHCM Corporate Variable Reward Scheme

Management employees are paid a combination of fixed and variable reward in the form of cash and mandatory deferred ordinary shares in the Company. The vesting condition is continued employment. The vesting period is up to five years.

(f) JOHCM/TSW Fund Manager Variable Reward Scheme

Eligible fund managers receive variable remuneration based on a revenue share arrangement with a portion of the variable reward deferred into ordinary shares in the Company. The vesting condition is continued employment. The vesting period is up to five years.

(g) New and existing employee grants

New and existing employees may receive one-off grants of deferred ordinary shares for retention. The vesting condition is continued employment. The vesting period is up to three years.

Details of the movement in employee shares

All shares granted during the year were issued at market price. The number of shares granted is determined by dividing the value of the grant by the VWAP of Perpetual shares traded on the ASX in the five business days up to and including the grant date. Dividends on employee shares are either received directly by the employees or held in the share plan bank account depending on the likelihood of the shares vesting.

During the year, $39,245,074 (2022: $13,531,639) of amortisation relating to shares, performance rights and share rights was recognised as an expense with the corresponding entry directly in equity.

The following table illustrates the movement in employee shares during the financial year:

NUMBER	OPENING BALANCE 1 JULY	VESTED SHARES	SHARES PURCHASED ON MARKET	SHARES ISSUED ON MARKET	ACQUISITION OF EMPLOYEE BENEFITS TRUST (EBT)	FORFEITED SHARES	GRANTED SHARES[1]	CLOSING BALANCE AT 30 JUNE
2023	651,437	(434,267)	861,648	840,000	(282,387)	(3,146,196)	3,146,196	1,636,431
2022	615,080	(366,205)	402,562	–	–	(204,479)	204,479	651,437

1. Granted shares includes replacement awards issued in connection with the acquisition of Pendal Group.

ii. Rights

(a) Long-Term Incentive (LTI)

Management and specialist employees may be eligible to receive performance Rights on an annual basis as part of their variable remuneration. The vesting conditions are continued employment and minimum individual performance requirements. The vesting period is three years.

(b) Executive KMP Variable Incentive Plan

Executive KMP are eligible to receive variable remuneration in the form of Performance Rights on an annual basis, subject to performance against Company and individual scorecards. The vesting conditions are continued employment and performance hurdles based on total shareholder return (TSR). The vesting period is up to four years.

(c) Executive KMP Growth Incentive

A one-off award of Performance Rights to Executive KMP in FY23 as a retention incentive. The vesting conditions are continued employment and performance hurdles based on TSR. The vesting period is up to five years.

(d) New and existing employee grants

New and existing employees may receive one-off grants of Performance Rights for retention. The vesting condition is continued employment. The vesting period is up to three years.

Detail of movement in rights

During the year, the Company granted $52,155,190 (30 June 2022: $11,057,375) of Share Rights and Performance Rights.

Share Rights are granted to Executives under the Variable Incentive Plan. The number of Share Rights granted is determined by dividing the value of the grant by the VWAP of Perpetual shares traded on the ASX in the five business days up to and including the grant date.

Performance Rights are granted to eligible employees under the LTI Plan. The number of Performance Rights granted is determined by dividing the value of the LTI grant by the VWAP of Perpetual shares traded on the ASX in the five business days up to and including the grant date, discounted for the non-payment of dividends during the performance period, as calculated by an independent external adviser.

Performance Rights and Share Rights do not receive dividends or have voting rights until they have vested and have been converted into Perpetual shares.

30 JUNE 2023					MOVEMENT IN NUMBER OF RIGHTS GRANTED				
GRANT DATE	VEST DATE	EXPIRY DATE	TSR HURDLE OR NON-TSR HURDLE	ISSUE PRICE	1 JULY 2022	GRANTED	FORFEITED	VESTED	OUTSTANDING AT 30 JUNE 2023
Oct 2017	Oct 2020	Sep 2032	Non TSR	$44.64	2,989	–	–	(1,120)	1,869
Jul 2018	Sep 2021	Sep 2034	Non TSR	$28.70	44,864	–	–	–	44,864
Jul 2018	Sep 2022	Sep 2034	TSR	$8.22	5,276	–	(5,276)	–	–
Jul 2018	Oct 2022	Oct 2034	Non TSR	$31.53	11,131	–	–	(11,131)	–
Jul 2018	Sep 2023	Sep 2034	TSR	$8.40	5,275	–	(5,275)	–	–
Sep 2018	Sep 2020	Sep 2033	Non TSR	$37.03	30,951	–	–	(30,951)	–
Oct 2018	Oct 2021	Oct 2033	Non TSR	$34.97	140,416	–	–	(140,416)	–
Jul 2019	Sep 2023	Sep 2035	TSR	$12.30	52,034	–	–	–	52,034
Jul 2019	Sep 2024	Sep 2035	TSR	$12.63	52,031	–	–	–	52,031
Oct 2019	Oct 2022	Oct 2034	Non TSR	$31.53	157,766	–	(4,870)	(152,896)	–
Oct 2020	Oct 2023	Oct 2030	Non TSR	$23.82	284,912	–	(45,301)	(17,498)	222,113
Jul 2020	Sep 2023	N/A[1]	Non TSR	$33.72	56,701	–	–	–	56,701
Jul 2020	Sep 2024	N/A[1]	Non TSR	$19.93	28,349	–	–	–	28,349
Jul 2020	Sep 2025	N/A[1]	Non TSR	$16.88	28,349	–	–	–	28,349
Oct 2021	Oct 2024	N/A[1]	Non TSR	$32.66	237,210	–	(51,452)	(5,948)	179,810
Dec 2021	Dec 2024	N/A[1]	Non TSR	$34.43	4,646	–	(1,452)	(1,258)	1,936
Sep 2022	Aug 2024	N/A[1]	TSR	$22.50	–	101,036	–	–	101,036
Sep 2022	Aug 2025	N/A[1]	TSR	$6.94	–	52,434	–	–	52,434
Sep 2022	Aug 2025	N/A[1]	TSR	$8.44	–	161,043	–	–	161,043
Sep 2022	Aug 2025	N/A[1]	TSR	$13.30	–	53,212	–	–	53,212
Sep 2022	Sep 2025	N/A[1]	TSR	$8.44	–	44,942	–	–	44,942
Sep 2022	Aug 2026	N/A[1]	TSR	$6.55	–	56,565	–	–	56,565
Sep 2022	Aug 2026	N/A[1]	TSR	$7.85	–	173,734	–	–	173,734
Sep 2022	Aug 2026	N/A[1]	TSR	$11.26	–	53,215	–	–	53,215
Sep 2022	Sep 2026	N/A[1]	TSR	$7.85	–	48,484	–	–	48,484
Sep 2022	Aug 2027	N/A[1]	TSR	$6.16	–	61,162	–	–	61,162

