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GROUP

10 May 2021

Company Announcements Office
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

**Pendal Group Limited (PDL) Interim Profit Announcement for
the six months ended 31 March 2021**

The following documents are attached for lodgement:

- ☐ Interim Financial Report and Appendix 4D
- ☐ ASX Announcement
- ☒ **Analyst Presentation**
- ☐ Shareholder Update

Yours sincerely



Authorising Officer

Joanne Hawkins
Group Company Secretary
Pendal Group Limited
Tel: +61 2 9220 2000

1H21 Financial Results

Six months to 31 March 2021

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Nick Good, Group Chief Executive Officer

Cameron Williamson, Group Chief Financial Officer

10 May 2021



Agenda

Item	Presenter
1H21 Overview	Nick Good
Financials	Cameron Williamson
Strategy & Outlook	Nick Good

1H21 Overview

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1H21 Results Presentation, 10 May 2021

1H21 overview

UPAT up 8%

\$82.6 million

Performance fees up \$40.5m

\$41.1 million

Closing FUM up 18%

\$101.7 billion

Base management fee
margin stable

49 bps

Base management fees down 3%

\$234.9 million

Interim dividend up 13%

17.0 cents per share

Results context

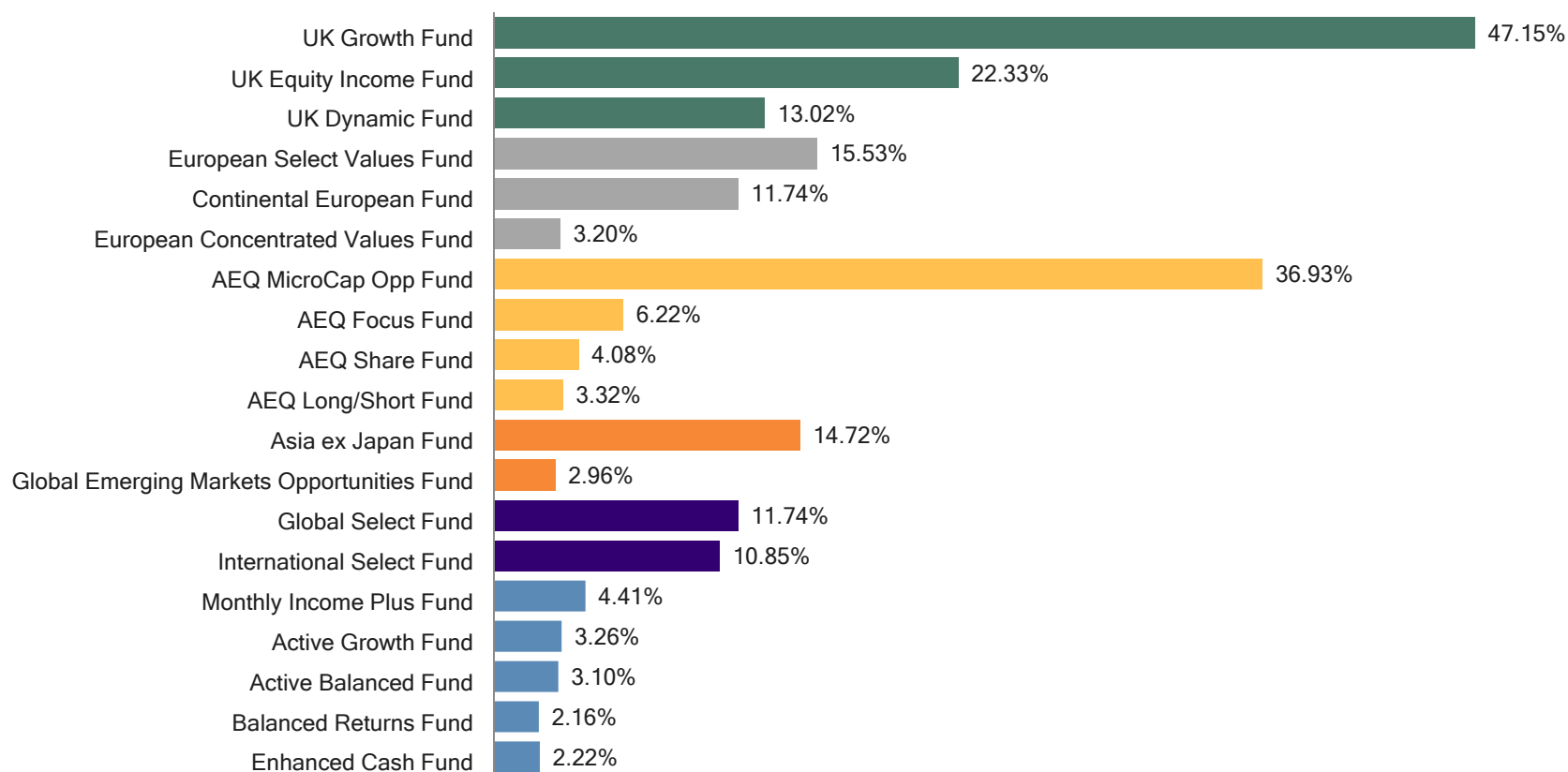
- Significant uplift in investment performance
- Turnaround in flows in March quarter
- Strong increase in performance fees
- Steady management fee margins
- Investment program on track and costs in line with expectations
- Improved market and economic conditions

