

2018 Half Year Results

Six months to 31 March 2018

PENDAL
GROUP

Emilio Gonzalez CFA, Group Chief Executive Officer
Cameron Williamson CA, Group Chief Financial Officer

10 May 2018

Welcome to Pental Group's Interim Results for 2018

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The Company has changed its name from BT Investment Management Limited to Pental Group Limited (ASX: PDL) effective of 4 May 2018

Agenda

Item	Presenter
1H18 Highlights	Emilio Gonzalez
Business Trends	Emilio Gonzalez
FUM & Flows	Emilio Gonzalez
Financials	Cameron Williamson
Strategy	Emilio Gonzalez
Questions	Emilio Gonzalez & Cameron Williamson

1H18 Highlights

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1H18 highlights

Average FUM

\$98.6b

↑ 14%

Base management fees

\$247.9m

↑ 18%

Rewarding shareholders
Cash EPS

36.2 cps

↑ 28%

Cash NPAT

\$114.5m

↑ 30%

Performance fees

\$47.6m

↑ 70%

Rewarding shareholders
Interim dividend

22.0 cps

↑ 16%

Business strength

- Diversified business provides strength and resilience
- Stable investment teams with deep experience and expertise
- Broad range of investment offerings
- Global distribution across regions and channels
- Available capacity supporting future growth
- Strong balance sheet
- 6th consecutive increase in interim dividend