Notes to and forming part of the financial statements

for the year ended 30 June 2023

5-6 Share-based payments continued

ii. Rights continued

Detail of movement in rights continued

30 JUNE 2023					MOVEMENT IN NUMBER OF RIGHTS GRANTED				
GRANT DATE	VEST DATE	EXPIRY DATE	TSR HURDLE OR NON-TSR HURDLE	ISSUE PRICE	1 JULY 2022	GRANTED	FORFEITED	VESTED	OUTSTANDING AT 30 JUNE 2023
Sep 2022	Aug 2027	N/A[1]	TSR	$7.28	–	187,853	–	–	187,853
Sep 2022	Sep 2027	N/A[1]	TSR	$7.28	–	52,424	–	–	52,424
Oct 2022	Oct 2025	N/A[1]	Non TSR	$23.47	–	67,527	(67,527)	–	–
Mar 2023	Jul 2023	N/A[1]	Non TSR	$24.37	–	135,436	–	–	135,436
Mar 2023	Mar 2024	N/A[1]	Non TSR	$23.24	–	52,685	–	–	52,685
Mar 2023	Jul 2024	N/A[1]	Non TSR	$22.70	–	118,938	–	–	118,938
Mar 2023	Sep 2025	N/A[1]	Non TSR	$20.65	–	59,327	–	–	59,327
Oct 2022	Oct 2025	N/A[1]	Non TSR	$24.84[2]	–	16,490	–	–	16,490
Mar 2023	Sep 2025	N/A[1]	TSR	$6.23	–	22,471	–	–	22,471
Mar 2023	Sep 2026	N/A[1]	TSR	$5.96	–	24,242	–	–	24,242
Mar 2023	Sep 2027	N/A[1]	TSR	$5.64	–	26,212	–	–	26,212
Mar 2023	Oct 2023	N/A[1]	Non TSR	$24.84[2]	–	10,386	–	–	10,386
Mar 2023	Oct 2024	N/A[1]	Non TSR	$24.84[2]	–	10,386	–	–	10,386
Mar 2023	Oct 2025	N/A[1]	Non TSR	$24.84[2]	–	3,026	–	–	3,026
Mar 2023	Oct 2026	N/A[1]	Non TSR	$24.84[2]	–	2,295	–	–	2,295
Mar 2023	Oct 2027	N/A[1]	Non TSR	$24.84[2]	–	1,828	–	–	1,828
Mar 2023	Jul 2024	N/A[1]	Non TSR	$24.84[2]	–	532,678	(4,346)	–	528,332
Mar 2023	Jan 2026	N/A[1]	Non TSR	$24.84[2]	–	596,905	(4,870)	–	592,035
Jun 2023	Jul 2024	N/A[1]	Non TSR	$24.84[2]	–	49,400	–	–	49,400
Jun 2023	Jan 2026	N/A[1]	Non TSR	$24.84[2]	–	55,357	–	–	55,357
					1,142,900	**2,831,693**	**(190,369)**	**(361,218)**	**3,423,006**

1. Rights either vest or are forfeited on the vesting date, or part of new scheme terms, hence there is no expiry date.
2. The replacement awards included restricted, unhurdled share rights which entitle holders to ordinary shares following their vesting date. The fair value of these awards were measured by reference to the fair value of the equity instruments at the acquisition date, being 11 January 2023. The fair value calculation was performed by an external valuation expert and determined using the Black Scholes Model and other market-based valuation techniques, taking into account the terms and conditions upon which the replacement awards were granted. Since the rights permit dividend entitlement, the fair value of these awards is equal to the share price of Perpetual on the acquisition date, being $24.84. Refer to 2-1 Business Combinations for more information.

30 JUNE 2022					MOVEMENT IN NUMBER OF RIGHTS GRANTED				
GRANT DATE	VEST DATE	EXPIRY DATE	TSR HURDLE OR NON-TSR HURDLE	ISSUE PRICE	1 JULY 2021	GRANTED	FORFEITED	VESTED	OUTSTANDING AT 30 JUNE 2022
Oct 2016	Oct 2019	Sep 2031	Non TSR	$39.40	1,776	–	–	(1,776)	–
Sep 2017	Sep 2019	Sep 2032	Non TSR	$46.93	21,386	–	–	(21,386)	–
Oct 2017	Oct 2020	Sep 2032	Non TSR	$44.64	6,013	–	–	(3,024)	2,989
Jul 2018	Sep 2021	Sep 2034	Non TSR	$28.70	44,864	–	–	–	44,864
Jul 2018	Sep 2022	Sep 2034	TSR	$8.22	5,276	–	–	–	5,276
Jul 2018	Oct 2022	Oct 2034	Non TSR	$31.53	11,131	–	–	–	11,131
Jul 2018	Sep 2023	Sep 2034	TSR	$8.40	5,275	–	–	–	5,275
Sep 2018	Sep 2020	Sep 2033	Non TSR	$37.03	30,951	–	–	–	30,951
Oct 2018	Oct 2021	Oct 2033	Non TSR	$34.97	246,288	–	(2,593)	(103,279)	140,416
Jul 2019	Sep 2023	Sep 2035	TSR	$12.30	52,034	–	–	–	52,034
Jul 2019	Sep 2024	Sep 2035	TSR	$12.63	52,031	–	–	–	52,031
Oct 2019	Oct 2021	Oct 2034	Non TSR	$33.64	13,811	–	(1,039)	(12,772)	–
Oct 2019	Oct 2022	Oct 2034	Non TSR	$31.53	171,487	–	(11,303)	(2,418)	157,766
Oct 2020	Oct 2023	Oct 2030	Non TSR	$23.82	305,280	–	(18,992)	(1,376)	284,912
Jul 2020	Sep 2023	N/A[1]	Non TSR	$33.72	–	56,701	–	–	56,701
Jul 2020	Sep 2024	N/A[1]	Non TSR	$19.93	–	28,349	–	–	28,349
Jul 2020	Sep 2025	N/A[1]	Non TSR	$16.88	–	28,349	–	–	28,349
Oct 2021	Oct 2024	N/A[1]	Non TSR	$32.66	–	243,177	(5,967)	–	237,210
Dec 2021	Dec 2024	N/A[1]	Non TSR	$34.43	–	4,646	–	–	4,646
					967,603	**361,222**	**(39,894)**	**(146,031)**	**1,142,900**

1. Rights either vest or are forfeited on the vesting Date, or part of new scheme terms, hence there is no expiry date.

Notes to and forming part of the financial statements

for the year ended 30 June 2023

5-6 Share-based payments continued

ii. Rights continued

The fair value of services received in return for Performance Rights and Share Rights granted is based on the fair value of rights granted, measured using a face value approach for scorecard performance conditions, Monte Carlo simulation for TSR performance conditions and the Black Scholes option pricing formula for share rights and EPS performance conditions, with the following inputs:

	VALUATION DATE 1 OCT 2016	VALUATION DATE 1 SEP 2017	VALUATION DATE 1 OCT 2017	VALUATION DATE 1 SEPT 2018	VALUATION DATE 1 OCT 2018	VALUATION DATE 1 OCT 2018	VALUATION DATE 1 OCT 2018	VALUATION DATE 1 SEP 2019	VALUATION DATE 1 SEP 2019
Performance period	3 years	2 years	3 years	2 years	1 year	2 years	3 years	1 year	2 years
Share price ($)	46.28	54.70	51.94	43.89	42.40	42.40	42.40	35.55	35.55
Dividend yield (%)	5.5	5.1	5.2	6.4	6.6	6.6	6.6	6.5	6.7
Expected volatility (%)	N/A	25	N/A	20	N/A	N/A	N/A	30	30
Risk free interest rate (%)	N/A	N/A	N/A	N/A	1.93	2.00	2.07	0.70	0.70

