Perpetual Limited
ABN 86 000 431 827

OPERATING AND FINANCIAL REVIEW

For the 12 months
ended 30 June 2018

Perpetual

Notes

Note that in this review:

- FY18 refers to the financial reporting period for the 12 months ended 30 June 2018
- 1H18 refers to the financial reporting period for the 6 months ended 31 December 2017
- 2H18 refers to the financial reporting period for the 6 months ended 30 June 2018
- with similar abbreviations for previous and subsequent periods.

This is a review of Perpetual's operations for the 12 months ended 30 June 2018 (FY18). It also includes a review of its financial position as at 30 June 2018.

The following information should be read in conjunction with the Group's audited consolidated financial statements and associated notes for FY18.

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 www.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 2018 contained in the Annual Report for the financial year ended 30 June 2018 (FY18). The Group's audited consolidated financial statements were subject to 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 2018

TABLE OF CONTENTS

SECTION 1
REVIEW OF GROUP

1 ABOUT PERPETUAL

1.1 OVERVIEW

Perpetual Limited (Perpetual or the Group) is an Australian independent wealth manager operating in Australia and Singapore and provides asset management, financial advice and trustee services. In each of these businesses, 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.

1.1.1 STRATEGY

Perpetual's vision is to be Australia's largest and most trusted independent wealth manager.

Perpetual's strategy seeks to build on the foundation of three core businesses, forming a scalable business model supported by shared central services and a strong brand.

Perpetual Investments aims to build on its strength in active Australian equities' funds management and leverage its capabilities to move into logical, adjacent products and strategies. The growth opportunities for Perpetual Investments, in addition to global equities, are in credit strategies and multi asset strategies.

Perpetual Private seeks to maintain its strategic objective to lead in high net worth (HNW) advice and wealth management to its target client segments of 'business owners', 'established wealthy' and 'professionals'. These segments play to our existing strengths across holistic advice, research, investments, fiduciary and philanthropy. Perpetual Private aims to protect and grow client's wealth over the long term, whilst continuing to transform the client experience to improve advocacy.

Perpetual Corporate Trust will leverage its market-leading businesses in debt market services and managed fund services. Debt Markets Services seeks to maintain its position in the provision of trustee, custody and standby services to debt capital and securitisation markets and enhance its position through the provision of value-added services via its data services capability. Managed Funds Services continues to leverage its scale in the market and further extend into adjacencies such as providing responsible entity and investment management services to managed investment schemes.

On 20 November 2017, Geoff Lloyd announced that he was stepping down from the CEO role on 30 June 2018. On 11 May 2018, Perpetual announced the appointment of Rob Adams as the new Managing Director and Chief Executive Officer from 24 September 2018. On 8 June 2018 Chris Green was appointed as Interim CEO until 24 September 2018.

1.1.2 OPERATING SEGMENTS & PRINCIPAL ACTIVITIES

Perpetual Investments - supplies investment products and services to private, corporate, superannuation and institutional clients.

Perpetual Private - delivers a range of tailored wealth advice services to high net worth individuals, charities, not-for-profit and other philanthropic organisations. The comprehensive suite of financial advisory services includes financial advice, portfolio management, estate planning and administration, trustee services, as well as tax and accounting services provided by Fordham.

Perpetual Corporate Trust - provides Trustee and fiduciary services to institutional clients including custodial, trustee responsible entity and other ancillary services to Managed Investment Funds in Australia and Singapore, as well as specialised trust management and accounting services to the debt capital markets and investor reporting to the Australian securitisation market.

The business units are supported by **Group Support services** comprising Group Investments, Corporate Services, People & Culture and Marketing & Communications.

1.2 GROUP FINANCIAL PERFORMANCE

PROFITABILITY AND KEY PERFORMANCE INDICATORS

FOR THE PERIOD	FY18 $M	FY17 $M	FY18 v FY17	FY18 v FY17
Operating revenue	533.7	515.4	18.3	4%
Total expenses	(337.4)	(326.4)	(11.0)	(3%)
Underlying profit before tax (UPBT)	196.3	189.0	7.3	4%
Tax Expense	(57.3)	(52.0)	(5.3)	(10%)
Underlying profit after tax (UPAT)[1]	139.0	136.9	2.1	1%
Significant items[2]	1.3	0.4	0.9	NM
Net profit after tax (NPAT)	140.2	137.3	2.9	2%
Key Performance Indicators (KPI)				
Profitability				
UPBT margin on revenue (%)	37	37	-	-
Shareholder returns				
Diluted EPS on NPAT (cps)	299.5	293.9	5.5	2%
Diluted earnings per share (EPS)[3] on UPAT (cps)	296.8	293.2	3.6	1%
Fully franked dividends (cps)	275.0	265.0	10.0	4%
Dividend payout ratio[4]	91.3	89.9	1.4	2%
Return on Equity (ROE)[5] on NPAT (%)	21.6	22.1	(0.5)	
Return on Equity (ROE)[5] on UPAT (%)	21.5	22.1	(0.6)	
Growth ($B)				
Average funds under management $B	31.5	31.5	-	-
Average funds under advice $B	13.6	13.3	0.3	2%
Closing Debt Market Services FUA $B	450	454	(3.8)	(1%)
Closing Managed Funds Services FUA $B	243	204	39.1	19%

1. 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 Appendix B for details on how UPAT has been calculated and a reconciliation of the adjustments between Statutory Accounts and the OFR. 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.
2. Significant items include in FY18 a $4.7 million write back of tax provision relating to prior years and $3.5 million of non-recurring legal costs in connection with Brickworks and Washington H Soul Pattison (WHSP) matter. The FY17 significant item relates to the gain on sale of business (previously announced in 2014). Refer Appendix C for further details.
3. Diluted EPS is calculated using the weighted average number of ordinary shares and potential ordinary shares on issue of 46,826,435 for FY18 (FY17: 46,706,627 shares).
4. Dividends paid/payable as a proportion of NPAT on ordinary fully paid shares at the end of each reporting period.
5. 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.