Note: All comparative numbers to prior corresponding period (pcp) 1H17

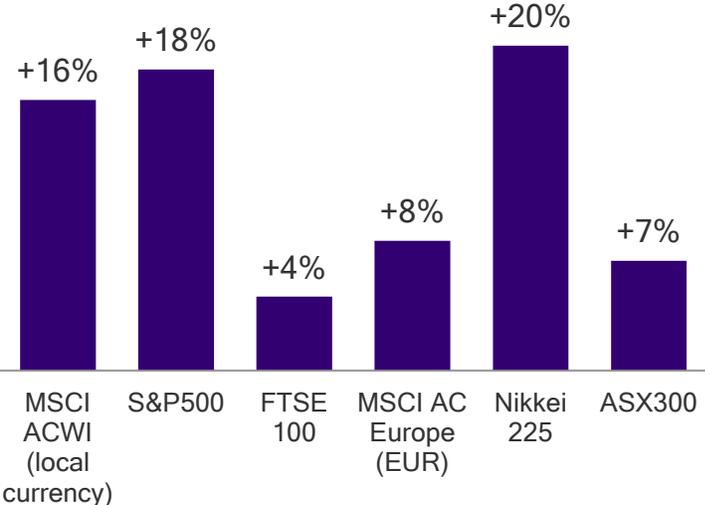
Financial highlights

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

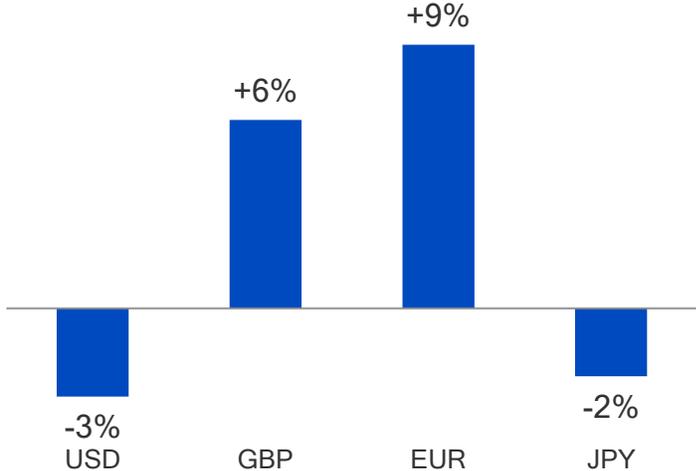
Macroeconomic drivers

Markets and currency both supportive of FUM growth

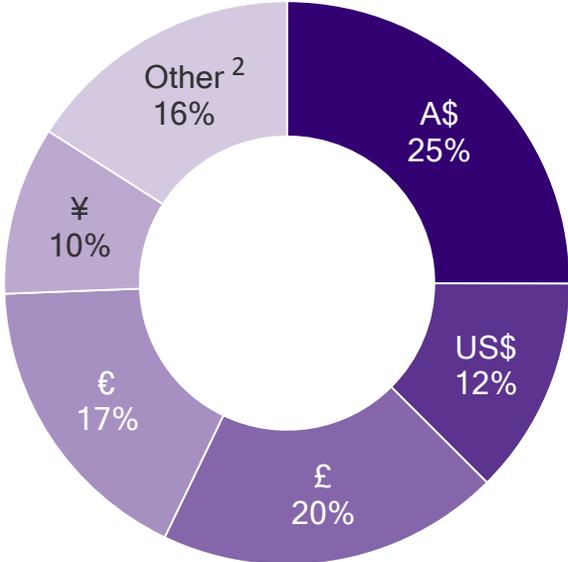
World markets
Average levels 1H18 v 1H17



Major currencies v AUD
Average levels 1H18 v 1H17



Equities FUM¹ by currency



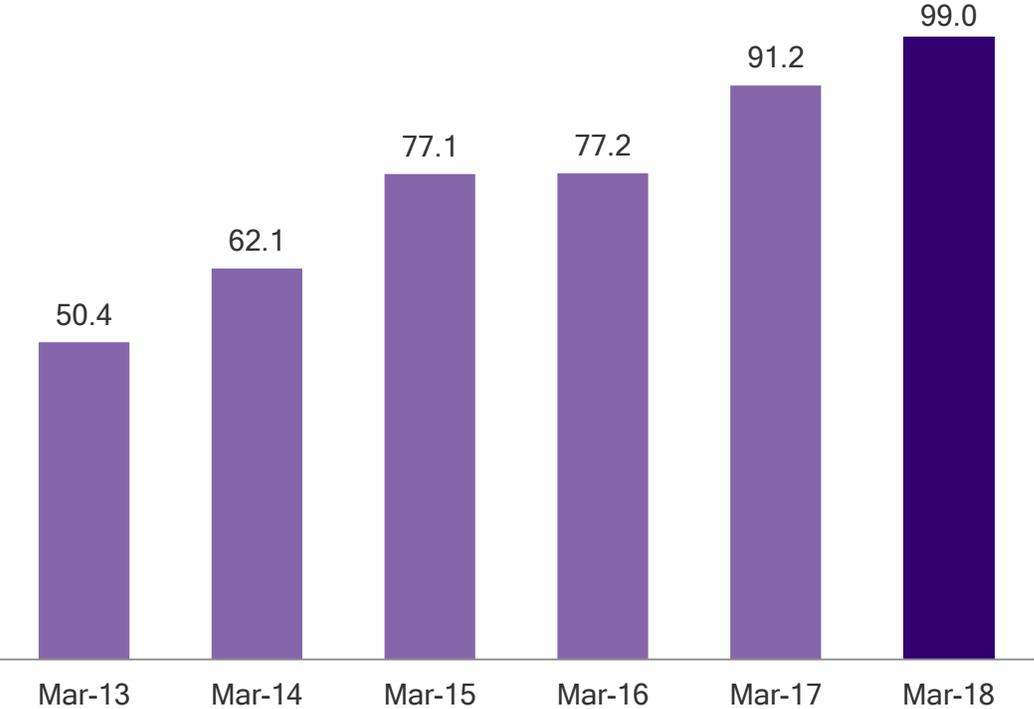
1. Includes Multi Asset allocation to equities
2. Other includes c. 25 other currencies, largely across emerging markets

