

# Shareholder Update

10 May 2018

## Pendal Group's Cash NPAT up 30% to a record \$114.5 million for the half year ended 31 March 2018

Dear Shareholder,

Pendal Group Limited (ASX: PDL), formerly BT Investment Management Limited, announced a record result for the six months to 31 March 2018 with Statutory NPAT increasing by 45 per cent, to \$114.8 million, compared to the previous corresponding period (pcp). Cash net profit after tax (Cash NPAT) increased by 30 per cent, to \$114.5 million, while Cash earnings per share (Cash EPS) increased 28% over the same period.

The Board has declared an interim dividend of 22.0 cents per share for the half year, representing an increase of 16 per cent on the 19.0 cents per share paid for the same period last year, and marking the 6th consecutive year of growth in the interim dividend.

The interim dividend will be 15 per cent franked and paid on 2 July 2018 to ordinary shareholders at record date, 25 May 2018.

	1H18	1H17	Change
Half year to 31 March:			
• Cash NPAT	\$114.5m	\$88.4m	+30%
• Statutory NPAT	\$114.8m	\$79.0m	+45%
• Fee Revenue	\$296.5m	\$243.4m	+22%
• Base Management Fees	\$247.9m	\$210.8m	+18%
• Base Management Fee Margin	51 bps	49 bps	+2 bps
• Performance Fees	\$47.6m	\$28.0m	+70%
• Operating Expenses	\$161.8m	\$134.5m	+20%
• Operating Margin	45%	45%	-
• Cash EPS	36.2 cps	28.4 cps	+28%
• Interim Dividend	22.0 cps	19.0 cps	+16%
• Average FUM	\$98.6b	\$86.3b	+14%
As at 31 March:			
• Closing FUM	\$99.0b	\$91.2b	+9%

This pleasing interim result represents six years of uninterrupted growth in our funds under management and dividend distributions to shareholders. This success is the result of our ongoing focus on attracting and retaining the best investment talent, expanding our investment offering through new capabilities and extension strategies, and a disciplined approach to managing capacity to preserve investment performance.

During the period, base management fee revenue increased by 18 per cent compared to pcp, to \$247.9 million, driven by a 14 per cent increase in average FUM to \$98.6 billion, and performance fees increased by 70 per cent to \$47.6 million.

The increase in average FUM over the period was supported by higher markets with the average level of the MSCI All Countries World Index in local currency terms up 16 per cent, and the average level of the S&P/ASX 300 Index was seven per cent higher compared to pcp.

Closing FUM was \$99.0 billion as at 31 March 2018, representing a three per cent increase on \$95.8 billion as at 30 September 2017. The \$3.2 billion uplift in FUM over the period was a result of an increase of \$2.2 billion from markets and investment performance and \$3.1 billion from favourable foreign exchange movements, as the Australian dollar weakened. There were net outflows of \$2.1 billion.

There were, however, pleasing net inflows into the Australian wholesale channel which attracted \$500 million across equities, fixed income and multi-asset funds, and the US pooled funds which also attracted \$800 million in net flows continuing the momentum from prior periods.

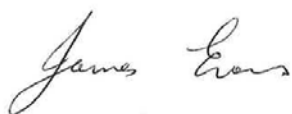
Reflecting our standalone success in carving-out an independent reputation as a diversified global asset manager, it was pleasing that you, our shareholders, overwhelmingly supported changing the company's name to Pental Group Limited. We have taken a long-term view of our future and the importance of building our own independent brand which aligns with our heritage, culture and history of investment performance.

The Board announced that the Dividend Reinvestment Plan (DRP) will remain active for the interim dividend payment, with shares issued at a zero discount to the allocation price as determined by the DRP rules. The DRP allows shareholders to reinvest in additional Pental Group (PDL) shares with no commission or brokerage costs.

Shareholders who wish to participate in the DRP for the interim dividend and have not previously elected to participate in the DRP must complete a DRP Instruction Form and return it to the Company's share registry, Link Market Services, by no later than 5:00pm on 28 May 2018. The DRP Instruction Form can be obtained at [www.linkmarketservices.com.au](http://www.linkmarketservices.com.au).

I encourage you to review Pental Group's results in more detail on our website: [www.pentalgroup.com](http://www.pentalgroup.com) or under announcements on the ASX website: [www.asx.com.au](http://www.asx.com.au).

Yours faithfully



James Evans  
Chairman  
Pental Group Limited