	VALUATION DATE 1 SEP 2019	VALUATION DATE 1 OCT 2019	VALUATION DATE 1 OCT 2019	VALUATION DATE 1 OCT 2019	VALUATION DATE 1 SEP 2020	VALUATION DATE 1 SEP 2020	VALUATION DATE 1 OCT 2020	VALUATION DATE 1 OCT 2020	VALUATION DATE 1 OCT 2020
Performance period	3 years	1 year	2 years	3 years	3 years	4 years	1 year	2 years	3 years
Share price ($)	35.55	37.85	37.85	37.85	30.62	30.62	28.40	28.40	28.40
Dividend yield (%)	6.7	5.7	5.9	6.1	5.5	5.5	5.0	5.5	5.9
Expected volatility (%)	30	N/A	N/A	N/A	40	40	N/A	N/A	N/A
Risk free interest rate (%)	0.70	N/A	N/A	N/A	0.27	0.39	N/A	N/A	N/A

	VALUATION DATE 1 SEP 2021	VALUATION DATE 1 SEP 2021	VALUATION DATE 1 SEP 2021	VALUATION DATE 1 SEP 2022	VALUATION DATE 1 SEP 2022	VALUATION DATE 1 SEP 2022	VALUATION DATE 1 SEP 2022	VALUATION DATE 1 SEP 2022	VALUATION DATE 1 SEP 2022
Performance period	2 years	3 years	4 years	2 years	3 years	4 years	3 years	4 years	5 years
Share price ($)	41.66	41.66	41.66	27.06	27.06	27.06	27.06	27.06	27.06
Dividend yield (%)	4.8	5.0	5.0	6.8	7.2	7.2	6.3	6.3	6.3
Expected volatility (%)	30	30	30	28	28	28	31	31	31
Risk free interest rate (%)	0.01	0.44	0.44	3.02	3.31	3.36	3.28	3.37	3.43

	VALUATION DATE 20 OCT 2022	VALUATION DATE 20 OCT 2022	VALUATION DATE 20 OCT 2022	VALUATION DATE 1 MAR 2023	VALUATION DATE 1 MAR 2023	VALUATION DATE 1 MAR 2023
Performance period	2.9 years	3.9 years	4.9 years	3 years	4 years	5 years
Share price ($)	24.89	24.89	24.89	24.48	24.48	24.48
Dividend yield (%)	6.3	6.3	6.3	6.6	6.6	6.6
Expected volatility (%)	31	31	31	31	31	31
Risk free interest rate (%)	3.57	3.67	3.75	3.51	3.50	3.53

Critical accounting assumptions and estimates

The cost of equity-settled share-based payments is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value calculation is performed by an external valuation expert and is determined using the Black Scholes Model and Binomial/Monte-Carlo simulation valuation techniques and other market-based valuation techniques, taking into account the terms and conditions upon which the equity instruments were granted. The valuation methodologies involve a number of judgements and assumptions which may affect the share-based payment expense taken to profit and loss and equity.

The tax effect of the excess of estimated future tax deductions for share-based payments over the related cumulative remuneration expense is recognised directly in equity. The estimated future tax deduction is based on the share price of ordinary shares in the Company at balance date in accordance with AASB 112 *Income Taxes*.

Accounting policies

Employee share purchase plans

Share incentive programs allow employees to acquire shares in the Company. The fair value of shares and/or rights granted under these programs is recognised as an employee expense with a corresponding increase in equity. Fair value is measured at grant date and amortised over the period during which employees become unconditionally entitled to the shares.

The fair value of the rights granted is measured using a binomial model, taking into account the terms and conditions upon which the rights were granted. The amount recognised as an expense is adjusted to reflect the actual number of rights that vest except where forfeiture is due to share prices not achieving their threshold for vesting.

Deferred staff incentives

The Company grants certain employees shares under long-term incentive, short-term incentive and retention plans. Under these plans, shares vest to employees over relevant vesting periods. To satisfy the long-term incentives granted, the Company purchases or issues shares under the LTI Plan.

The fair value of the shares granted is measured by the share price adjusted for the terms and conditions upon which the shares were granted. This fair value is amortised on a straight-line basis over the applicable performance and vesting period.

The consolidated entity makes estimates of the number of shares that are expected to vest. Where appropriate, revised estimates are reflected in profit or loss with the corresponding adjustment to the equity compensation reserve. Where shares containing a market linked hurdle do not vest, due to total shareholder return not achieving the threshold for vesting, an adjustment is made to retained earnings and equity compensation reserve.

Rights

Performance Rights and Share Rights are issued for the benefit of eligible Perpetual employees pursuant to the LTI Plan.

Unlike Perpetual's other employee share plans, there will be no treasury shares issued to employees at the rights grant date.

Over the vesting period of the rights, an equity remuneration expense will be amortised to the equity compensation reserve based on the fair value of the rights at the grant date.

On vesting, the intention is to settle the rights with available treasury shares. A fair value adjustment between contributed equity and treasury shares will be recognised to revalue the recycled shares to the fair value of the rights at the vesting date.

Notes to and forming part of the financial statements
for the year ended 30 June 2023

5-7 Key management personnel and related parties

The Executive and Non-executive KMP of Perpetual Limited during the period were as follows:

NAME	POSITION	TERM AS KMP IN FY23
Executive KMP		
Rob Adams	Chief Executive Officer and Managing Director	Full year
Alexandra Altinger	Chief Executive, UK, Europe and Asia (EUKA)	Partial Year[1]
Amanda Gazal	Chief Integration Officer	Full year
Amanda Gillespie	Chief Executive, Asset Management Australia	Full year
Chris Green	Chief Financial Officer	Full year
David Lane	Chief Executive, Americas	Full year
Mark Smith	Chief Executive, Wealth Management	Full year
Richard McCarthy	Chief Executive, Corporate Trust	Full year
Sam Mosse	Chief Risk and Sustainability Officer	Full year
Non-executive KMP		
Tony D'Aloisio	Chairman	Full year
Christopher Jones	Independent Director	Partial Year[3]
Craig Ueland	Independent Director	Partial Year[2]
Fiona Trafford-Walker	Independent Director	Full year
Gregory Cooper	Independent Director	Full year
Ian Hammond	Independent Director	Full year
Kathryn Matthews	Independent Director	Partial Year[3]
Mona Aboelnaga Kanaan	Independent Director	Full year
Nancy Fox	Independent Director	Full year

1. Alexandra Altinger joined as a KMP of Perpetual Limited on 23 January 2023 following the completion of the Pendal Group acquisition.
2. Craig Ueland retired as an independent Director of Perpetual Limited on 24 January 2023.
3. Kathryn Matthews and Christopher Jones joined as Independent Directors of the Perpetual Limited Board on 24 January 2023 following the completion of the Pendal Group acquisition.