Note: All comparative numbers to prior corresponding period (pcp) 1H20, restated for comparative purposes on a UPAT basis

Significant uplift in investment performance

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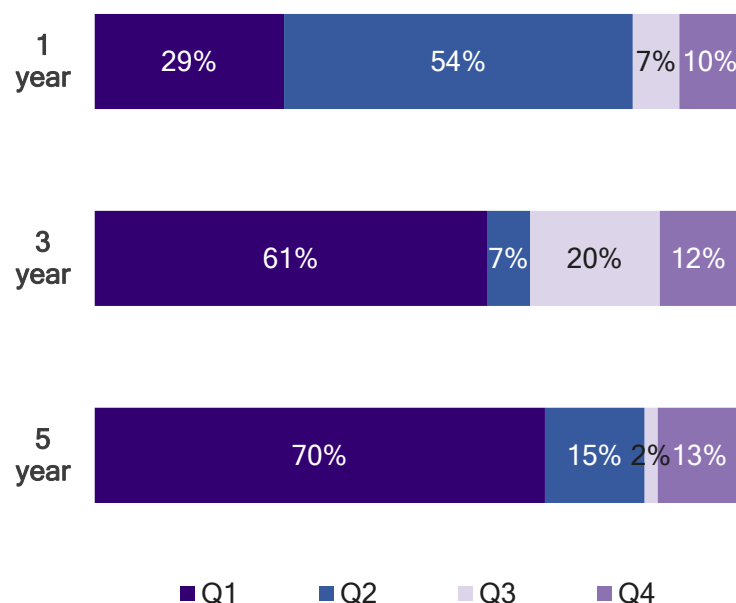
83% of FUM outperforming benchmark over one year¹



¹ Performance above benchmark for the year to 31 March 2021 for equity funds greater than +3% alpha and other non-equity funds greater than +1.5% alpha

Significant uplift in investment performance

% of FUM across quartile rankings¹



¹ Represent funds on offer under prospectus with Lipper/Mercer rankings

	FUM 1H21 (\$b)	% FUM outperformed			
		1 Yr	3 Yr	5 Yr	Since inception
Global / International	37.7	69%	79%	90%	80%
Australia	17.8	87%	82%	87%	100%
Cash	12.5	100%	100%	100%	91%
UK	9.3	94%	17%	93%	94%
Fixed Income	8.0	87%	97%	84%	89%
Emerging Markets	5.4	92%	100%	100%	100%
Multi asset	4.4	91%	2%	4%	82%
Europe	3.0	100%	27%	31%	85%
Property	1.8	28%	100%	100%	100%
Asia	1.6	98%	91%	86%	69%
Other	0.2	98%	99%	99%	99%
Total FUM	101.7	83%	74%	85%	88%

Turnaround in flows in March quarter

\$0.9 billion in net flows delivered

(\$b)	30-Sep-20 Closing FUM	Net flows	Other ²	FX impact	31-Mar-21 Closing FUM	Quarterly flows		Fee margin (bps)
						Dec qtr.	Mar qtr.	
Institutional	19.8	0.1	1.4		21.3	(0.4)	0.5	24
Wholesale	7.3	0.3	0.7	-	8.3	0.1	0.2	66
Westpac - Legacy	3.3	(0.3)	0.4	-	3.4	(0.1)	(0.2)	32
Westpac - Other ¹	12.7	0.4	0.8	-	13.9	0.2	0.2	17
Pendal Australia	43.1	0.5	3.3	-	46.9	(0.2)	0.7	30
Segregated Mandates	18.1	(0.5)	2.9	(0.6)	19.9	(0.7)	0.2	47
OEICs	12.4	(1.1)	3.0	-	14.3	(1.0)	(0.1)	65
US Pooled	18.8	0.4	2.6	(1.2)	20.6	0.3	0.1	80
JOHCM	49.3	(1.2)	8.5	(1.8)	54.8	(1.4)	0.2	64
Total Pendal Group FUM	92.4	(0.7)	11.8	(1.8)	101.7	(1.6)	0.9	49

¹ Westpac - Other: represents all Westpac directed mandates covering corporate and retail superannuation, multi-manager portfolios, managed accounts and Westpac Capital

² Other: includes market movement, investment performance and distributions

Financials

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1H21 Results Presentation, 10 May 2021