1.2.1 FINANCIAL PERFORMANCE

For the 12 months to 30 June 2018, Perpetual's UPAT was $139.0 million and NPAT was $140.2 million.

FY18 UPAT was 1% higher than FY17 principally due to:

- growth in average funds under management and advice supported by higher equity markets and larger performance fees earned offset by prior period distributions and net outflows in Perpetual Investments
- new business growth within Perpetual Corporate Trust and Perpetual Private
- ongoing cost management while continuing to invest in strategic initiatives, partially offset by
- lower gains on disposal of seed fund investments.

The FY18 NPAT was 2% higher than FY17 due to the UPAT result as discussed above, the write back of a tax provision relating to prior years, offset by the previously disclosed litigation costs incurred in 1H18 and the non-recurrence of a one-off gain on sale in FY17.

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

1.2.2 REVENUE

The main drivers of total revenue are the value of Funds under Management (FUM) in Perpetual Investments and Funds under Advice (FUA) in Perpetual Private, which are primarily influenced by the level of the Australian equity market. At the end of FY18, Perpetual Investments' FUM and Perpetual Private's FUA were 75% and 59% exposed to equity markets respectively.

The average S&P/ASX All Ordinaries Price Index (All Ords) in FY18 was 5,994, up 6% on the average All Ords in FY17 of 5,660[1].

In FY18, Perpetual generated $533.7 million of total operating revenue, which was $18.3 million or 4% higher than FY17. Revenue was positively impacted by higher levels of FUM and FUA as a result of higher equity markets, continued positive net flows within Perpetual Private and new business growth in Perpetual Corporate Trust, partially offset by prior period distributions and net outflows within Perpetual Investments. Performance fees earned in FY18 were $9.2 million which is $2.5 million higher than FY17.

Management has calculated the expected impact on revenue, across the business, for a 1% movement in the All Ords. Based on the level of the All Ords at the end of June 2018, a 1% movement impacts annualised revenue by approximately $2.25 million to $2.75 million.

Note that the above revenue sensitivity is a guide only and may vary due to a number of factors, including but not limited to: the performance of funds under the Group's management and advice; the impact and timing of flows on FUM and FUA – inflows, outflows and distributions; and changes in pricing policy, channel and product mix.

1.2.3 EXPENSES

Total expenses in FY18 were $337.4 million, $11.0 million or 3% higher than FY17, comprising:

- continued investment in strategic initiatives, including additional staff costs to support business growth
- an increase in depreciation and amortisation expenses resulting from investments made in the prior year, and
- growth in variable remuneration expenses, partially offset by
- ongoing expense management.

1.2.4 SHAREHOLDER RETURNS AND DIVIDENDS

The Board announced a final fully franked dividend for FY18 of 140 cents per share to be paid on 8 October 2018, taking total dividends paid and payable to 275 cents per share, an increase of 4% from FY17.

This represents a payout ratio of 91% and is in line with Perpetual's dividend policy to pay dividends within a range of 80% to 100% of NPAT on an annualised basis and maximising fully franked dividends to shareholders.

The Dividend Reinvestment Plan (DRP) will be operational for the final dividend. No discount will apply and the DRP will be met by acquiring existing shares on-market. A broker will be appointed to acquire existing shares to satisfy the DRP.

Perpetual's return on equity (RoE) was 21.6% for the year compared with 22.1% in FY17.

[1] The All Ords closed at 6,290 on 30 June 2018, up 9% on the closing level on 30 June 2017 of 5,764

1.3 GROUP FINANCIAL POSITION

AS AT	2H18[1] $M	1H18[1] $M	2H17[1] $M	1H17[1] $M
Assets				
Cash and cash equivalents	320.2	270.1	323.5	256.5
Liquid investments	75.0	83.7	63.1	76.1
Goodwill and other intangibles	298.5	301.3	304.4	307.5
Software	29.2	26.5	26.8	27.0
Other assets	240.1	176.2	176.8	172.7
Total assets	**963.0**	**857.8**	**894.6**	**839.8**
Liabilities				
Corporate loan facility	87.0	87.0	87.0	87.0
Other liabilities	214.8	123.7	173.2	134.5
Total liabilities	**301.8**	**210.7**	**260.2**	**221.5**
Net assets	**661.1**	**647.1**	**634.4**	**618.3**
Shareholder funds				
Contributed equity	508.7	508.6	501.8	501.2
Reserves	24.2	20.0	20.2	15.9
Retained earnings	128.3	118.5	112.4	101.2
Total equity	**661.1**	**647.1**	**634.4**	**618.3**

DEBT METRICS	FY18	FY17	2H18	1H18	2H17	1H17
Corporate debt $M	87.0	87.0	87.0	87.0	87.0	87.0
Corporate debt to capital ratio[2]%	11.6	12.1	11.6	11.9	12.1	12.3
Interest coverage calculation for continuing operations (times)[3]	75x	68x	73x	76x	77x	61x
NTA per share	**6.68**	**6.10**	**6.68**	**6.59**	**6.10**	**5.95**

CASHFLOW FOR THE PERIOD	FY18 $M	FY17 $M	2H18 $M	1H18 $M	2H17 $M	1H17 $M
Net cash from operating activities	144.3	158.4	113.7	30.6	116.1	42.3
Net cash(used in)/provided by investing activities	(21.8)	8.0	(0.8)	(21.0)	11.4	(3.5)
Net cash used in financing activities	(125.8)	(121.1)	(62.9)	(62.9)	(60.5)	(60.5)
Net (decrease)/increase in cash and cash equivalents	(3.3)	45.3	49.9	(53.3)	67.0	(21.7)

1. Excludes the assets and liabilities for the Perpetual Exact Market Cash Fund (EMCF) structured product.
2. Corporate debt/(corporate debt + equity)
3. EBIT/interest expense

1.3.1 BALANCE SHEET ANALYSIS

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

Cash and cash equivalents decreased from $323.5 million at the end of FY17 to $320.2 million at the end of FY18, a decrease of $3.3 million or 1%.

