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10 May 2021

Company Announcements Office
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

Pendal Group Limited (PDL) Acquisition of Thompson, Siegel & Walmsley LLC

The following documents are attached for lodgement:

- ☒ ASX Announcement
- ☐ Investor Presentation

Yours sincerely

A handwritten signature in black ink, appearing to read "Joanne Hawkins", written in a cursive style.

Authorising Officer

Joanne Hawkins
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ASX Announcement

Strategic Acquisition of US-based TSW for US\$320 million (A\$413 million)¹

Sydney, Australia, 10 May 2021

Pendal Group Limited (ASX: PDL) (Pendal) today announced that it has entered into an agreement to acquire 100% of Thompson, Siegel & Walmsley LLC (TSW), a US-based value-oriented investment management company, for US\$320 million (A\$413 million). Established in 1969 and headquartered in Richmond, Virginia, TSW operates primarily in long-only equity (US and International) with US\$23.6 billion (A\$30.5 billion) of funds under management (FUM)².

The acquisition price represents 7.6x 1H21 EBITDA (annualised, excluding synergies) and is expected to be double digit EPS accretive in the first full year post completion³.

Pendal Group Chairman, Mr. James Evans, said, "This is a strategic and compelling opportunity to acquire a highly successful complementary business, which will create immediate value and facilitate our growth opportunities in the US market.

"The acquisition will deliver scale and diversification benefits for Pendal across investment capability, asset classes, geographies and distribution channels. The Board believes that this acquisition will accelerate shareholder returns and strengthen the diversity of earnings."

Transaction highlights

- The acquisition is expected to be double digit EPS accretive in the first full year post completion.
- Pendal's consolidated FUM will increase by 30% to A\$132 billion after the acquisition, with its US client FUM increasing by 112% to US\$44.7 billion (A\$57.8 billion).
- The TSW business has robust business momentum driven by recent large client wins and strong investment performance. Four out of the six funds (where TSW is the sole subadvisor) hold a 4/5-star Morningstar rating and rank in the top quartile over the last three-year period.
- The acquisition will double Pendal's addressable market in the US⁴.
- TSW's CEO, Mr. John Reifsnider, will be appointed as CEO of Pendal's combined US business.
- The US\$320 million purchase consideration will be funded with a combination of equity, debt and existing capital. Equity will be raised through a fully underwritten Placement and, to enable retail shareholder participation, a Share Purchase Plan.

¹ Based on an exchange rate of AUD:USD 0.7743 as at 4 May 2021.

² As at 31 March 2021, FUM adjusted for the closure of a client account that occurred post 31 March 2021.

³ Excluding transaction and integration costs and before synergies. EPS accretion calculated excluding the impact of proceeds received or shares issued under the SPP.

⁴ As at 31 March 2021, based on Morningstar categories including for funds where TSW is a subadvisor.

Pendal Group CEO, Mr. Nick Good, said, “TSW is a natural strategic and cultural fit with Pendal and expands our successful diversified business model in the largest equity market in the world.

“TSW is highly complementary to Pendal’s US business, with almost no overlap of investment strategies and clients. This will deliver the opportunity to generate new FUM through the expansion of our addressable market in the US and our ability to distribute both TSW and JOHCM products through an expanded global distribution network.”

“Both businesses have solid flow momentum and high performing investment strategies, and with this growth profile, I believe we will be well placed to take advantage of more opportunities inherent in the positive US economic outlook and increasingly strong investor sentiment globally.

TSW is a highly regarded value-oriented investment manager, with a solid base of institutional and sub-advisory relationships, and with a track record of strong investment performance. 86% of TSW’s FUM outperformed benchmarks over the past year, highlighting the discernable rotation to value strategies over the past six months⁵. TSW’s investment capability spans International Value, US Equity and Fixed Income.

TSW has an experienced and stable team of 74 employees and a long tenured and talented investment team of 20, with deep bench-strength across all strategies. The team’s recent large client wins are testament to the quality of the team and the momentum of the business. The TSW team are fully supportive of the acquisition and are aligned with Pendal’s values, investment independence philosophy, and its growth aspirations.

Alignment of culture and business models

Mr. Good commented, “Cultural fit is all important in fund management acquisitions, and both parties have put significant effort into considering compatibility, investment, client approach and alignment, and mutual commitment to growth.”

TSW’s CEO, Mr. John Reifsnider, will be appointed as CEO of Pendal’s combined US business, taking over the role of CEO, Pendal US from Mr. Good. Mr. Reifsnider will also join Pendal’s Global Executive Committee.

Mr. Good said, “John is an outstanding leader and the right person to head the combined US business. I have every confidence that John will continue to drive the positive momentum that is evident in both companies and seize the new growth opportunities we see ahead of us.”

Commenting on the transaction, Mr. Reifsnider said, “This is a unique opportunity for TSW to join a strategically compatible and highly regarded global investment management company that is a natural fit and has strong alignment to our investment approach and culture.”