Robust financial results

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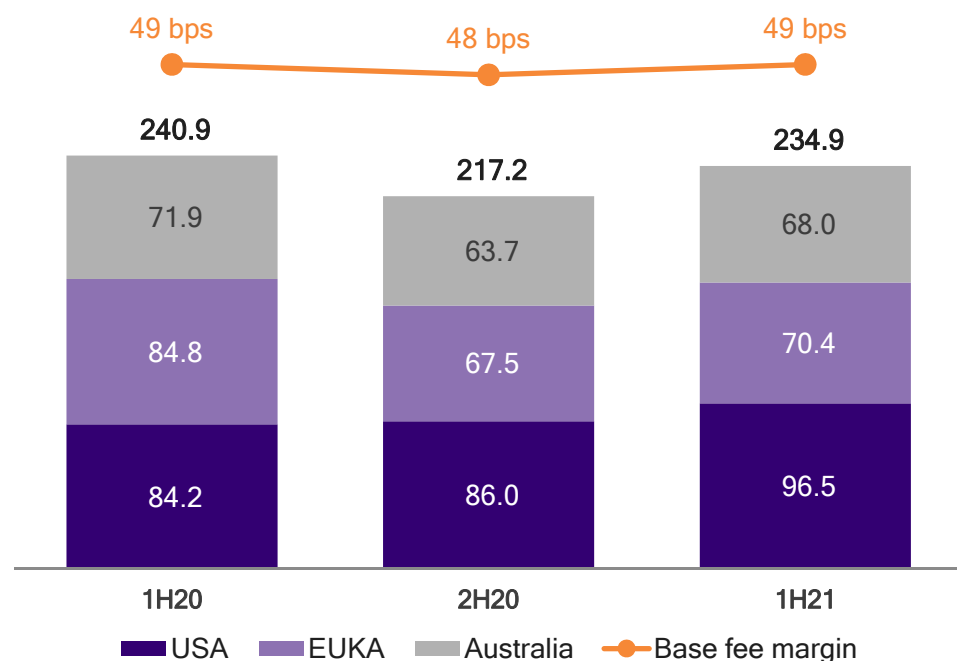
	1H20 ¹	2H20 ¹	1H21	1H21 v 1H20	1H21 v 2H20
Average FUM	\$98.9b	\$89.5b	\$97.1b	(2%)	9%
Base management fee margin	49bps	48bps	49bps	Steady	+1bps
Base management fees	\$240.9m	\$217.2m	\$234.9m	(3%)	8%
Performance fees	\$0.6m	\$12.8m	\$41.1m	>100%	>100%
Fee revenue	\$243.3m	\$231.5m	\$277.0m	14%	20%
Employee expenses	\$95.0m	\$119.1m	\$128.8m	36%	8%
Other expenses	\$50.6m	\$42.2m	\$45.6m	(10%)	8%
Total operating expenses	\$145.6m	\$161.3m	\$174.4m	20%	8%
Operating profit	\$97.7m	\$70.2m	\$102.6m	5%	46%
Operating margin	40%	30%	37%	(3%)	+7%
UPAT	\$76.6m	\$56.0m	\$82.6m	8%	47%
Statutory NPAT	\$54.8m	\$61.6m	\$89.9m	64%	46%
Underlying EPS	23.7cps	17.4cps	25.5cps	8%	47%

¹ FY20 has been restated on a UPAT basis for comparative purposes

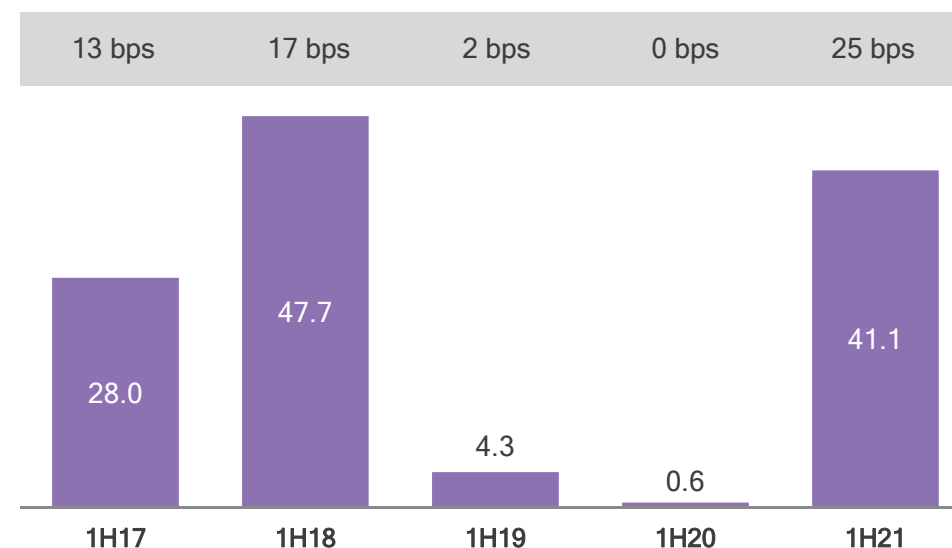
Growth in fee revenue

- Rebound in base management fees and base fee margins vs 2H20
- Consistent growth in USA fee revenue
- Strong recovery in performance fees

Base management fees by region (\$m)

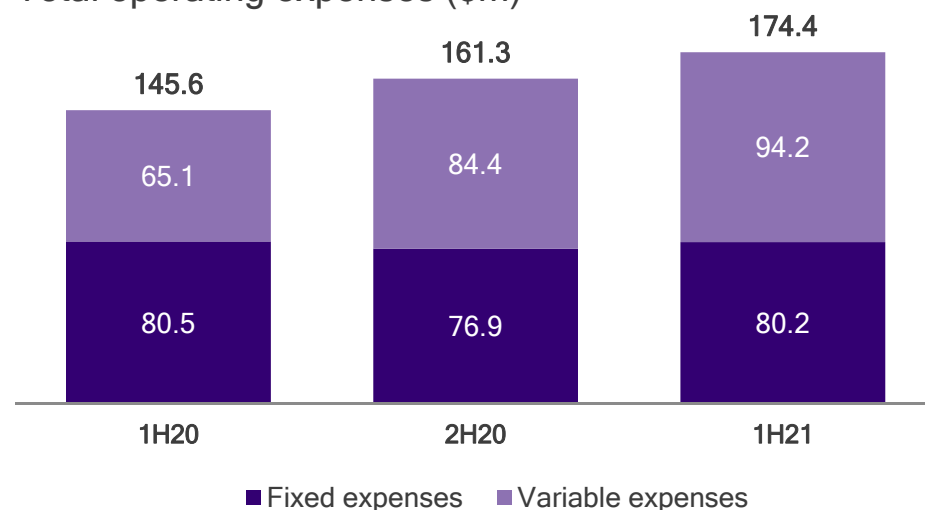


Performance fees (\$m) and average basis points earned on JOHCM FUM capable of earning performance fees