Liquid investments increased to $75.0 million at the end of FY18 from $63.1 million at the end of FY17. The increase was predominantly due to additional investment in existing unit trusts offset by the redemption of some of the Group's incubation funds.

Goodwill and other intangibles decreased by $5.9 million.

Other assets increased by $63.3 million to $240.1 million primarily due to an increase in receivables of $64.0 million, an increase in property, plant and equipment of $2.1 million and an increase in deferred tax assets of $1.6 million offset by a decrease in prepayments of $4.2 million.

Other liabilities increased by $41.6 million to $214.8 million primarily attributable to an increase in provisions of $74.2 million offset by a decrease in payables of $14.4 million and a decrease in current tax liabilities and deferred tax liabilities of $16.7 million and $1.5 million respectively.

Contributed equity has increased by $6.9 million since FY17. This increase is primarily attributable to the vesting of shares under employee share plans.

Total reserves have increased by $4.0 million to $24.2 million in FY18 primarily due to an increase in the Equity Compensation Reserve of $2.2 million and an increase in the available-for-sale reserve of $1.6 million.

1.3.2 CAPITAL MANAGEMENT

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

i) maximising returns to shareholders
ii) enabling the Group's strategy
iii) ensuring compliance with the Group's risk appetite statement and regulatory requirements, and
iv) withstanding shocks to the market.

Perpetual maintains a conservative balance sheet with 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.

The Group uses a risk-based capital model to assess its capital requirements. The model requires capital to be set aside for operational, credit and market risk and any known capital commitments.

At the end of FY18, total base capital requirements were $174 million compared to $375 million of available liquid funds.

During FY18, the Group has maintained its balance sheet strength through:

- continuing to maintain the overall credit quality of the Group's risk assets
- maintaining committed debt facilities of $130 million, drawn to $87 million as at 30 June 2018, and
- continued discretionary expense management within each business unit and support group.

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 FY18, cash and cash equivalents decreased by $3.3 million compared to an increase of $45.3 million in FY17. This represents a net decrease in cash flow of $48.6 million, principally due to:

- net cash from operating activities decreased by $14.1 million on FY17
- net cash used in investing activities increased by $29.7 million on FY17 primarily due to a decrease in net proceeds from the sale of investments of $25.9 million, and
- net cash used in financing activities increased by $4.7 million on FY17 due to an increase in dividend payments.

1.3.4 DEBT

At the end of FY18, Perpetual's gross corporate debt remained unchanged at $87 million compared to FY17. The Group's gearing ratio remained stable at 11.6% compared to 12.1% at the end of FY17 and remains well within Perpetual's stated risk appetite limit of 30%.

Perpetual's corporate debt is currently sourced from a long-term banking relationship with the National Australia Bank. Perpetual's gross corporate debt remains unchanged at $87 million with a further $43 million undrawn facility available to the Group. Repayment of the $87 million is not due before October 2019.

The facility is subject to annual review and the Group meeting certain debt covenants including shareholder funds as a percentage of total assets, and maximum ratio of gross debt to EBITDA. The Group complied with all the relevant covenants throughout the year.

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. The following discussion provides an overview of key regulatory reforms and their impact on the Group where known.

Royal Commission

The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry commenced in February 2018 with hearings ongoing. The Group is monitoring developments closely.

Governance

Recent regulatory change and guidance to industry is increasingly focussed on governance, culture and accountability. Whilst the Group is in compliance with existing governance requirements, any material changes to existing regulation may impact on Perpetual practices. Recent examples include:

- APRA's findings associated with its post-implementation review of APRA's superannuation prudential framework with guidance published in May and July 2018,
- ASIC's intended product design and distribution obligations,
- The APRA CBA Prudential Inquiry report and recommendations,
- The Productivity Commission's draft report on Efficiency and Competitiveness in the Superannuation Industry,
- The ASX Consultation Paper: Review of the ASX Corporate Governance Council's Principles and Recommendations.

Transparency

There is increasing focus on disclosure and reporting standards. Recent examples include the implementation of ASIC Regulatory Guide - RG 97, the implementation of the ATO Common Reporting Standard requirements and the FSC Asset Stewardship Standard. Despite the operational challenges and associated cost with implementation, the Group considers increased transparency a reflection of good culture and governance and continues to implement in accordance with the respective timetables.

New Investment Vehicle Structures and Schemes

Schemes such as the introduction of the Corporate Collective Investment Vehicles and the Asia Region Funds Passport have the potential to attract greater offshore investment. As draft legislation is released, the Group is assessing relevant opportunities given its existing capabilities.

1.4.2 BUSINESS RISKS

Risk management framework

Perpetual's approach to risk management 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 a dedicated Group Risk function, led by the General Manager, Risk and Internal Audit, which has day to day responsibility for the design, implementation and maintenance of Perpetual's risk management framework, and an independent Internal Audit department.

The risk management framework is underpinned by the 'Three Lines of Defence model'. This model sees the first line, being business unit management, accountable for the day-to-day identification and management of risks. Perpetual's Group risk and Group Compliance functions represent the second line and are responsible for overseeing first line activities. Internal audit provides independent assurance, representing the third line, and reports to the ARCC.

The Group's risk management framework and the Three Lines of Defence model are designed to manage and formulate responses to the key business risks faced by the Group which are set out on the following page.

The primary mitigants in place to manage these risks include Perpetual's policy, risk and compliance frameworks, clearly defined behaviours and performance assessment process, education and compliance training, defined governance processes and delegation of authorities.