Total compensation of key management personnel

	2023 $	2022 $
Short-term	9,401,657	9,159,692
Post-employment	285,977	292,886
Share-based	4,725,475	2,047,581
Other long-term	125,983	77,501
Termination benefits	266,800	–
Total	**14,805,892**	**11,577,660**

Related party disclosures

Executives have not entered into material contracts with the Company or a member of the consolidated entity since the end of the previous financial year and there were no material contracts involving key management personnel's interests existing at year end. Perpetual services and products, including financial advice by Wealth Management, are made available to Directors and KMP on normal commercial terms consistent with other employees and clients.

Controlled entities and associates

The consolidated entity has a related party relationship with its KMP (see Remuneration Report).

Business transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

5-8 Auditor's remuneration

	2023 $	2022 $
Audit and review services		
Auditors of the Group – KPMG Australia		
Audit and review of financial statements – Group	1,767,620	852,443
Audit and review of financial statements – Controlled entities	315,019	205,961
Audit and review of financial statements – Perpetual funds[1]	1,944,319	1,992,612
Audit and review of financial statements – Administrator or Trustee[2]	445,221	396,797
	4,472,179	**3,447,813**
Overseas KPMG Firms		
Audit and review of financial statements – Group	592,480	194,513
Audit and review of financial statements – Controlled entities	964,656	304,515
Audit and review of financial statements – Perpetual funds[1]	469,080	–
	2,026,216	**499,028**
Total audit and review services	**6,498,395**	**3,946,841**
Assurance services		
Auditors of the Group – KPMG Australia		
Regulatory assurance services	414,729	255,426
Assurance over internal controls reports	433,678	436,645
Sustainability assurance services	95,000	–
Other assurance services	36,048	33,533
	979,455	**725,604**
Overseas KPMG Firms		
Regulatory assurance services	514,286	21,160
Other assurance services	112,873	23,164
	627,159	**44,324**
Total Assurance Services	**1,606,614**	**769,928**
Other services[3]		
Auditors of the Group – KPMG Australia		
Advisory Services	46,058	153,558
Transactional services	242,130	–
Other non-assurance services	64,693	35,755
	352,881	**189,313**
Overseas KPMG Firms		
Other non-assurance services	55,053	–
	55,053	
Total Other Services	**407,934**	**189,313**
	8,512,943	**4,906,082**

1. These fees are incurred by the consolidated entity on behalf of managed funds and superannuation funds for which Perpetual Investment Management Limited and Perpetual Superannuation Limited act as responsible entity or trustee for and are recovered from the funds via management fees.
2. These fees are incurred as part of the audit of the Group by the consolidated entity on behalf of external funds for which the consolidated entity act as administrator or trustee for and are recovered from the funds via management fees.
3. Other services primarily relate to the provision of risk and controls gap analysis and agreed upon procedures.

Non-audit services paid to KPMG are in accordance with the Company's auditor independence policy as outlined in Perpetual's Corporate Responsibility Statement.

Notes to and forming part of the financial statements
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5-9 Subsequent events

A final 40% franked dividend of 65 cents per share was declared on 24 August 2023 and is to be paid on 29 September 2023.

Perpetual announced the impact of a decision made in June 2023 regarding the establishment of a global asset management division. The current regional asset management businesses have come together to form one global division, which will be led by a newly created role of Chief Executive, Asset Management. Rob Adams will assume the dual role of Perpetual Group CEO and Chief Executive, Asset Management. This change means that the regional chief executive roles for Europe and UK (EUKA), and the Americas are no longer needed. Amanda Gillespie will continue to lead asset management in Australia as part of the global asset management leadership team reporting to Rob.

Other than the matters noted above, the Directors are not aware of any other event or circumstance since the end of the financial year not otherwise dealt with in this report that has affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years.

Section 6 – Basis of preparation

This section sets out Perpetual's accounting policies that relate to the financial statements as a whole. Where an accounting policy is specific to a single note, the policy is described in the note to which it relates. This section also shows new accounting standards, amendments and interpretations, and whether they are effective in 2023 or later years. We explain how these changes are expected to impact the financial position and performance of Perpetual.

6-1 Reporting entity

Perpetual Limited ('the Company') is domiciled in Australia. The consolidated financial report of the Company as at and for the year ended 30 June 2023 comprises the Company and its controlled entities (together referred to as 'the consolidated entity') and the consolidated entity's interests in associates.

Perpetual is a for-profit entity and primarily involved in portfolio management, financial planning, trustee, responsible entity and compliance services, executor services, investment administration and custody services.

The financial report was authorised for issue by the Directors on 24 August 2023.

The Company is a public company listed on the Australian Securities Exchange (ASX: PPT), incorporated in Australia and operating in Australia, United States, United Kingdom, Republic of Ireland, the Netherlands, Singapore and Hong Kong.

The consolidated annual report for the consolidated entity as at and for the year ended 30 June 2023 is available at perpetual.com.au.

6-2 Basis of preparation

i. Statement of compliance

The financial report is a general purpose financial report prepared in accordance with Australian Accounting Standards adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

The financial report of the consolidated entity also complies with *International Financial Reporting Standards (IFRS)* adopted by the International Accounting Standards Board (IASB).

ii. Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets which are measured at fair value.

The consolidated financial statements are presented in Australian dollars, which is the functional currency of the majority of the consolidated entity.

The Company is of a kind referred to in *ASIC Corporations Instrument 2016/191* dated 1 April 2016 and in accordance with that Instrument, all financial information presented in Australian dollars has been rounded to the nearest one hundred thousand dollars, unless otherwise stated.

Where necessary, comparative information has been restated to conform to changes in presentation in the current year.

Use of judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Financial markets are dealing with rising inflation and interest rates impacting global economies and financial markets. The consolidated entity continues to monitor the impact of these factors on its operations, control environment and financial reporting.

Management has evaluated whether there were any additional areas of significant judgment or estimation uncertainty, assessed the impact of market inputs and variables potentially impacted by prevailing conditions on the carrying values of its assets and liabilities, and considered the impact on the consolidated entity's financial statement disclosures. The consolidated entity's revenues have a high degree of exposure to market volatility which has the potential to lead to a material financial impact. The US and UK operations are similarly exposed to market movements due to the nature of the business. Whilst this has been factored into the preparation of the financial report, the accounting policies and methodologies have been applied on a consistent basis throughout the financial year. The Directors and management continue to closely monitor developments with a focus on potential financial and operational impacts as developments arise.

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies are described below:

(a) Judgements

Information about critical judgements in applying accounting policies in accordance with Australian Accounting Standard AASB 10 *Consolidated Financial Statements* is included in section 5-3 Controlled entities.

Notes to and forming part of the financial statements

for the year ended 30 June 2023

6-2 Basis of preparation continued

ii. Basis of preparation continued

(b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the year ended 30 June 2023 are included in the following notes:

- Section 1-2 Revenue
- Section 1-3 Expenses
- Section 1-4 Income taxes
- Section 2-1 Business combinations
- Section 2-4 Intangibles
- Section 2-5 Provisions
- Section 2-6 Employee benefits
- Section 2-7 Accrued incentive compensation
- Section 3-5 Commitments and contingencies
- Section 4-1 Financial risk management
- Section 5-1 Structured products assets and liabilities
- Section 5-6 Share-based payments

The consolidated entity has considered the impact of prevailing conditions specifically with respect to the recognition of Expected Credit Losses (ECLs) on the consolidated entity's Receivables (Section 2-2), Intangibles and the impairment of Goodwill and Other intangible assets (Section 2-4), Structured products assets and liabilities (Section 5-1), and Other financial assets (Section 2-3).