Investing for growth

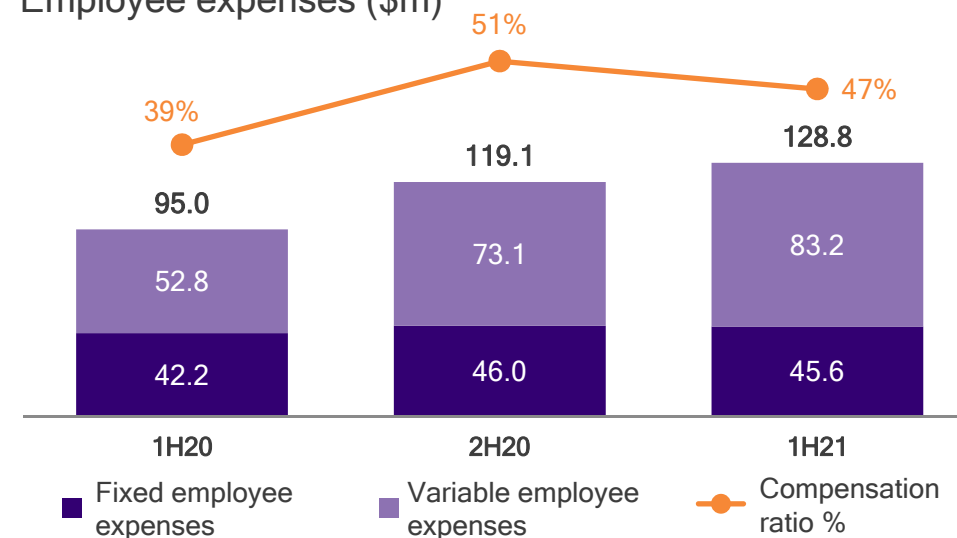
Total operating expenses (\$m)¹



- Fixed costs largely at 1H20 levels with strategic investments offset by scale efficiencies across vendors and lower opex
- Strategic investment program on track with FY21 spend weighted to 2H21
- FY21 fixed cost growth at lower end of prior guidance range of 8-10%

¹ FY20 has been restated on a UPAT basis for comparative purposes

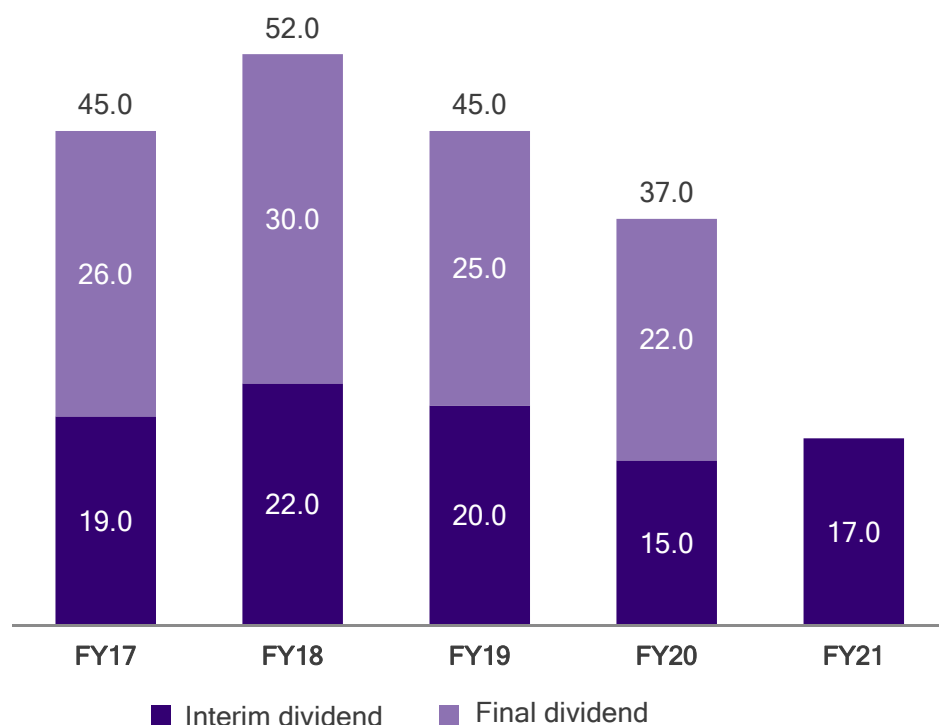
Employee expenses (\$m)¹



- Significant uplift in performance fees
- Expansion of distribution team to drive growth
- Investment in specialist ESG investment capabilities via Regnan
- Establishment of global data team
- Compensation ratio of 47%, up 2% vs FY20, in line with FY21 guidance

Interim dividend up 13%

Dividends (cents per share)