1.4.3 KEY BUSINESS RISKS

The key business risks faced by Perpetual are set out below

Risk Category	Risk Description/Impact	Risk Mitigants
Compliance, Legal & Conduct	The risk that Perpetual breaches its compliance and legal obligations, leading to reputation damage, litigation, fines, breach of contract or adverse regulatory outcomes.	• Independent legal and compliance team, and training across teams • Compliance obligations are documented and monitored • Independent issues assessment
	Manifestation of behaviours and practices (conduct) that are considered unethical or unacceptable, including actions that compromise the best interests of Perpetual's clients and the integrity of the market place.	• Clearly defined expected behaviours of all individuals that form part of the performance assessment process • Implementation of the Three Lines of Defence risk practices • Whistleblowing arrangements managed by an independent vendor • Enterprise people, risk and compliance training arrangements
Financial	Risk of inappropriate use of Perpetual financial resources, drivers of financial performance are not well understood or managed to expectations, or financial results inappropriately accounted for or disclosed.	• Budget planning process • Reconciliation and review processes • Regular income and expense reviews • Internal and external auditors
	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
	Impact upon profitability due to the loss of key clients.	• Constant focus on servicing clients to the highest standards and acting in clients' best interests • Strong investment governance processes which support transparent and timely reporting to clients
Investment	The risk of loss resulting from ineffective investment strategies, management or structures resulting in sustained underperformance relative to peers and benchmarks.	• Well defined and disciplined investment processes and philosophy for selection • Established investment governance structure in place • Independent mandate monitoring and reporting
Operational	The risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This includes (but is not limited to) process, fraud and business continuity risks.	• Clearly defined policies, procedures, roles and responsibilities • Controls testing in the form of control self-assessment • Business continuity planning program • Independent assurance
	Cyber risk, including the risk of loss (both data and financial) resulting from unauthorised access to and/or tampering with Perpetual's IT systems or data.	• Defined information security program and IT security policies • Implementation of operational security technology (including firewalls and antivirus) • Security (penetration) testing of key systems
Outsourcing	The risk that services performed by external service providers are not managed in line with the servicing contract or the operational standards required, resulting in potential negative impacts to shareholders and/or customers.	• Partnered with well-regarded and proven strategic partners • Outsourced relationships are managed at a senior level • Outsourcing and vendor management framework, with legal contracts • Service level standards monitored
People	Exposure to changes in personnel, particularly in key investment management roles.	• Succession planning, talent identification programs, remuneration benchmarking, 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
	Exposure of staff, customers and suppliers to 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

Risk Category	Risk Description/Impact	Risk Mitigants
Reputation	The risk arising from negative perception on the part of both existing and prospective clients, employees, counterparties, shareholders, investors, regulators or other stakeholders that can adversely affect Perpetual's ability to maintain existing, or establish new client relationships and business operations.	• Application of risk appetite statement • Effective risk management framework that sets out how risk is managed • Effective issues management processes to respond to events that may arise • Media monitoring • Net Promoter Score measurement and reporting
Strategic	Adverse strategic decisions, ineffective implementation of strategic decisions, a lack of responsiveness to industry changes or exposure to economic, market or demographic considerations that affect Perpetual's market position and client value proposition.	• Considered strategic and business planning processes • Strategic measures cascaded through performance management • Application of Risk Appetite Statement in strategic decision-making

1.5 OUTLOOK

The Group is focused on executing its existing strategy. The long-term outlook for the Group is bolstered by the growing need for savings, advice and income in retirement. At the same time, external environmental factors, such as regulatory and political uncertainty, and market volatility can pose near-term challenges facing not just Perpetual but also the broader financial services industry.

Given the sensitivity of Perpetual's revenue and profitability to movements in Australian equity markets, net flows, and investment performance, near-term results are subject to significant variability, particularly during periods of high market volatility.

The Group remains confident that with continued investment in its core businesses and extensions into adjacent areas and new markets, it can continue to grow successfully over time.

SECTION 2
REVIEW OF BUSINESSES

2 REVIEW OF BUSINESSES

The results and drivers of financial performance in FY18 for the three Perpetual business units are described in the following sections. A description of revenues and expenses at the Group Support Services level is also provided.

2.1 PERPETUAL INVESTMENTS

2.1.1 BUSINESS OVERVIEW

Perpetual Investments is one of Australia's most highly regarded investment managers, offering a broad range of investment, superannuation and retirement savings products. The business manages investments across a range of asset classes, including Australian and global equities, fixed income and multi asset strategies. It services a diverse range of client types, from large institutional investors through to smaller retail investors.

2.1.2 FINANCIAL PERFORMANCE

FOR THE PERIOD	FY18 $M	FY17 $M	FY18 v FY17	2H18 $M	1H18 $M	2H17 $M	1H17 $M
Revenue by asset class							
> Equities	197.3	195.4	1%	96.7	100.6	97.8	97.6
> Cash and fixed income	26.7	24.5	9%	13.8	13.0	12.5	12.0
> Other FUM related	8.0	7.6	5%	4.0	3.9	3.8	3.9
> Other non-FUM related	0.3	0.6	(40%)	0.2	0.1	0.2	0.3
Total revenues	**232.3**	**228.1**	**2%**	**114.6**	**117.6**	**114.2**	**113.8**
Operating expenses	(110.5)	(103.0)	(7%)	(55.6)	(54.9)	(52.1)	(50.9)
EBITDA	**121.8**	**125.1**	**(3%)**	**59.1**	**62.7**	**62.1**	**63.0**
Depreciation and amortisation	(2.4)	(2.6)	6%	(1.2)	(1.3)	(1.3)	(1.3)
Equity remuneration expense	(6.9)	(6.0)	(15%)	(3.5)	(3.4)	(3.2)	(2.8)
Profit before tax	**112.5**	**116.5**	**(3%)**	**54.4**	**58.1**	**57.7**	**58.8**

30 JUNE 2018 V 30 JUNE 2017

In FY18, Perpetual Investments reported profit before tax of $112.5 million, $4.0 million or 3% lower than FY17.

The decrease was largely driven by an increase in operating expenses partially offset by higher performance fees earned. Average FUM remained unchanged from prior year at $31.5B with the benefit of higher equity markets offset by prior period distributions and net outflows largely from Institutional clients. The cost to income ratio in FY18 was 52% compared to 49% in FY17.

2.1.3 DRIVERS OF PERFORMANCE

Revenue

Perpetual Investments generated revenue of $232.3 million in FY18, $4.2 million higher than in FY17. The key factors that impacted revenue in FY18 included:

- higher equities performance fees earned in FY18 compared to FY17, and
- with total average FUM unchanged year on year due to the higher average All Ords, which increased by 6% compared to FY17, offset by prior period distributions (30 June 2017) and net outflows.

