

2018 Annual General Meeting

PENDAL
GROUP

Pendal Group Limited

14 December 2018

Chairman's address

FY18 in review

Sixth consecutive increase in dividend up 16% to

52.0 cents per share

Closing funds under management (FUM) up 6% to

\$101.6 billion

Average FUM up 10% to

\$99.5 billion

Base management fees 12% higher to

\$501.1 million

Performance fees up 44% to

\$54.5 million

Revenue higher 14% to

\$558.5 million

Cash NPAT 17% higher to

\$201.6 million

Cash EPS increase of 15% to

63.7 cents per share

Debt remained at

Zero

Note: All comparative numbers to prior corresponding period (pcp) FY17

Investing in people

- Investment independence
- Transparent remuneration structure
- Collaborative and mutual respect culture
- Opportunity to move into step-out strategies
- Global distribution capabilities
- Opportunity for all staff to own equity

Stable investment teams with long-term track record:

78 investment professionals **19** investment teams

19 years average industry experience **8** years average tenure across Pental Group

3% turnover of investment staff is over the last 5 years¹

1. Includes voluntary resignations only, excludes retirement and involuntary departures

Board composition



Sally Collier

- Based in **Australia**
- Over **30 years' experience** in the financial services industry
- Held **senior executive positions** in financial services businesses in the UK and Hong Kong



Christopher Jones

- Based in **USA**
- Over **35 years' experience** in the financial services industry
- Significant experience as both a **Chief Investment Officer and Portfolio Manager** in the US

Pendal our heritage and opportunity

Independence respected.

Trust earned.

Relationships nurtured.

Success shared.

- Reverse of Dal(gety) and Pen(sion)
- Originates from BT's nominee firm in 1971 to hold assets on behalf of initial potential client Dalgety
- Opportunity to distill and articulate vision, purpose and company values
- A global and diversified business which delivers both resilience and increasing growth opportunities

Note: The change of name applies to the listed parent company and the Australian business only.

The Group's international business, J O Hambro Capital Management Limited, will continue to operate under its existing name and branding, subject to its brand license arrangements.

Outlook

1

Business model supports managing through market cycles

2

Investor caution due to volatile macro-economic conditions and geo-political circumstances

3

Managing for the short term but with strategy directed to the long term — to deliver outperformance for clients and value for shareholders