- Interim dividend of 17.0 cps, 13% higher than pcp
- Full year dividend payout ratio of 80-95% of UPAT
- Interim dividend will be 10% franked
- Record date brought forward to 14 May as new shares from Institutional Placement do not carry entitlements to interim dividend
- The Dividend Reinvestment Plan will be deactivated for the interim dividend

Strategy and Outlook

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1H21 Results Presentation, 10 May 2021

Strategy overview

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Supported by multi-year investment program

Global Distribution

Expanding our footprint in key growth markets in the US & Europe supported by world class digital marketing



Product Diversification

Diversifying our product offering via organic and inorganic growth and building out ESG/ RI capabilities



Global Operating Platform

Creating a more efficient and scalable global operating platform

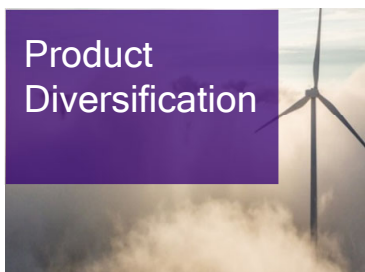


Execution momentum



Global Distribution

- Added senior sales leaders in Europe & Australia
- Appointed Regnan specialist in EUKA
- Expanded US distribution team



Product Diversification

- Launched Regnan Global Equity Impact Solutions (RGEIS) to strong client support
- Appointed Regnan Water & Waste team
- Deepened ESG integration and stewardship



Global Operating Platform

- Established cloud-based data infrastructure
- Selected group-wide global custodian
- Transitioned to new Australian registry provider
- Renegotiated contracts for global vendors

2H21 Priorities

- Capitalise on TSW acquisition to double US distribution footprint
- Establish continental European office
- Expand digital team and upgrade capabilities
- Deliver step-change in product diversification via TSW acquisition
- Launch RGEIS strategy in the US
- Deliver Water & Waste strategy to clients
- Consolidate digital distribution technologies
- Transition US mutual funds to proprietary trust
- Realise significant vendor savings

Summary and Outlook

Robust business momentum

- Strong financial results in improved market environment
- Significantly improved investment performance
- Turnaround in flows in March quarter
- Strategy and investment program on track

Positive outlook

- Strong equity markets with positive economic outlook in Pendal's operating jurisdictions
- Australian performance fees tracking at \$16.8 million¹
- Strategic and compelling acquisition of TSW to accelerate growth strategy in the US
- Benefiting from diversity of products, clients and geographies to deliver growth

¹ Performance fees will not be determined until the end of the performance period (30 June 2021) and remain highly variable until that time

Appendices

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Segment profit and loss

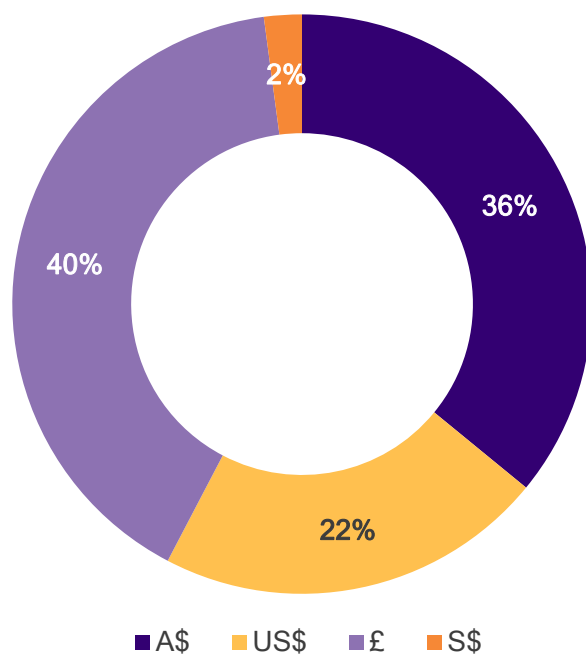
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(\$m)	1H20	1H21				v 1H20	
		Pendal Australia	Pendal EUKA	Pendal USA	Pendal Group	Change	%
Avg FUM (\$b)	98.9	45.4	24.5	27.2	97.1	(1.8)	-2%
Base fee margin	49bps	30bps	58bps	71bps	49bps	0bp	0%
Base management fees	240.9	68.0	70.4	96.5	234.9	(6.0)	-3%
Performance fees	0.6	0.0	25.3	15.8	41.1	40.5	>100%
Other fee revenue	1.8	0.9	0.1	0.0	1.0	(0.8)	-42%
Fee revenue	243.3	68.9	95.8	112.3	277.0	33.7	14%
Inter-segment revenue	0.0	(2.2)	69.0	(66.8)	0.00	0.0	0%
Total fee revenue	243.3	66.7	164.8	45.5	277.0	33.7	14%
Employee expenses	(95.0)	(43.9)	(74.2)	(10.7)	(128.8)	(33.8)	36%
Other operating expenses	(50.6)	(18.5)	(21.2)	(5.9)	(45.6)	5.0	-10%
Operating expenses	(145.6)	(62.4)	(95.4)	(16.6)	(174.4)	(28.8)	20%
Inter-segment expenses	0.0	2.7	(0.1)	(2.6)	0.0	0.0	0%
Total operating expenses	(145.6)	(59.7)	(95.5)	(19.2)	(174.4)	(28.8)	20%
Operating profit	97.7	7.0	69.3	26.3	102.6	4.9	5%