Average FUM revenue margins in FY18 were 73 basis points (bps), 1 bps higher than in FY17. Excluding performance fees earned, underlying average margins remained constant at 70 bps.

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

Expenses

Total expenses, comprising operating expenses, depreciation, amortisation and equity remuneration, for Perpetual Investments in FY18 were $119.7 million, $8.1 million or 7% higher than in FY17.

The increase in expenses on FY17 was mainly due to the addition of staff across the business, increased variable remuneration expenses and higher equity performance fee expenses.

2.1.4 FUNDS UNDER MANAGEMENT

Revenue margin

FOR THE PERIOD	FY18 bps	FY17 bps	FY18 v FY17	2H18 bps	1H18 bps	2H17 bps	1H17 bps
By asset class:							
> Equities	83	80	3	82	83	79	82
> Cash and fixed income	39	39	-	40	39	37	41
> Other FUM related	81	79	2	82	80	79	78
Average revenue margin	**73**	**72**	**1**	**73**	**74**	**71**	**74**

Performance fees ($M)

FOR THE PERIOD	FY18 $M	FY17 $M	FY18 v FY17	2H18 $M	1H18 $M	2H17 $M	1H17 $M
By asset class:							
> Equities	6.9	4.0	72%	2.7	4.1	1.3	2.7
> Cash and fixed income	2.3	2.7	(14%)	1.2	1.2	1.5	1.2
Total performance fees	**9.2**	**6.7**	37%	**3.9**	**5.3**	**2.8**	**3.9**

Closing FUM summary ($B)

AS AT		FUM MOVEMENTS				NET FLOWS		
	FY18	Net flows	Other[1]	FY17	2H18	1H18	2H17	1H17
Institutional	9.7	(2.0)	0.9	10.8	(1.2)	(0.8)	(0.4)	0.3
Intermediary (master trust and wrap)	15.5	(0.2)	0.6	15.1	(0.2)	-	(0.3)	(0.1)
Retail	5.3	(0.3)	0.4	5.2	(0.3)	-	(0.2)	(0.2)
Listed investment company	0.3	-	-	0.3		-	-	-
All distribution channels	**30.8**	**(2.5)**	**1.9**	**31.4**	**(1.7)**	**(0.8)**	**(0.9)**	**-**
Australian equities	20.9	(2.8)	1.4	22.3	(1.9)	(0.9)	(1.3)	(0.1)
Global equities	1.3	-	0.1	1.2	(0.1)	0.1	-	(0.3)
Listed investment company	0.3	-	-	0.3	-	-	-	-
Equities	22.5	(2.8)	1.5	23.8	(2.0)	(0.8)	(1.3)	(0.4)
Cash and fixed income	7.3	0.3	0.3	6.7	0.3	-	0.5	0.4
Other	1.0	-	0.1	0.9	-	-	(0.1)	-
All asset classes	**30.8**	**(2.5)**	**1.9**	**31.4**	**(1.7)**	**(0.8)**	**(0.9)**	**-**

[1] Includes changes in asset values, income, reinvestments, distributions, and asset class rebalancing within the Group's diversified funds.

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

Equities: Revenues represent fees earned on Australian and global equities products. Revenue in FY18 was $197.3 million, an increase of 1% on FY17. Revenue was positively impacted by higher performance fees earned partially offset by lower average FUM as a result of higher equity markets offset by prior period distributions and net outflows. The average margin in FY18 was 83 bps, 3 bps higher than FY17 mainly due to higher performance fees and changes in channel mix.

Cash and fixed income: Revenues are derived from the management of cash and fixed income products. Revenue in FY18 was $26.7 million, an increase of 9% on FY17 primarily due to higher average FUM. The revenue margin remained stable at 39 bps when compared to FY17.

Other FUM related: Revenue includes management fees for sub-advisory mandates and external funds on the WealthFocus platform. Revenue in FY18 was $8.0 million, an increase of 5% on FY17.

Other non-FUM related: Revenue includes the interest earned on operational bank accounts across the business.

FUM

Perpetual Investments FUM as at 30 June 2018 was $30.8 billion, with net outflows of $2.5 billion for the year. Points of note in relation to the FUM and flows data for FY18:

- outflows in the institutional channels were primarily in Australian Equities, partially offset by
- inflows within cash and fixed income across both institutional and intermediary channels through enhanced cash mandates and Pure Credit Alpha Fund.

2.2 PERPETUAL PRIVATE

2.2.1 BUSINESS OVERVIEW

Perpetual Private provides a range of advice and trustee services for high net worth individuals in the target segments of ‘business owners’, ‘established wealthy’ and ‘professionals’. It had $14.1 billion of FUA at the end of FY18.

Perpetual Private aims to be the leading provider of advice and wealth management for high net worth individuals, families, businesses and not-for-profit organisations. A key part of Perpetual Private is its philanthropic business and Perpetual is one of Australia’s largest managers of philanthropic funds, with $2.7 billion in FUA for charitable trusts and endowment funds as at the end of FY18.

2.2.2 FINANCIAL PERFORMANCE

FOR THE PERIOD	FY18 $M	FY17 $M	FY18 v FY17	2H18 $M	1H18 $M	2H17 $M	1H17 $M
Market related revenue	120.5	113.6	6%	59.5	61.0	57.9	55.7
Non-market related revenue	65.9	64.8	2%	34.2	31.8	34.0	30.9
Total revenues	186.4	178.4	5%	93.7	92.8	91.8	86.6
Operating expenses	(128.4)	(124.0)	(4%)	(64.8)	(63.6)	(62.9)	(61.1)
EBITDA	**58.0**	**54.4**	**7%**	**28.9**	**29.2**	**29.0**	**25.5**
Depreciation and amortisation	(9.0)	(10.1)	11%	(4.6)	(4.4)	(5.0)	(5.0)
Equity remuneration expense	(3.0)	(3.9)	24%	(1.3)	(1.6)	(2.1)	(1.7)
Profit before tax	**46.1**	**40.5**	**14%**	**23.0**	**23.1**	**21.8**	**18.7**
Funds under advice ($B)							
Closing FUA	$14.1B	$13.5B	5%	$14.1B	$13.7B	$13.5B	$13.3B
Average FUA	$13.6B	$13.3B	2%	$13.8B	$13.4B	$13.5B	$13.0B
Market related revenue margin	89bps	86bps	3bps	86bps	91bps	86bps	85bps

Includes reinvestments, distributions, income and asset growth.