Whilst there has been an increase in the estimation uncertainty and the application of further judgement within these areas, they are not considered to have had a material financial impact on these areas.

Measurement of fair values

A number of the consolidated entity's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities.

The consolidated entity has an established control framework with respect to the measurement of fair values. This includes overseeing all significant fair value measurements.

Significant unobservable inputs and valuation adjustments are regularly reviewed. If third party information, such as broker quotes or pricing services, is used to measure fair values, an assessment is made of the evidence obtained from the third parties. This is used to support the conclusion that such valuations meet the requirements of AASB 9 *Financial Instruments*, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Audit, Risk and Compliance Committee.

When measuring the fair value of an asset or a liability, the consolidated entity uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The consolidated entity recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Section 2-6 Employee benefits
- Section 2-7 Accrued incentive compensation
- Section 4-1 Financial risk management
- Section 5-1 Structured products assets and liabilities
- Section 5-6 Share-based payments

6-3 Other significant accounting policies

Significant accounting policies have been included in the relevant notes to which the policies relate. Other significant accounting policies are listed below:

i. Basis of consolidation

(a) Subsidiaries

Subsidiaries are entities controlled by the consolidated entity. The consolidated entity controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases.

(b) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the consolidated entity's interest in the associate. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. Gains and losses are recognised when the contributed assets are consumed or sold by the associates or, if not consumed or sold, when the consolidated entity's interest in such entities is disposed of.

(c) Collateralised loan obligation (CLO)

Perpetual holds an equity interest in a collateralised loan obligation investment fund (the 'Fund') established to invest its assets primarily in the economic equity interests of multiple CLO transactions and warehouse facilities in connection therewith. The Fund is managed by Barrow Hanley Credit Management LLC ('BH Credit').

A significant judgement for Perpetual is whether the Group controls the Fund and is therefore required to consolidate the Fund in the results of the consolidated entity. Control is determined based on the consolidated entity's assessment of decision making authority, rights held by other parties, remuneration and exposure to returns.

In assessing whether the consolidated entity controls the Fund it is necessary to consider whether the consolidated entity acts in capacity of principal or agent for the Fund. In doing so, the consolidated entity has assessed in combination, whether the kick-out rights of third-party investors into the Fund are substantive and the aggregate economic interest of the consolidated entity into the Fund. Based on our assessment, we have determined that the Fund does not require consolidation into the Group.

ii. Foreign currency

(a) Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Translation differences on financial assets and liabilities carried at fair value are reported as part of their fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss.

(b) Foreign operations

The results and financial position of subsidiaries that have a functional currency different from the presentation currency are translated into Australian dollars as follows:

– Assets and liabilities for each statement of financial position item presented are translated at the closing rate at the date of that statement of financial position.
– Income and expenses for each statement of comprehensive income item are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions).

Foreign currency differences are recognised in other comprehensive income. When an international operation is disposed of, in part or in full, the relevant amount in the foreign currency translation reserve is transferred to profit or loss or to non-controlling interest as part of the profit or loss on disposal.

iii. Payables

Payables are non-interest-bearing and are stated at amortised cost, with the exception of contingent consideration recognised in business combinations, which is recorded at fair value at the acquisition date.

Contingent consideration recognised in business combinations is classified as a financial liability and is subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

iv. Impairment

(a) Financial assets (including receivables)

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between the present value of the cash flows due to the entity in accordance with the contract and the present value of cash flows that the consolidated entity expects to receive.

The consolidated entity has applied the simplified approach under AASB 9 to calculate expected credit losses for Receivables. Under this approach, expected credit losses are calculated based on the life of the instrument. During this process, the probability of the non-payment of the receivables is assessed using the single loss rate approach.

Impairment losses on financial assets measured at amortised cost are recognised in profit or loss and deducted from the gross carrying amount of the assets. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Notes to and forming part of the financial statements

for the year ended 30 June 2023

6-3 Other significant accounting policies continued

iv. Impairment continued

(b) Non-financial assets

The carrying amounts of the consolidated entity's non-financial assets, other than deferred tax assets (see section 1-4), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the 'cash-generating unit' or CGU).

Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes.

The consolidated entity's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Comprehensive Income. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then, to reduce the carrying amount of the other assets in the unit on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each balance sheet date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

v. Hedge accounting

A foreign currency exposure arises from a net investment in subsidiaries that have a different functional currency from that of the consolidated entity. The risk arises from the fluctuation in spot exchange rates between the functional currency of the subsidiaries and the consolidated entity's functional currency, which causes the amount of the net investment to vary in the consolidated financial statements. This risk may have a significant impact on the consolidated entity's financial statements. The consolidated entity's policy is to hedge these exposures only when not doing so would be expected to have a significant impact on the regulatory capital ratios of the Company and its subsidiaries.

The hedged risk in the net investment hedge is the variability in the US dollar exchange rate against the Australian dollar that will result in a reduction in the carrying amount of the consolidated entity's net investment in the subsidiaries. An economic relationship exists between the hedged net investment and hedging instrument due to the shared foreign currency risk exposure.

The consolidated entity uses foreign currency denominated debt as a hedging instrument. The consolidated entity assesses effectiveness by comparing past changes in the carrying amount of the debt that are attributable to a change in the spot rate with past changes in the investment in the foreign operation due to movement in the spot rate (the offset method).

The consolidated entity's policy is to hedge the net investment only to the extent of the debt principal; therefore, the hedge ratio is established by aligning the principal amount of the debt with the carrying amount of the net investment that is designated. There are no sources of ineffectiveness because changes in the spot exchange rate are designated as the hedged risk.

6-4 Changes in significant accounting policies

Except as described below, the accounting policies applied in these financial statements are the same as those applied in the consolidated entity's financial statements as at and for the year ended 30 June 2022.

a. Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency risk exposures. Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

The Group designates certain derivatives as hedging instruments to hedge the variability in cash flows associated with highly probably forecast transactions arising from changes in foreign exchange rates and non-derivative financial liabilities as hedges of foreign exchange risk on a net investment in a foreign operation.

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

b. Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income (OCI) and accumulated in the cash flow hedge reserve. The effective portion of changes in the fair value of the derivative that is recognised in OCI is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

6-5 New standards and interpretations not yet adopted

There are no new standards, amendments to standards, and interpretations effective for the first time in the current financial period that would have a material impact to the consolidated entity.

Directors' declaration

1. In the opinion of the Directors of Perpetual Limited (the 'Company'):
   (a) the consolidated financial statements and notes set out on pages 106 to 163, and the Remuneration Report in the Directors' Report, are in accordance with the *Corporations Act 2001*, including:
      (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
      (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*;
   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. There are reasonable grounds to believe that the Company and the certain wholly owned subsidiaries identified in section 5-3 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and these entities pursuant to ASIC Corporations (*Wholly owned Companies*) Instrument 2016/785.
3. The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Managing Director and the Chief Financial Officer for the financial year ended 30 June 2023.
4. The Directors draw attention to section 6-2(i) to the consolidated financial statements which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:

Dated at Sydney this 24th day of August 2023.