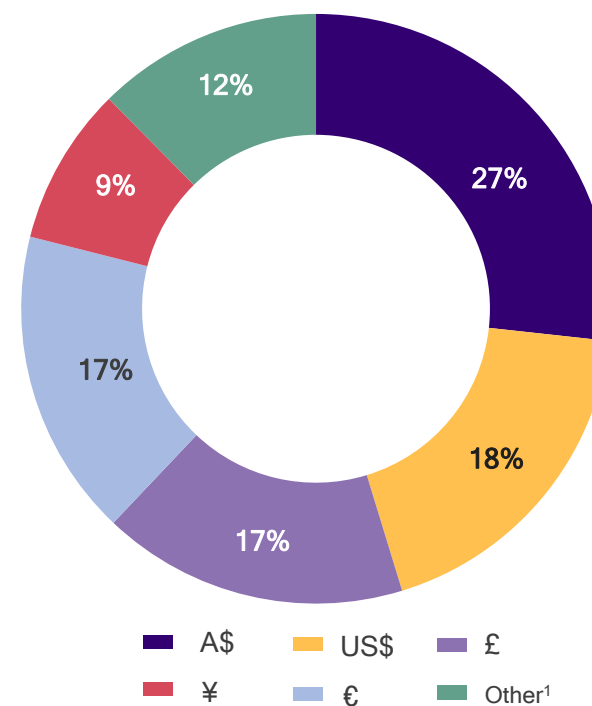
Note: All comparative numbers to prior corresponding period (pcp) 1H20, restated for comparative purposes on a UPAT basis

Currency exposure

1H21 fixed expenses by currency



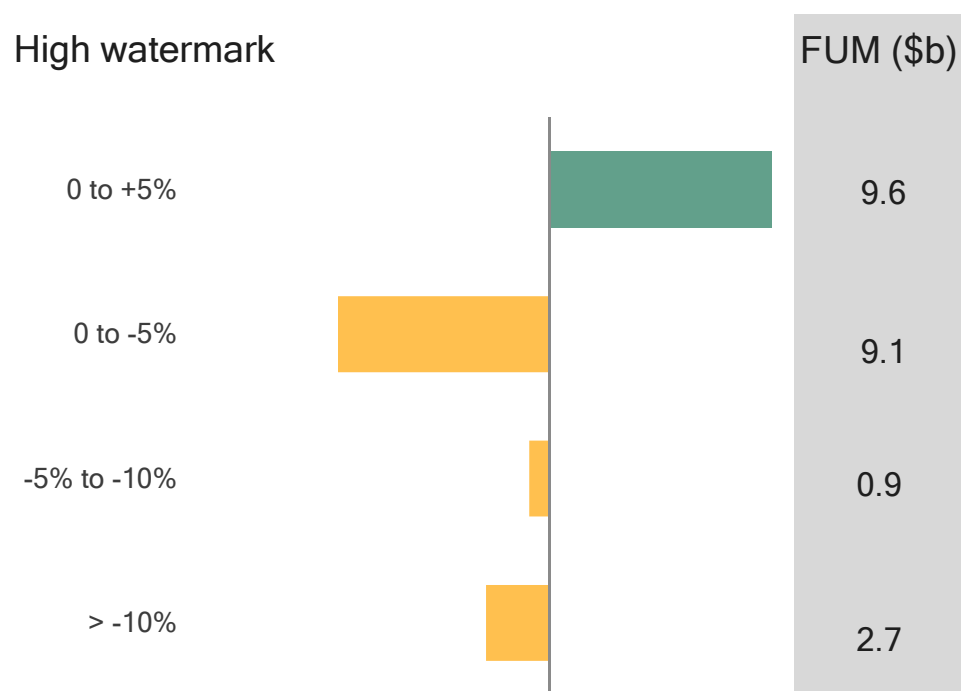
1H21 equities FUM by currency



¹ Other includes c. 30 other currencies, largely across emerging markets

Performance fees

High watermark



¹ Funds above their high water mark as at 31 March 2021

² Current status of Australian funds with performance period ending 30 June 2021.as at 31 March 2021

³JOHCM funds have a time period ending 31 December 2021 .FUM converted at 31 March spot rate of 0.5538

⁴ Benchmarks for certain JOHCM funds tailored to a specific time of day. See fund fact sheets

Fund	FUM (\$m)
Pendal Focus Australian Share Fund ¹	1,326
Pendal MidCap Fund	539
Pendal MicroCap Opportunities Fund ¹	403
Pendal Australian Long/Short Fund ¹	368
Mandates	1,879
Total Pendal Australia²	4,515
JOHCM UK Equity Income Fund	3,753
JOHCM Global Select Fund ¹	3,002
JOHCM UK Dynamic Fund	2,263
JOHCM European Select Values Fund	1,447
JOHCM UK Growth Fund ¹	816
JOHCM Global Opportunities Fund	800
JOHCM Continental European Fund	794
JOHCM UK Opportunities Fund	544
JOHCM Global Emerging Markets Opportunities Fund	440
JOHCM European Concentrated Values Fund	182
JOHCM Asia ex Japan Fund	173
JOHCM Japan Fund	153
JOHCM Asia ex Japan Small & Mid Cap Fund	32
Mandates	3,409
Total JOHCM^{3,4}	17,808
Total funds/mandates with performance fees	22,323