30 JUNE 2018 V 30 JUNE 2017

In FY18, Perpetual Private reported profit before tax of $46.1 million, $5.6 million or 14% higher than in FY17.

This increase was due to growth in market related revenue as a result of higher equity markets, continued positive net flows and greater non-market related revenues, partially offset by an increase in staff and variable remuneration expenses. Perpetual Private experienced continued new client growth within the high net worth segment in FY18. The cost to income ratio in FY18 was 75% compared to 77% in FY17.

2.2.3 DRIVERS OF PERFORMANCE

Revenue

Perpetual Private generated revenue of $186.4 million in FY18, $8.0 million or 5% higher than in FY17.

The main drivers of revenue in FY18 compared to FY17 were:

- growth in average FUA due to stronger equity markets and positive net flows
- higher funds management activity, and
- greater non-market related revenue, primarily Fordham (tax and accounting).

Perpetual Private’s market related revenue margin was 89 bps in FY18 compared to 86 bps in FY17 due primarily to changes in portfolio mix.

Expenses

Total expenses, comprising operating expenses, depreciation, amortisation and equity remuneration, for Perpetual Private in FY18 were $140.3 million, $2.4 million or 2% higher than in FY17.

The increase compared to FY17 was primarily due to growth in staff and remuneration costs partially offset by lower amortisation.

Funds Under Advice

Perpetual Private’s FUA at the end of FY18 was $14.1 billion, $0.6 billion higher than FY17, primarily due to higher equity markets and positive net flows, partially offset by distributions.

2.3 PERPETUAL CORPORATE TRUST

2.3.1 BUSINESS OVERVIEW

Perpetual Corporate Trust is a leading provider of corporate trustee services, comprising the following:

- **Debt Markets Services** – provides trustee, custody and standby services to the debt capital and securitisation markets, specialised trust management and accounting services to the debt capital markets, and data warehouse and investor reporting to the Australian securitisation market, and
- **Managed Funds Services** – provides outsourced responsible entity, trustee and custody services across a variety of asset classes including property, infrastructure, private equity, emerging markets and hedge funds.

2.3.2 FINANCIAL PERFORMANCE

FOR THE PERIOD	FY18 $M	FY17 $M	FY18 v FY17	2H18 $M	1H18 $M	2H17 $M	1H17 $M
Debt Markets Services	57.5	52.1	11%	29.6	27.9	26.6	25.5
Managed Funds Services	45.8	40.6	13%	24.1	21.7	21.6	19.1
Total revenues	103.3	92.7	11%	53.7	49.6	48.2	44.5
Operating expenses	(53.2)	(48.3)	(10%)	(27.3)	(25.9)	(24.2)	(24.1)
EBITDA	**50.1**	**44.4**	**13%**	**26.4**	**23.7**	**24.0**	**20.5**
Depreciation and amortisation	(6.5)	(6.2)	(5%)	(3.4)	(3.1)	(3.2)	(3.0)
Equity remuneration expense	(1.0)	(1.6)	35%	(0.3)	(0.7)	(0.9)	(0.6)
Profit before tax	**42.6**	**36.7**	**16%**	**22.8**	**19.8**	**19.9**	**16.8**

30 JUNE 2018 V 30 JUNE 2017

In FY18, Perpetual Corporate Trust reported profit before tax of $42.6 million, $5.9 million or 16% higher than in FY17. The result reflected strong issuance in securitisation markets and continued market activity within commercial property and managed investment funds, together with higher asset prices, partially offset by continued investment in strategic initiatives. The cost to income ratio in FY18 was 59% compared to 60% in FY17.

2.3.3 DRIVERS OF PERFORMANCE

Revenue

Perpetual Corporate Trust generated total revenues of $103.3 million in FY18, $10.6 million or 11% higher than in FY17. The main drivers of the improvement compared to FY17 were:

- continued market activity within commercial property and managed investments funds, together with higher asset prices, and
- sustained growth in the securitisation markets in Australia and product extensions (for example, document custody, trust management, data services).

In FY18, Debt Markets Services revenue was $57.5 million, $5.4 million or 11% higher than in FY17. The primary driver for the increase on FY17 was the full period benefit of the growth during 2H17 as well as continued issuance in securitisation markets during FY18.

In FY18, Managed Fund Services revenue was $45.8 million, $5.2 million or 13% higher than FY17. The increase compared to FY17 was primarily due to continued market activity within commercial property and managed investment funds, together with higher asset prices.

Expenses

Total expenses, comprising operating expenses, depreciation, amortisation and equity remuneration, for Perpetual Corporate Trust in FY18 were $60.7 million, $4.7 million or 8% higher than in FY17.

The primary driver of the increase in expenses on FY17 was the continued investment in strategic initiatives.

2.3.4 FUNDS UNDER ADMINISTRATION

AS AT	FY18 $B	FY17 $B	FY18 v FY17	2H18 $B	1H18 $B	2H17 $B	1H17 $B
Market Securitisation							
RMBS - bank	71.2	58.2	22%	71.2	64.9	58.2	48.9
RMBS - non bank	59.0	50.9	16%	59.0	55.4	50.9	49.5
CMBS and ABS	42.7	45.1	(5%)	42.7	45.8	45.1	43.0
Balance Sheet Securitisation							
RMBS - repos	191.9	206.0	(7%)	191.9	196.2	206.0	212.1
Covered bonds	70.1	76.0	(8%)	70.1	68.1	76.0	77.0
Debt Markets Services - Securitisation[1]	434.9	436.1	-	434.9	430.4	436.1	430.5
Other Debt Market Services	15.4	18.0	(14%)	15.4	17.9	18.0	14.5
Total Debt Market Services	450.3	454.1	(1%)	450.3	448.3	454.1	445.0
Managed Fund Services	242.9	203.8	19%	242.9	214.2	203.8	199.1
Total FUA	**693.2**	**657.9**	**5%**	**693.2**	**662.4**	**657.9**	**644.1**

1 Includes warehouse and liquidity finance facilities.

At the end of FY18, Securitisation FUA in the Debt Markets Services business was $434.9 billion, a decrease of $1.2 billion or 0.3% on FY17.