“All of us at TSW are thrilled to be joining Pendal Group. We see excellent potential for growth and an exciting future.”

“I am delighted to take on the role of CEO of the combined businesses. Pendal has been very successful in the US with an extraordinary 10 consecutive years of positive flows and an enviable reputation in the market. Investment autonomy is fundamental to both our businesses and to our success, and that match has been a very important consideration for the TSW team.”

Mr. Good said, “Pendal’s acquisition of JOHCM was a success. We are approaching this acquisition of TSW with the same intent and focus and are confident that we will be able to implement a seamless transition.”

⁵ Value of FUM which outperformed vs stated benchmark for the 12 months to 31 March 2021. Excludes FUM in Asset Allocation. Past performance is not a reliable indication of future performance.

Equity raising

In order to fund the acquisition, Pental is undertaking a fully underwritten Placement to raise A\$190 million (Placement) through the issue of 27.9 million new fully paid shares, representing approximately 8.6% of current issued capital.

The Placement shares will be issued at a fixed price of A\$6.80, representing:

- 5.2% discount to Pental's dividend adjusted last closing price on 7 May 2021.
- 5.9% discount to Pental's dividend adjusted VWAP of Pental ordinary shares during the five trading days up to and including 7 May 2021, of A\$7.23 per share.

Pental will also undertake a Share Purchase Plan (SPP). The SPP will provide eligible retail shareholders (with registered addresses in Australia and New Zealand and as defined in the SPP Booklet to be sent to shareholders) with the opportunity to participate in the SPP at the lower of:

- The Placement issue price of A\$6.80; and
- The VWAP to Pental ordinary shares traded during the five trading days up to, and including, the SPP closing dated (expected to be 7 June 2021), rounded to the nearest cent.

Eligible shareholders who are registered as Pental shareholders as at 7.00pm (AEST) on 7 May 2021 will be invited to subscribe for up to a maximum of A\$30,000 of additional shares per eligible shareholder, free of brokerage.

The SPP will open on 17 May 2021 and close on 7 June 2021.

The SPP is subject to the terms set out in the SPP offer booklet, which is expected to be lodged with the ASX and sent to eligible retail shareholders following the opening of the SPP offer on 17 May 2021.

Shares issued under the Placement and SPP will not be entitled to the 1H21 interim dividend. Otherwise, the shares issued will rank equally with existing ordinary Pental shares on issue in all aspects.

The transaction is subject to regulatory and customary approvals including TSW client consents. Subject to obtaining these approvals, Pental expects to complete the transaction in the September quarter, 2021.

Transaction Timetable

Event	Time and Date (AEST)
Record Date for SPP	7PM, Friday, 7 May 2021
Trading Halt and Announcement of Equity Raising and 1H21 results	Monday, 10 May 2021
Placement Bookbuild	Monday, 10 May 2021
Announcement of the Outcome of the Placement	Tuesday, 11 May 2021
Trading Halt lifted - trading resumes on the ASX	Tuesday, 11 May 2021
Ex-Date for 1H21 Interim Dividend	Thursday, 13 May 2021
Settlement of Placement	Thursday, 13 May 2021
Record date for 1H21 Interim Dividend	Friday, 14 May 2021
Allotment and Normal Trading of New Shares under the Placement	Friday, 14 May 2021

Event	Time and Date (AEST)
SPP Offer Opens	Monday, 17 May 2021
SPP Booklet Dispatched to Eligible Shareholders	Monday, 17 May 2021
SPP Closes	Monday, 7 June 2021
Announcement of results of SPP	Thursday, 10 June 2021
SPP allotment and issue of shares under SPP	Tuesday, 15 June 2021
Normal trading of SPP shares and dispatch of holding statements	Wednesday, 16 June 2021

The timetable (and each reference in this presentation to a date specified in the timetable) is indicative only and Pental may, at its discretion, vary any of the above dates by lodging a revised timetable with the ASX. All times referred to in this presentation are Australian Eastern Standard Time (AEST).

Further details of the Offer are set out in the Investor Presentation provided to the ASX on Monday, 10 May 2021. The Investor Presentation contains important information including key risks and foreign selling restrictions with respect to the Offer. This presentation can be accessed on the Pental website at <https://investors.pentalgroup.com/Investor-Centre/>.

Webcast details

Pental will present in relation to its 1H21 half year financial results and the acquisition of TSW today, Monday 10 May 2021 at 10:30am AEST. The webcast of the results announcement will be available live at <https://webcast.openbriefing.com/7243/>

If you wish to view the presentation live via the webcast it is recommended that you log in 10 to 15 minutes prior to start time.

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About Thompson, Siegel and Walmsley

TSW is a US-based value-oriented investment management company, operating primarily in the long-only equity (International and US) and fixed income asset classes with US\$23.6 billion of FUM as at 31 March 2021⁶.