Group Chief Executive Officer's address

FY18 summary

Cash NPAT 17% higher to

\$201.6 million

Cash EPS increased 15% to

¢63.7 per share

Record closing FUM

\$101.6 billion

Full year dividend up 16% to

¢52.0 per share

Base management fee
increased 12% to

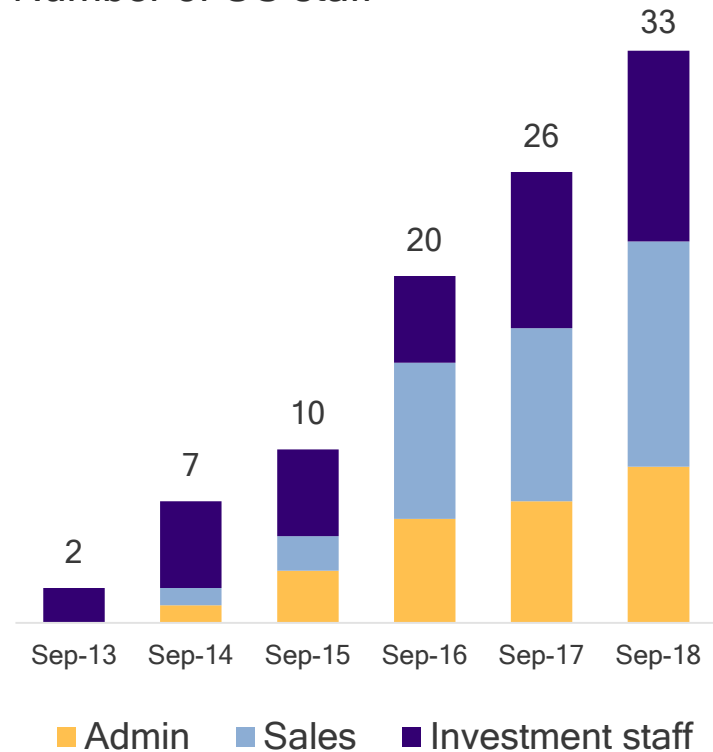
\$501.1 million

FUM growth of \$5.8 billion

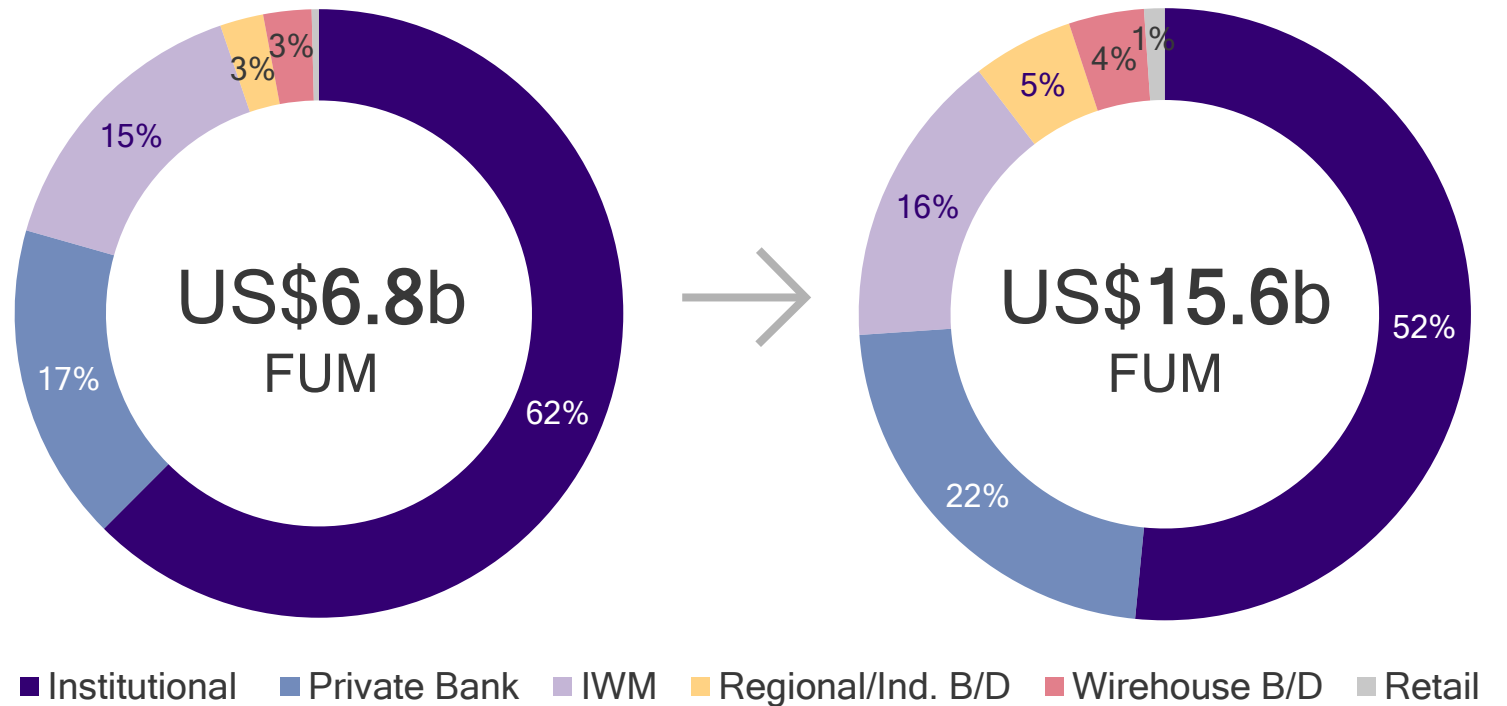
- Net outflows of \$3.7 billion mainly due to:
 - Redemptions following BT Financial Group MySuper portfolio reconfiguration
 - UK Opportunities strategy outflows from retirement of a senior fund manager
 - Net outflows from European and Asian strategies
- Pental Australia achieved record year of \$4.1 billion net flows outside the Westpac portfolio
- Continued momentum in flows into the US pooled funds
- Strong client support for Australian equities, European Concentrated Values and UK Dynamic strategies