- Market Securitisation FUA continued to grow strongly in FY18, via increased issuance, particularly within the RMBS – Bank and RMBS – Non-bank portfolios. We saw a corresponding decrease in utilisation of Balance Sheet Securitisation by issuers during FY18, and
- RMBS runoff has been largely consistent with FY17 levels.

At the end of FY18, Managed Fund Services FUA was $242.9 billion, an increase of $39.1 billion or 19% on FY17, driven by growth in the Managed Funds Services business.

2.4 GROUP SUPPORT SERVICES

2.4.1 BUSINESS OVERVIEW

Group Support services comprising Group Investments, Corporate Services, People & Culture, Marketing & Communication and provides technology, property, legal, risk and 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 (CEO, Corporate Services, People and Culture and Marketing and Communications). Costs and revenues associated with the capital structure of the Group, including interest income, financing costs and ASX listing fees are also retained within Group Support Services.

2.4.2 FINANCIAL PERFORMANCE

FOR THE PERIOD	FY18 $M	FY17 $M	FY18 v FY17	2H18 $M	1H18 $M	2H17 $M	1H17 $M
Revenue	11.7	16.2	(28%)	4.9	6.8	8.8	7.5
Operating expenses	(14.6)	(17.2)	15%	(9.3)	(5.4)	(9.4)	(7.8)
EBITDA	**(2.9)**	**(1.0)**	**(206%)**	**(4.4)**	**1.5**	**(0.6)**	**(0.3)**
Depreciation and amortisation	(0.4)	(0.3)	(34%)	(0.2)	(0.3)	(0.2)	(0.2)
Equity remuneration expense	1.1	(0.6)	280%	0.5	0.6	-	(0.6)
Interest expense	(2.6)	(2.8)	8%	(1.3)	(1.3)	(1.3)	(1.5)
Profit before tax	**(4.9)**	**(4.7)**	**(4%)**	**(5.4)**	**0.5**	**(2.1)**	**(2.6)**

2.4.3 DRIVERS OF PERFORMANCE

Revenue

In FY18, revenue from the Group's cash holdings and principal investments was $11.7 million, $4.5 million or 28% lower than in FY17 due to lower revenue from disposals of Perpetual's seed fund investments partially offset by higher interest income.

Expenses

Total expenses, comprising operating expenses, depreciation, amortisation, equity remuneration and interest expense for Group Support Services in FY18 were $16.6 million, $4.3 million or 21% lower than in FY17, primarily due to expense management and equity remuneration reversals.

SECTION 3
APPENDICES

3.1 APPENDIX A: SEGMENT RESULTS

FOR THE PERIOD	FY18					2H18					1H18				
	PI $M	PP $M	PCT $M	GSS $M	Total $M	PI $M	PP $M	PCT $M	GSS $M	Total $M	PI $M	PP $M	PCT $M	GSS $M	Total $M
Operating revenue	232.3	186.4	103.3	11.7	533.7	114.6	93.7	53.7	4.9	266.9	117.6	92.8	49.6	6.8	266.8
Operating expenses	(110.5)	(128.4)	(53.2)	(14.6)	(306.7)	(55.6)	(64.8)	(27.3)	(9.3)	(157.0)	(54.9)	(63.6)	(25.9)	(5.4)	(149.8)
EBITDA	**121.8**	**58.0**	**50.1**	**(2.9)**	**227.0**	**59.1**	**28.9**	**26.4**	**(4.4)**	**110.0**	**62.7**	**29.2**	**23.7**	**1.5**	**117.1**
Depreciation and amortisation	(2.4)	(9.0)	(6.5)	(0.4)	(18.4)	(1.2)	(4.6)	(3.4)	(0.2)	(9.3)	(1.3)	(4.4)	(3.1)	(0.3)	(9.1)
Equity remuneration	(6.9)	(3.0)	(1.0)	1.1	(9.8)	(3.5)	(1.3)	(0.3)	0.5	(4.6)	(3.4)	(1.6)	(0.7)	0.6	(5.2)
EBIT	**112.5**	**46.1**	**42.6**	**(2.3)**	**198.9**	**54.4**	**23.0**	**22.8**	**(4.0)**	**96.1**	**58.1**	**23.1**	**19.8**	**1.8**	**102.8**
Interest expense	-	-	-	(2.6)	(2.6)	-	-	-	(1.3)	(1.3)	-	-	-	(1.3)	(1.3)
UPBT	**112.5**	**46.1**	**42.6**	**(4.9)**	**196.3**	**54.4**	**23.0**	**22.8**	**(5.4)**	**94.8**	**58.1**	**23.1**	**19.8**	**0.5**	**101.5**