Current status of Pendal AU performance fees (\$m) ² **\$16.8m**

Long-term performance

	Performance relative to benchmark ^{1,2}			
	1 year (pa)	3 years (pa)	5 years (pa)	Since inception (pa)
Australian Equities				
Pendal Australian Share Fund	4.08%	0.67%	1.17%	1.08%
Pendal Focus Australian Share Fund	6.22%	2.12%	3.13%	2.97%
Pendal Imputation Fund	-0.74%	-0.81%	-0.39%	1.48%
Pendal Australian Long/Short Fund	3.32%	1.17%	1.70%	3.04%
Pendal Ethical Share Fund	0.40%	-0.12%	0.72%	1.42%
Pendal MidCap Fund	-7.38%	-0.47%	1.12%	5.57%
Pendal Smaller Companies Fund	-2.73%	-1.55%	-0.52%	5.94%
Pendal MicroCap Opportunities Fund	36.93%	12.10%	10.36%	19.16%
Global equities	1 year (pa)	3 years (pa)	5 years (pa)	Since inception (pa)
JOHCM Global Select Fund	11.74%	4.78%	3.59%	2.86%
JOHCM Global Opportunities Fund	-17.62%	-3.04%	-3.95%	0.57%
JOHCM International Small Cap Equity Fund	-9.73%	-1.69%	0.01%	0.10%
JOHCM International Select Fund	10.85%	6.29%	4.91%	5.72%
Pendal Concentrated Global Share Fund	11.53%	-2.65%	N/A	-0.21%
UK equities	1 year (pa)	3 years (pa)	5 years (pa)	Since inception (pa)
JOHCM UK Growth Fund	47.15%	5.54%	4.71%	4.02%
JOHCM UK Dynamic Fund	13.02%	-0.96%	1.77%	4.64%
JOHCM UK Equity Income Fund	22.33%	-0.99%	1.46%	3.10%
JOHCM UK Opportunities Fund	-1.33%	3.32%	-0.36%	3.02%
European equities	1 year (pa)	3 years (pa)	5 years (pa)	Since inception (pa)
JOHCM Continental European Fund	11.74%	1.13%	0.85%	4.05%
JOHCM European Select Values Fund	15.53%	-2.76%	-1.84%	4.75%
JOHCM European Concentrated Values Fund	3.20%	-3.94%	-2.51%	-0.30%

¹ Includes funds with performance track record of minimum of 3 years or minimum FUM over \$100 million

² Fund performance is pre-fee, pre-tax and relative to the fund benchmark as at 31 March 2021

Long-term performance

	Performance relative to benchmark ^{1,2}			
	1 year (pa)	3 years (pa)	5 years (pa)	Since inception (pa)
Emerging market equities				
JOHCM Global Emerging Markets Opportunities Fund	2.96%	1.73%	1.11%	1.75%
JOHCM Emerging Markets Small Cap Fund	-6.87%	3.00%	5.88%	6.67%
Asian equities				
JOHCM Asia ex Japan Small & Mid Cap Fund	-12.23%	4.88%	0.14%	4.68%
JOHCM Asia ex Japan Fund	14.72%	3.68%	0.06%	2.65%
Property				
Pendal Property Securities Fund	-1.62%	4.02%	2.71%	1.32%
Pendal Global Property Securities Fund	-2.41%	0.38%	0.46%	1.10%
Cash & fixed income				
Pendal Enhanced Cash Fund	2.22%	1.08%	1.21%	0.48%
Pendal Fixed Interest Fund	0.06%	0.27%	0.16%	0.32%
Pendal Monthly Income Plus Fund	4.41%	3.17%	3.28%	3.23%
Pendal Pure Alpha Fixed Income Fund	-3.27%	-0.93%	-1.09%	-0.70%
Multi Asset				
Pendal Active Balanced Fund	3.10%	-1.35%	-0.39%	N/A
Pendal Balanced Returns Fund	2.16%	-1.25%	-0.37%	0.09%
Pendal Active Conservative Fund	0.91%	-1.01%	-0.31%	0.51%
Pendal Active Growth Fund	3.26%	-1.35%	-0.34%	-0.04%

¹ Includes funds with performance track record of minimum of 3 years or minimum FUM over \$100 million

² Fund performance is pre-fee, pre-tax and relative to the fund benchmark as at 31 March 2021

FUM and flows by asset class

(\$b)	30-Sep-20 Closing FUM	Net Flows			Other ²	31-Mar-21 Closing FUM
		Core	Westpac Legacy	Westpac Other ¹		
Equities:						
Australia	15.1	0.0	(0.1)	(0.1)	2.9	17.8
Global/International	33.9	0.8	0.0	0.0	3.0	37.7
UK	7.9	(1.3)	0.0	0.0	2.7	9.3
Europe	2.9	(0.3)	0.0	0.0	0.4	3.0
Emerging Markets	4.8	(0.3)	0.0	0.1	0.8	5.4
Asia	1.6	(0.2)	0.0	0.0	0.2	1.6
Property	1.7	0.0	0.0	0.0	0.1	1.8
Cash	12.1	0.2	(0.1)	0.4	(0.1)	12.5
Fixed Income	8.1	0.2	0.0	0.0	(0.3)	8.0
Multi-Asset	4.0	0.2	(0.1)	0.0	0.3	4.4
Other	0.3	(0.1)	0.0	0.0	0.0	0.2
Total Group	92.4	(0.8)	(0.3)	0.4	10.0	101.7