Established in 1969 and headquartered in Richmond, Virginia, the company is 75.1% owned by the NYSE listed BrightSphere Investment Group (BSIG), but operates as an independent, autonomous, indirect subsidiary. The remaining 24.9% of shares in TSW are held by TSW current and former management.

The company has a well-known record in attracting and retaining investment talent, with an average tenure of 12 years among the investment team members.

⁶ FUM adjusted for the closure of a client account that occurred post 31 March 2021.

John Reifsnider

John has been CEO of TSW since January 2021 and has been with the firm for over 15 years. He was appointed Co-President of TSW in September 2018 overseeing the day-to-day management of the firm and serving as member of the Board of Managers.

Prior to that, he was the Head of Distribution and he remains highly engaged in TSW's distribution activities. Before joining TSW in 2005, he was Managing Director at Atlantic Capital Management, LLC, responsible for business development and client service.

John started his career in the investment industry in 1990.

John earned his BBA from the University of Toledo, is currently registered with FINRA, and is registered as an Investment Adviser Representative.

He is an active volunteer for non-profit youth sports organisations.

About Pental

Pental Group (Pental) is an independent global investment manager focused on delivering superior investment returns for clients through active management. Pental manages A\$101.7 billion in FUM (as at 31 March 2021) through J O Hambro UK, Europe & Asia; JOHCM USA; Pental Australia and Regnan.

Pental operates a multi-boutique style business across a global marketplace through a meritocratic investment-led culture. Its experienced, long-tenured fund managers have the autonomy to offer a broad range of investment strategies with high conviction based on an investment philosophy that fosters success from a diversity of insights and investment approaches.

Listed on the Australian Securities Exchange since 2007 (ASX: PDL), the company has offices in Sydney, Melbourne, London, Prague, Singapore, New York, Boston and Berwyn.

For further information about Pental Group, please visit www.pentalgroup.com.

Important Notice

Future performance and forward-looking statements

This announcement contains certain “forward-looking statements”, including projections, potential synergies and estimates, the timing and outcome of the acquisition, the outcome and effects of the Placement and the SPP and the use of proceeds, and the future performance of Pental and TSW post-acquisition. Forward looking statements can generally be identified by the use of forward looking words such as “expect”, “anticipate”, “estimate”, “intend”, “believe”, “guidance”, “should”, “could”, “may”, “will”, “predict”, “plan” and other similar expressions within the meaning of securities laws of applicable jurisdictions and include, but are not limited to, statements relating to the impact of the acquisition, the future performance and financial position of Pental, estimated synergies after combination with TSW, the outcome and effects of the Placement and the SPP and the use of proceeds. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward-looking statements. You are cautioned not to place undue reliance on any forward-looking statement. While due care and attention has been used in the preparation of forward-looking statements, forward looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends which are based on interpretations of current market conditions.

Forward looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Pental and its directors and management. A number of important factors could cause Pental's actual results to differ materially from the plans,

objectives, expectations, estimates and intentions expressed in such forward looking statements, including the risk factors described in the "Key Risks" section of the investor presentation released on 10 May 2021.

Actual results, performance or achievements may vary materially from any forward-looking statements and the assumptions on which statements are based. To the maximum extent permitted by law, Pendal and its directors, officers, employees, agents, associates and advisers disclaim any obligations or undertaking to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise.

Financial information

All financial information in this announcement is in US Dollars (US\$ or USD) unless otherwise stated. The financial information for TSW contained in this announcement has been derived from the audited consolidated annual accounts of TSW and other financial information made available by BSIG and TSW in connection with the acquisition. Pendal has not been able to verify, and accordingly does not take responsibility for, the accuracy, reliability or completeness of such financial information.

Investors should be aware that certain financial measures included in this announcement are 'non-IFRS financial information' under ASIC Regulatory Guide 230: 'Disclosing non-IFRS financial information' published by ASIC and also 'non-GAAP financial measures' within the meaning of Regulation G under the U.S. Securities Exchange Act of 1934, and are not recognised under AAS and International Financial Reporting Standards (IFRS). Non-IFRS financial information/non-GAAP financial measures in this announcement include EBITDA. Such non-IFRS financial information/non-GAAP financial measures do not have a standardised meaning prescribed by AAS or IFRS. Therefore, the non-IFRS financial information may not be comparable to similarly titled measures presented by other entities, and should not be construed as an alternative to other financial measures determined in accordance with AAS or IFRS. Although Pendal believes these non-IFRS financial measures provide useful information to investors in measuring the financial performance and condition of its business, investors are cautioned not to place undue reliance on any non-IFRS financial information/non-GAAP financial measures included in this announcement.

Disclosures

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This announcement does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or in any other jurisdiction in which such an offer would be illegal. The New Shares have not been, and will not be, registered under the U.S. Securities Act of 1933 (U.S. Securities Act), or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered, sold or resold to persons in the United States or persons who are acting for the account or benefit of a person in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities laws of any state or other jurisdiction of the United States.