FOR THE PERIOD	FY17					2H17					1H17				
	PI $M	PP $M	PCT $M	GSS $M	Total $M	PI $M	PP $M	PCT $M	GSS $M	Total $M	PI $M	PP $M	PCT $M	GSS $M	Total $M
Operating revenue	228.1	178.4	92.7	16.2	515.4	114.2	91.8	48.2	8.8	263.0	113.8	86.6	44.5	7.5	252.4
Operating expenses	(103.0)	(124.0)	(48.3)	(17.2)	(292.4)	(52.1)	(62.9)	(24.2)	(9.4)	(148.6)	(50.9)	(61.1)	(24.1)	(7.8)	(143.8)
EBITDA	**125.1**	**54.4**	**44.4**	**(1.0)**	**223.0**	**62.1**	**29.0**	**24.0**	**(0.6)**	**114.4**	**63.0**	**25.5**	**20.5**	**(0.3)**	**108.6**
Depreciation and amortisation	(2.6)	(10.1)	(6.2)	(0.3)	(19.2)	(1.3)	(5.0)	(3.2)	(0.2)	(9.6)	(1.3)	(5.0)	(3.0)	(0.2)	(9.6)
Equity remuneration	(6.0)	(3.9)	(1.6)	(0.6)	(12.0)	(3.2)	(2.1)	(0.9)	(0.0)	(6.3)	(2.8)	(1.7)	(0.6)	(0.6)	(5.7)
EBIT	**116.5**	**40.5**	**36.7**	**(1.9)**	**191.8**	**57.7**	**21.8**	**19.9**	**(0.8)**	**98.5**	**58.8**	**18.7**	**16.8**	**(1.0)**	**93.3**
Interest expense	-	-	-	(2.8)	(2.8)	-	-	-	(1.3)	(1.3)	-	-	-	(1.5)	(1.5)
UPBT	**116.5**	**40.5**	**36.7**	**(4.7)**	**189.0**	**57.7**	**21.8**	**19.9**	**(2.1)**	**97.3**	**58.8**	**18.7**	**16.8**	**(2.6)**	**91.7**

3.2 APPENDIX B: BRIDGE FOR FY18 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 the 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 audited. 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.

Bridge for FY18 Statutory Accounts and OFR

		OFR adjustments		
	FY18 Statutory Accounts $'000	**EMCF[1] $'000**	**Significant Items[2] $'000**	**FY18 OFR $'000**
Revenue	538,845	(5,104)	-	533,741
Staff related expenses excluding equity remuneration expense	(194,504)			(194,504)
Occupancy expenses	(18,638)			(18,638)
Administrative and general expenses	(93,557)			(93,557)
Distributions and expenses relating to structured products	(5,104)	5,104		-
Equity remuneration expense	(9,750)			(9,750)
Depreciation and amortisation expense	(18,364)			(18,364)
Impairment of assets	(28)			(28)
Legal Expenses	(4,970)		4,970	-
Financing costs	(2,603)			(2,603)
Net profit before tax	**191,327**	**-**	**4,970**	**196,297**
Income tax expense	(51,100)	-	(6,222)	(57,322)
Net profit after tax	140,227	-	(1,252)	138,975
Net profit after tax consolidated entity	- **140,227** -	**-**	**(1,252)**	**138,975**
Net profit after tax attributable to equity holders of Perpetual Limited	**140,227**	**-**	**(1,252)**	**138,975**
Significant items (net of tax)				1,252
Net profit after tax attributable to equity holders				**140,227**

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.

2 For the purposes of the OFR, $5.0 million of non-recurring legal expenses have been reclassified from Legal expenses to Significant Items, this adjustment is in connection with the Brickworks and Washington H Soul Pattison (WHSP) matter. A write back of prior years tax provision of $4.7 million is included as a significant item.

3.3 APPENDIX C: SIGNIFICANT ITEMS

FOR THE PERIOD	PROFIT/(LOSS) AFTER TAX					
	FY18 $M	FY17 $M	2H18 $M	1H18 $M	2H17 $M	1H17 $M
Litigation costs	(3.5)	-	-	(3.5)	-	-
Write back of taxation provision - prior years	4.7	-	4.7	-	-	-
Gain on sale of business	-	0.4		-	-	0.4
Total significant items	**1.3**	**0.4**	**4.7**	**(3.5)**	**-**	**0.4**

3.4 APPENDIX D: FULL TIME EQUIVALENT EMPLOYEES

AT END OF	2H18	1H18	2H17	1H17
Perpetual Investments	173	162	156	155
Perpetual Private	410	402	391	387
Perpetual Corporate Trust	192	187	177	168
Group Support Services	160	159	167	158
Total operations	**936**	**910**	**891**	**868**
Permanent	913	899	874	856
Contractors	23	11	17	12
Total operations	**936**	**910**	**891**	**868**

3.5 APPENDIX E: DIVIDEND HISTORY

Perpetual's dividend policy is to a payout ratio range of between 80-100 % of net profit after tax on an annualised basis. An extended history of Perpetual's dividends paid including the dividend reinvestment price can be found via this link:https://www.perpetual.com.au/about/shareholders/dividend-history

Year	Dividend	Date paid	Dividend per share	Franking rate	Company tax rate	DRP price
FY18	Final	8 Oct 2018	140 cents	100%	30%	Not determined at time of publication
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
FY16	Final	28 Sep 2016	130 cents	100%	30%	$45.93
FY16	Interim	24 Mar 2016	125 cents	100%	30%	$42.93
FY15	Final	25 Sep 2015	125 cents	100%	30%	$40.61
FY15	Interim	27 Mar 2015	115 cents	100%	30%	$54.20
FY14	Final	3 Oct 2014	95 cents	100%	30%	$45.54
FY14	Interim	4 Apr 2014	80 cents	100%	30%	$49.83

3.6 GLOSSARY

ABS	Asset backed securities
ADI	Authorised Deposit-taking Institution
All Ords	All Ordinaries Price Index
ANR	Annualised Net Revenue
ARCC	Audit, Risk and Compliance Committee
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
B	Billion
bps	Basis point (0.01%)
CMBS	Commercial mortgage backed securities
cps	Cents per share
DMS	Debt Markets Services
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
FTE	Full time equivalent employee
FUA	Funds under advice or funds under administration
FUM	Funds under management
Group	Perpetual Limited and its controlled entities (the consolidated entity) and the consolidated entity's interests in associates
HNW	High net worth
M	Million
MFS	Managed Funds Services
NM	Not meaningful
NPAT	Net profit after tax
OFR	Operating and Financial Review
PCT	Perpetual Corporate Trust
PI	Perpetual Investments
PP	Perpetual Private
RBA	Reserve Bank of Australia
RMBS	Residential mortgage-backed securities
RoE	Return on equity
S&P	Standard & Poor's
UPAT	Underlying profit after tax
UPBT	Underlying profit before tax
VWAP	Volume weighted average price

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