Tony D'Aloisio
Chairman

Rob Adams
Chief Executive Officer & Managing Director

Independent Auditor's Report

to the Members of Perpetual Limited

KPMG

Independent Auditor's Report

To the shareholders of Perpetual Limited

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Perpetual Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Consolidated Entity***'s financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2023;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

The ***Consolidated Entity*** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Consolidated Entity in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key Audit Matters

The ***Key Audit Matters*** we identified are:

- Acquisition accounting;
- Valuation of goodwill;
- Revenue; and
- Employee remuneration.

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

These matters were addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report
to the Members of Perpetual Limited

KPMG

Acquisition accounting ($2,015.5m purchase consideration resulting in $906.2m in goodwill)	
Refer to Section 2-1 'Business combinations' to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**
During the year, the Consolidated Entity acquired 100% of Pendal Group Limited (Pendal) for consideration of $2,015.5m, resulting in the recognition of various assets and liabilities including customer contracts, brand intangible assets and goodwill. This acquisition is considered to be a key audit matter due to the: • Size of the acquisition having a significant impact on the Consolidated Entity's financial statements; • Consolidated Entity's judgement and complexity relating to the items below, each requiring significant audit effort from us to assess: – the determination of the acquisition date and consideration transferred, including replacement share-based payment awards, where the Consolidated Entity engaged external accounting and valuation experts to assist. We focussed on the key inputs to the valuation including the grant date share price on valuation date and vesting periods; – the determination of the provisional fair value of assets acquired and liabilities assumed. We focussed on customer contracts and brand intangible assets acquired where the Consolidated Entity engaged external valuation experts to assess the fair value; and – the alignment of accounting policies between Pendal and the Consolidated Entity and consequential impacts on the classification and measurement of acquired assets and liabilities assumed. • The Consolidated Entity's valuation model used to determine the provisional fair value of acquired intangible assets is complex and sensitive to changes in a number of key assumptions. This drives additional audit effort specific to the feasibility of these key assumptions and consistency of application to the Consolidated Entity's strategy. The key assumptions we focused on in the valuation of intangible assets included forecast revenues, forecast margins, discount rates (weighted average cost of capital), attrition	Our procedures included: • Evaluating the acquisition accounting by the Consolidated Entity against the requirements of the accounting standards. • Reading the underlying transaction agreements to understand the terms of the acquisition and nature of the assets and liabilities acquired. • Working with our technical accounting specialists, we assessed the appropriateness of the acquisition date in accordance with the requirements of the accounting standards. • Assessing the consideration transferred to acquire Pendal based on the underlying transaction agreements, facility drawdown notices and statement from the registry of new shares issued. • Considering the objectivity, competence and scope of the Consolidated Entity's external valuation experts. • In relation to the replacement share-based payment awards: – Working with our technical accounting specialists, we assessed the appropriateness of the accounting treatment for replacement share-based payment awards against the requirements of the accounting standards. – Working with our valuation specialists, we assessed the appropriateness of the valuation methodology applied by the Consolidated entity's external experts against market practice and the requirements of the accounting standards. – Working with our valuation specialists, we assessed key inputs used by the Consolidated entity's external experts in their valuation of replacement share-based payment awards, such as the grant date share price and vesting period, against the Consolidated Entity's share price on valuation date and vesting periods based on a sample of share-based payment agreements and underlying offer letters; and – We recalculated the consideration transferred based on our procedures above and compared this to the consideration recorded in the Financial Report by the Consolidated Entity.

rates and royalty rates. We involved our valuation and technical accounting specialists to supplement our senior audit team members in assessing this key audit matter.	• Working with our technical accounting specialists, we checked the alignment in accounting policies between Pendal and the Consolidated Entity against the requirements of the accounting standards and the consequential impact on the classification and measurement of acquired assets and liabilities assumed by the Consolidated Entity. • Working with our valuation specialists, we: – Evaluated the valuation methodology used to determine the provisional fair value of assets acquired and liabilities assumed, considering accounting standard requirements and observed industry practices. – Assessed the key assumptions in the Consolidated Entity's external valuation expert report prepared in relation to the identification and valuation of customer contracts and brand intangible assets. We did this by: ▪ checking forecast revenue and forecast margin assumptions for consistency with the Consolidated Entity's valuation model used as part of the pre-acquisition due diligence process; ▪ independently developing an attrition rate considered comparable using publicly available market data for comparable entities, adjusted by risk factors specific to the Consolidated Entity and the industry it operates in; ▪ independently developing a royalty rate considered comparable using publicly available market data for comparable entities, adjusted by risk factors specific to the Consolidated Entity and the industry it operates in; and ▪ independently developing a discount rate range considered comparable using publicly available market data for comparable entities, adjusted by risk factors specific to the Consolidated Entity and the industry it operates in. • We recalculated the goodwill balance recognised as a result of the transaction and compared it to the goodwill amount recorded by the Consolidated Entity. • We assessed the adequacy of disclosures in the financial report using the understanding obtained from our testing and against the requirements of the accounting standards

Independent Auditor's Report

to the Members of Perpetual Limited

KPMG

Valuation of goodwill ($1,579.9m)	
Refer to Section 2-4 'Intangibles' to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**
The Consolidated Entity's annual testing of goodwill for impairment is a key audit matter given the: • size of the balance (being 40% of total assets); • Consolidated Entity made a significant acquisition of Pendal Group Limited during the year, necessitating our consideration of the Consolidated Entity's determination of CGUs, based on the smallest group of assets to generate largely independent cash inflows; • net outflow of FUM experienced by certain Cash Generating Units (CGUs) of the Consolidated Entity in the current year. This increases the possibility of goodwill being impaired; • judgement applied by us when evaluating the evidence available for forward-looking assumptions applied by the Consolidated Entity in its value-in-use models, including: – forecast operating cash flows, growth rates and terminal growth rates which are influenced by subjective drivers such as forecast FUM. These are difficult to predict as they rely on the Consolidated Entity's expectation of future customer activity and market performance, which can be impacted by economic uncertainties arising from the ongoing geopolitical events, increasing the risk of future fluctuations and inaccurate forecasting where there is a wider range of possible outcomes; – the Consolidated Entity operating across different geographies with varying pressures on market performance and capital flows, which increases the risk of an inaccurate forecast or a wider range of possible outcomes; and – discount rates, including CGU specific risk premiums, which are complicated in nature and vary according to the conditions and environment the specific CGU is subject to from time to time. We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter.	Working with our valuation specialists, our procedures included: • Evaluating the Consolidated Entity's determination of their CGUs based on our understanding of the operations of the Consolidated Entity's business, impact of the acquisition of Pendal Group Limited, and how independent cash inflows are generated, against the requirements of the accounting standards; • Assessing the appropriateness of the value in use method applied by the Consolidated Entity to perform the annual test of goodwill for impairment against the requirements of the accounting standards; • Assessing the integrity of the value-in-use models used, including the determination of carrying values and the accuracy of the underlying calculation formulas; • Assessing the accuracy of previous Consolidated Entity forecasts to inform our evaluation of forecasts incorporated in the models; • Comparing the forecast cash flows contained in the value-in-use models to Board approved forecasts and our inquiries with management of the Consolidated Entity for consistency; • Challenging the Consolidated Entity's forecast operating cash flows and growth assumptions in light of the Consolidated Entity's net FUM flows and the ongoing economic uncertainty arising from the geopolitical events in the current year. We compared forecast growth rates and terminal growth rates to published studies of industry trends and expectations. In doing so, we also considered the differences between industry trends and the Consolidated Entity's operations and used our knowledge of the Consolidated Entity, its past performance, business activities, customer base, committed future strategic plans, and our industry experience; • Independently developing a range of discount rates considered comparable with the Consolidated Entity, using publicly available market data for comparable entities, adjusted by CGU specific risk factors; • Performing sensitivity analysis by varying key assumptions, such as forecast growth rates,