¹ Westpac - Other: represents all Westpac directed mandates covering corporate and retail superannuation, multi-manager portfolios, managed accounts and Westpac capital

² Other: includes investment performance, market movement, distributions and FX

Underlying EPS calculation

Number of securities

(m)	1H20	1H21
Weighted average ordinary shares on issue	322.8	323.5
Number of performance rights on issue	2.3	3.7
Number of options on issue	5.7	5.8

Underlying EPS calculation¹

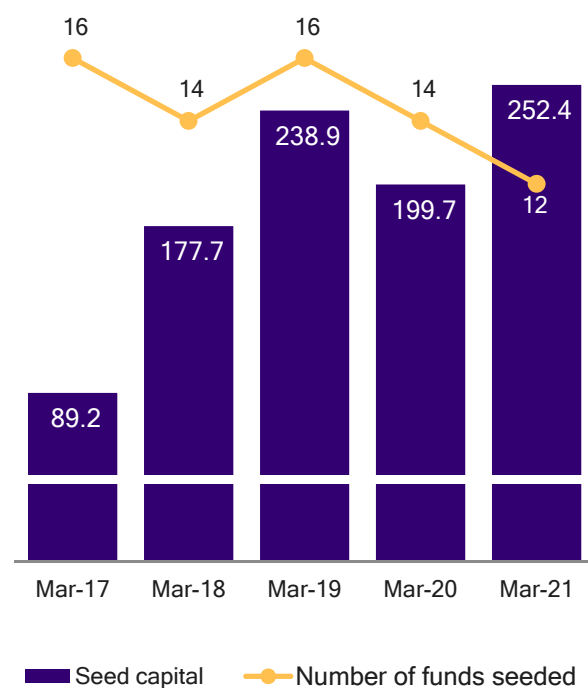
	1H20	1H21
Underlying profit after tax (\$m)	76.6	82.6
Weighted average fully diluted ordinary shares on issue (m)	322.8	323.5
Underlying EPS (cps) ²	23.7	25.5

¹ Performance rights and options are excluded from the fully diluted ordinary shares on issue because they historically have and are anticipated to be met by acquiring ordinary shares on market and holding them in treasury shares for issuance upon conversion of performance rights and exercise of options

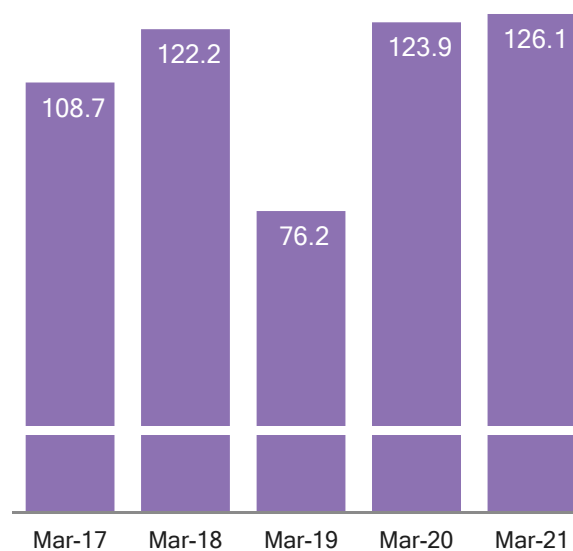
² 1H20 EPS restated for comparative purposes. Previously reported on a cash basis at 26.8cps.

Balance sheet

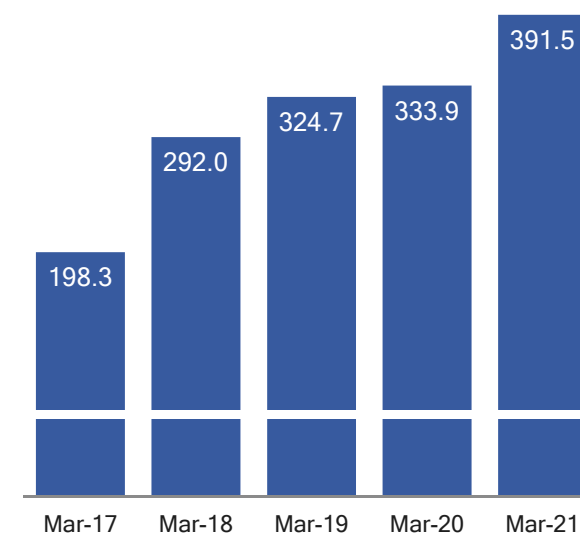
Seed capital¹ (\$m)



Net cash¹ (\$m)



Net tangible assets (\$m)



¹ Seed investments and net cash exclude escrowed fund manager deferred remuneration held in trust

Historical UPAT

(\$m)	1H17	1H18	1H19	1H20	1H21
Statutory NPAT	79.0	114.8	69.6	54.8	89.9
<i>Add back:</i>					
Amortisation and impairment of intangibles	2.8	3.2	3.6	2.9	5.3
Net (gains)/losses on financial assets	0.0	0.0	4.9	24.7	(15.2)
Adjust for tax effect	(0.8)	(0.8)	(1.6)	(5.8)	2.6
Underlying Profit After Tax (UPAT)	81.0	117.2	76.5	76.6	82.6

Disclaimer

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