US market growth

Number of US staff



US funds under management¹ 30 September 2015 to 30 September 2018



1. Includes US pooled funds and mandates from US clients

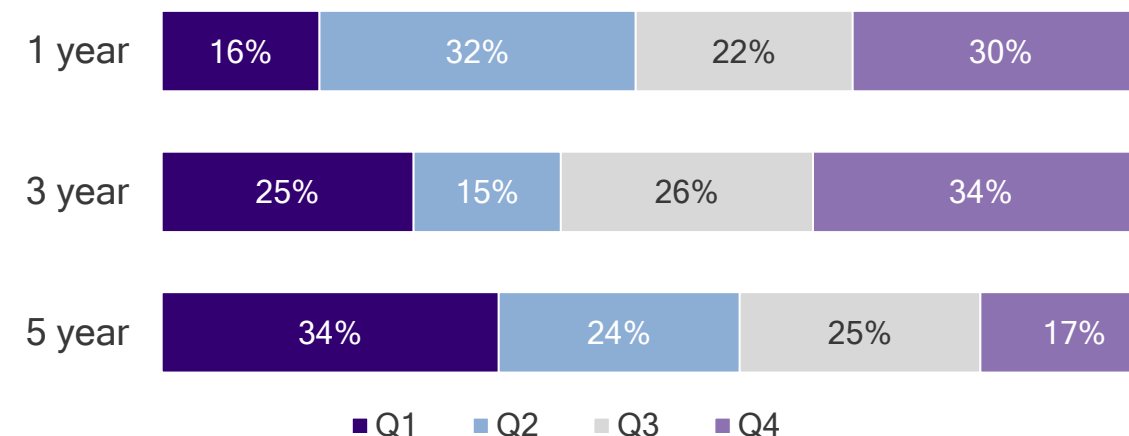
Investment performance

	FUM 30-Sep-18 (\$b)	% FUM outperformed ¹ 3 Yr	% FUM outperformed ¹ 5 Yr
Equities:			
Australian	16.7	71%	92%
Global/International	28.9	67%	98%
UK	11.5	84%	100%
European	9.9	100%	100%
Emerging markets	4.6	83%	100%
Asian	2.7	1%	3%
Property			
Property	1.8	100%	100%
Cash			
Cash	10.0	100%	100%
Fixed Income			
Fixed Income	6.8	44%	97%
Multi asset			
Multi asset	7.7	1%	64%
Other			
Other	1.0	82%	100%
Total FUM	101.6	69%	93%

69% of FUM has outperformed¹ over 3 years

93% of FUM has outperformed¹ over 5 years

% of funds² across quartile rankings



1. Fund performance is pre-fee, pre-tax and relative to the fund benchmark; % of FUM outperforming relates to FUM with sufficient track record only
 2. Funds represent funds on offer under prospectus with Lipper/Mercer rankings

Capacity management

Disciplined approach to capacity management

1

Soft closed five funds
as at 30 September 2018

2

Launched three new
investment strategies:

- JOHCM Global Income Builder Fund
- Pental Dynamic Income Fund
- Pental Multi-Asset Total Return Fund

3

Seed capital supporting
new offerings and teams

Talent and succession planning

Succession planning

- Succession plans reviewed for each Investment Head and refreshed across a five year time horizon
- Established clear succession pathways for each role and planning across the five-year timeframe

Employee engagement

- Continued to support the engagement drivers identified in staff engagement survey
- Focus centred on employee remuneration and as career development

Professional development

- Leadership development programs
- Onsite and external training programs

Brexit

- Preparing for no-deal Brexit
- Equivalence remains subject of discussion
- “Temporary Permission Regime” confirmed by FCA
- Commenced establishment of a presence in Ireland to meet European regulation post Brexit
- Ireland a natural fit to establish JOHCM “Manco” due to existing fund presence

FCA Asset Management Market Study

- Appointment of independent directors
- Prescribed responsibility - SMCR
- All-in-fee disclosure
- Value for money assessment

MiFID II

- Significant body of work through 2017 and met 3 January 2018 timetable
- Processes and reporting established and forming part of BAU
- Research costs now embedded in the P&L

Australian Banking Royal Commission

- Independent product manufacturers preferred
- Could represent opportunities if regulatory environment changes

The name change

BT Investment
Management

has become >

PENDAL

Independence valued by clients

Strategy

Five-year track record

FUM growth

from **\$58.3b** to **\$101.6b**

Cash NPAT growth

from **\$61.9m** to **\$201.6m**

Cash EPS growth

from **¢21.3** to **¢63.7**

Pendal has a consistent focus on investing for growth and diversification

- Continued investment in the US for growth
- Develop and enhance distribution channels to drive sales
- Disciplined capacity management for the preservation of investment performance
- Attract and retain investment talent that creates a portfolio of complementary strategies
- Ageing population to drive increased demand for products to provide income in retirement
- Adding further resources in our ESG and Responsible Investment capabilities
- Invest in technology to increase efficiencies and enhance client service