	terminal growth rates and discount rates, within a reasonably possible range to identify CGUs at higher risk of impairment, assumptions at higher risk of bias and determining where to focus our further procedures; and • Assessing the disclosures in the financial report using our understanding of the issues obtained from our testing, and against the requirements of the accounting standards.

Revenue ($1,034.1m)

Refer to Section 1-2 'Revenue' to the Financial Report

The key audit matter	How the matter was addressed in our audit
Revenue is a key audit matter due to: • its significance to the financial performance of the Consolidated Entity; • the significant audit effort required as a result of: – the various streams of revenue generated from a diverse range of products and services and across geographies, each with varying fee rates and contractual terms; – high volume of transactions across key revenue streams; and – key inputs used in the calculation of revenue being sourced from several of the Consolidated Entity's third party service organisations which provide custody, investment administration and unit registry services, as well as custodian banks. This required us to understand the key processes and assess the key controls of these service organisations relevant to the Consolidated Entity's revenue recognition. • judgements applied in the Consolidation Entity's revenue recognition policy for performance fees, particularly where the point of revenue recognition is dependent on varying contractual terms. We involved senior team members in assessing this key audit matter. Significant revenue streams include fees from: • the provision of investment management services to institutional mandate clients, investment funds and superannuation funds;	Our procedures included: • Inquiring of management and inspecting underlying documentation to understand processes for key revenue streams, and testing key controls at the Consolidated Entity related to these revenue streams; • Assessing the Consolidated Entity's revenue recognition policies, including how contractual terms impact performance fees, against the requirements of the accounting standards; • Testing statistical samples of revenue across each key revenue stream. We performed the following: – Inspected contracts and assessed the revenue recognised against the revenue recognition criteria, considering the satisfaction of performance obligations; – Recalculated the investment management and financial advice services revenue recognised based on the various fee rates in the underlying contracts, and the underlying funds under management (FUM) or funds under advice (FUA) sourced from third party service organisation reports or statements from custodial banks; – Tested trustee services, securitisation services and document custodian services revenue by checking to invoices and subsequent cash receipts; and – Tested financial advice and accounting services revenue by checking to invoices, engagement letters and subsequent cash receipts. • Analysing data within the investment management revenue stream to identify trends and outliers to further inform our work. Examples of outliers included contracts where fees exhibit an inverse

Independent Auditor's Report
to the Members of Perpetual Limited

• trustee and document custodian services; • management and administrative services for securitisation trusts; and • the provision of financial advice and accounting services.	movement to FUM flows or client fees falling considerably outside of statistical trends. For outliers identified, we recalculated the revenue recognised based on the underlying contracts and the FUM; • Obtaining and reading the Consolidated Entity's third party service organisations' GS007 (Guidance Statement 007 *Audit Implications of the Use of Service Organisations for Investment Management Services)*, ISAE 3402 (International Standard on Assurance Engagements 3402 *Assurance Reports on Controls at a Service Organisation*) and SOC 1 (System and Organisation Controls) assurance reports (together "controls assurance reports") to understand the service organisations' processes and assess controls related to investment administration and custody; • We obtained and read the Consolidated Entity's bridging letters over the period not covered by the relevant controls assurance reports. We compared the information presented in the bridging letter for consistency with those in the controls assurance reports; • Assessing the reputation, professional competence and independence of the auditors of the GS007 and SOC 1 assurance reports; • Recalculating a sample of performance fee revenue based on the underlying contractual terms and product performance relative to the benchmark, such as the Reserve Bank of Australia Cash Rate, and checking the inputs to source. We compared to amounts recorded in the Consolidated Entity's bank statements; and • Assessing the disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standard.

Employee remuneration (included within staff related and equity remuneration expenses of $564m)

Refer to Section 1-3 'Expenses', Section 2-6 'Employee benefits', Section 2-7 'Accrued Incentive Compensation', and Section 5-6 'Share-based payments' of the Financial Report

The key audit matter	How the matter was addressed in our audit
Employee remuneration is a key audit matter due to: • the size of the balance relative to the Consolidated Entity's results (63% of expenses); • complexities associated with various share	Our procedures included: • Enquiring of the Consolidated Entity and inspecting a sample of share incentive programs and other employee benefit plans to understand the remuneration process, structure and various share incentive programs and other employee benefit plan

incentive programs and other employee benefits plans across the Consolidated Entity which impact employee remuneration. This increases the risk of interpretational differences against the principles-based criteria contained in the accounting standards; • judgements made by the Consolidated Entity, with assistance from their external valuation experts, in the determination of the fair value of share-based payments granted during the year, of which the grant date share price on valuation date and vesting periods are key inputs for us to assess; • the significant judgement required by us when evaluating the evidence available for forward-looking assumptions applied by the Consolidated Entity in valuing its long-term employee benefit plans, including forecast business growth assumptions and the achievement of performance hurdles. These are influenced by subjective drivers such as FUM flows across different geographies, and are difficult to predict as they rely on the Consolidated Entity's expectation of future customer activity and market performance. This increases the risk of inaccurate forecasts by the Consolidated Entity or wider range of possible outcomes for us to consider; and • the calculation of equity remuneration expenses is performed manually which increases the risk of error. This required significant audit effort. We involved our technical accounting and valuation specialists to supplement our senior audit team members in assessing this key audit matter.	offerings; • Working with our technical accounting specialists, assessing the Consolidated Entity's accounting treatment of share incentive program arrangements and employee benefit plans against the principles-based criteria in the accounting standards; • Evaluating the Consolidated Entity's external valuation expert's scope of work, competence and objectivity with respect to their valuation of share-based payments granted during the year; • Working with our valuation specialists, assessing the external valuation expert's methodology against industry practice and the requirements of the accounting standards; • Checking the grant date share price and vesting period used in the external expert's valuation against the Consolidated Entity's share price on valuation date and vesting period based on a sample of share-based payment agreements and underlying offer letters; • Testing a sample of equity remuneration expenses. We checked the various inputs to the Consolidated Entity's manual calculation, such as new grants, awards vested and forfeitures to underlying offer letters, share incentive program agreements and the grant date fair value calculated by the Consolidated Entity's external expert. We recalculated the equity remuneration expense and compared this to the expense recognised by the Consolidated Entity; • Challenging the Consolidated Entity's forecast business growth assumptions and judgement related to the achievement of performance hurdles in the measurement of complex employee benefit plans across different geographies. We did this by comparing forecast FUM growth rates to industry trends and expectations. In doing so, we also considered the differences between industry trends and the Consolidated Entity's operations using our industry experience and our knowledge of the Consolidated Entity, its past performance, business activities, customer base and committed future strategic plans; and • Assessing the disclosures in the financial report using our understanding obtained from our testing and against the requirements of the accounting standard.

Independent Auditor's Report

to the Members of Perpetual Limited

Other Information

Other Information is financial and non-financial information in Perpetual Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's report was the Directors' Report, Corporate Governance Statement, Remuneration Report, Operating and Financial Review and Securities Exchange and Investor Information. The Chairman's report, 2023 Highlights, CEO's Report, 2023 Group Results and Business Unit Overview and 2023 Sustainability Report are expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Consolidated Entity's and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Consolidated Entity and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor's Report.

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Perpetual Limited for the year ended 30 June 2023, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 13 to 45 of the Directors' report for the year ended 30 June 2023.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

KPMG

Brendan Twining

Partner

Sydney

24 August 2023

Securities exchange and investor information

2023 Annual General Meeting

The 2023 Annual General Meeting of the Company will be held at Swissotel, 68 Market Street, Sydney, New South Wales, on Thursday 19 October 2023 commencing at 10:00 am. Shareholders can also participate online.

Securities exchange listing

The ordinary shares of Perpetual Limited are listed on the Australian Securities Exchange (ASX) under the ASX code PPT, with Sydney being the home exchange.

Substantial shareholders

NAME	NUMBER OF SHARES	% OF INTEREST	DATE OF LAST SUBSTANTIAL SHAREHOLDER NOTIFICATION
Blackrock Group	6,628,016	5.90	17 March 2023
State Street Corporation	5,622,675	5.01	15 March 2023
Vanguard Group and its controlled entities	2,836,386	5.00	4 May 2022

Unmarketable parcels of shares

There are 808 shareholders holding less than a marketable parcel of ordinary shares, as at 3 August 2023.

DISTRIBUTION SCHEDULE OF HOLDINGS AS AT 3 AUGUST 2023	NUMBER OF HOLDERS	NUMBER OF SHARES
1 – 1,000 shares	35,318	12,789,216
1,001 – 5,000 shares	10,791	22,496,626
5,001 – 10,000 shares	1,032	7,322,153
10,001 – 100,000 shares	482	10,122,926
100,001 and over shares	37	59,787,168
Total	**47,660**	**112,518,089**

Twenty largest shareholders as at 3 August 2023

NAME	NUMBER OF ORDINARY SHARES	PERCENTAGE OF ISSUED CAPITAL
HSBC Custody Nominees (Australia) Limited[1]	18,591,315	16.52%
JP Morgan Nominees Australia Pty Limited[1]	11,294,255	10.04%
Citicorp Nominees Pty Limited[1]	10,530,224	9.36%
National Nominees Limited[1]	3,334,582	2.96%
Pacific Custodians Pty Limited (PPT Plans Ctrl)[1]	3,074,012	2.73%
Washington H Soul Pattinson and Company Limited	1,979,278	1.76%
BNP Paribas Noms Pty Limited (DRP)[1]	1,955,833	1.74%
Mutual Trust Pty Limited	1,650,852	1.47%
Mr Chris Lees	930,321	0.83%
BNP Paribas Nominees Pty Ltd HUB24 Custodial Serv Limited (DRP A.C)[1]	750,918	0.67%
Citicorp Nominees Pty Limited (Colonial First State Inv A/C)[1]	671,207	0.60%
Queensland Trustees Pty Limited (Long Term Incentive Plan)[2]	537,627	0.48%
Equiniti TST (Jersey) Limited	508,003	0.45%
Carlton Hotel Limited	424,964	0.38%
Queensland Trustees Pty Limited (Employee Share Services)[2]	402,439	0.36%
Enbeear Pty Limited	369,832	0.33%
Netwealth Investments Limited	347,541	0.31%
National Investment Holdings Pty Limited	245,115	0.22%
Bond Street Custodians Limited	225,509	0.20%
First Samuel Ltd	225,287	0.20%
Total	**58,049,114**	**51.61%**

1. Held in capacity as executor, trustee or agent.
2. The total number of shares held by Queensland Trustees Pty Ltd as trustee of the various Employee Share Plans is 940,067 shares.

Securities exchange and investor information

Restricted securities

There are no securities subject to voluntary escrow.

Unquoted securities

The Company has the following unquoted rights on issue under its Employee Share Plans:

– 3,386,893 performance rights

For further information, please refer to Section 5-6 in the Financial Report.

Other information

Perpetual Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares.

Voting rights

Under the Company's Constitution, each member present at a general meeting (whether in person, by proxy, attorney or corporate representative) is entitled:

1. on a show of hands to one vote, and
2. on a poll to one vote for each share held.

If a member is present in person, any proxy of that member is not entitled to vote.

Voting by proxy

Voting by proxy allows shareholders to express their views on the direction and management of the economic entity without attending a meeting in person.

Shareholders who are unable to attend the 2023 Annual General Meeting are encouraged to complete and return the proxy form that accompanies the notice of meeting enclosed with this report.

On-market buyback

There is no current on-market buyback.

Final dividend

The final dividend of 65 cents per share will be paid on 29 September 2023 to shareholders entitled to receive dividends and registered on 8 September 2023, being the record date.

Enquiries

If you have any questions about your shareholding or matters such as dividend payments, tax file numbers or change of address, you are invited to contact the Company's share registry office below, or visit its website at linkmarketservices.com.au or email PPT@linkmarketservices.com.au.

Link Market Services Limited
Building 6&8 Parramatta Square
10 Darcy Street
Parramatta NSW 2150

Locked Bag A14
Sydney South NSW 1235

Perpetual Shareholder Information Line:
1300 732 806
Fax: (02) 9287 0303

Any other enquiries which you may have about the Company can be directed to the Company's registered office, or visit the Company's website at perpetual.com.au.

Principal registered office

Level 18
123 Pitt Street
Sydney NSW 2000

Tel: (02) 9229 9000
Fax: (02) 8256 1427

Company Secretary

Sylvie Dimarco

Website address: perpetual.com.au

Perpetual Limited ("Perpetual") is an ASX listed (ASX:PPT) global financial services firm operating a multi-boutique asset management business, as well as wealth management and trustee services businesses.

Perpetual Group owns leading asset management brands including Perpetual, Pendal, Barrow Hanley, J O Hambro, Regnan, Trillium and TSW.

The Wealth Management business services high-net worth clients, not for profits, and small businesses through brands such as Perpetual Private, Jacaranda Financial Planning and Fordham.

The Group's Corporate Trust business provides services to managed funds, the debt market and includes a growing digital business, encompassing Laminar Capital.

Headquartered in Sydney, Perpetual Group services its global client base from offices across Australia as well as internationally from Asia, Europe, the United Kingdom and United States.

perpetual.com.au

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