Business Trends

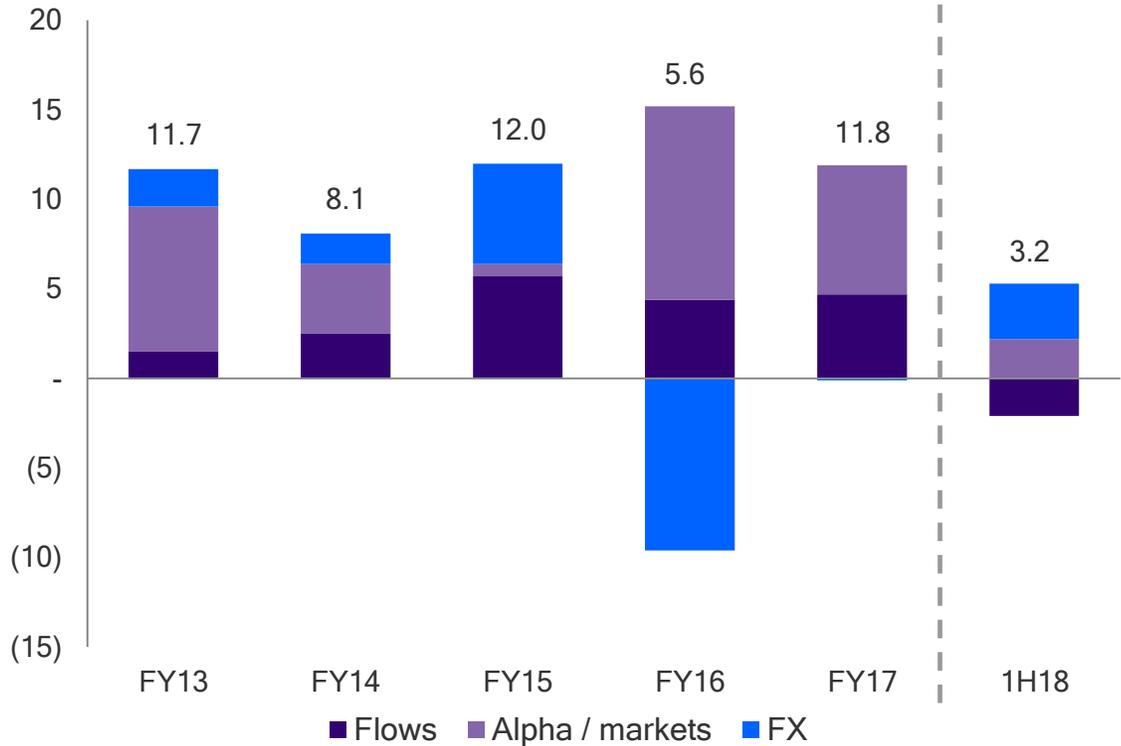
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Diversification underpins continued growth in FUM

Closing FUM (\$b)



FUM movements (\$b)



Business diversification

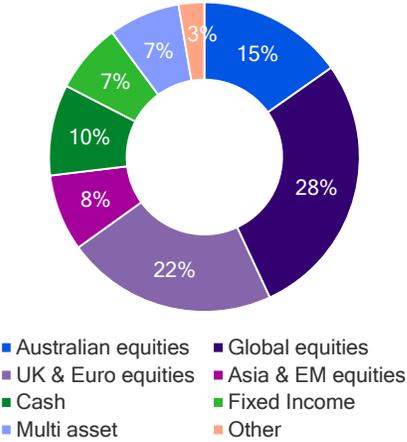
Closing FUM

1H18
\$99.0b

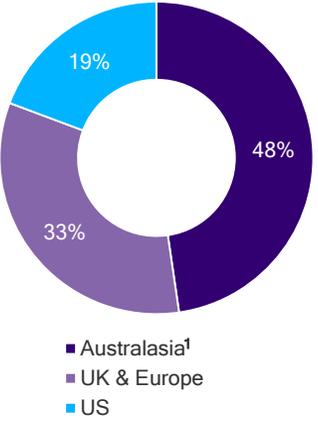


1H13
\$50.4b

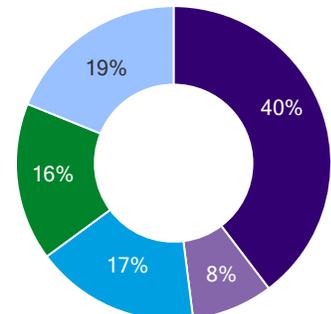
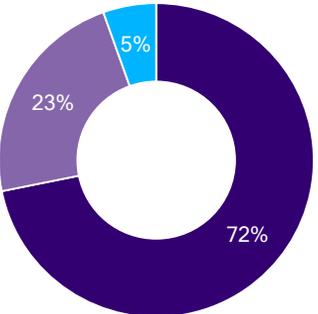
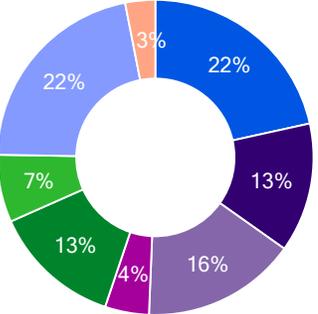
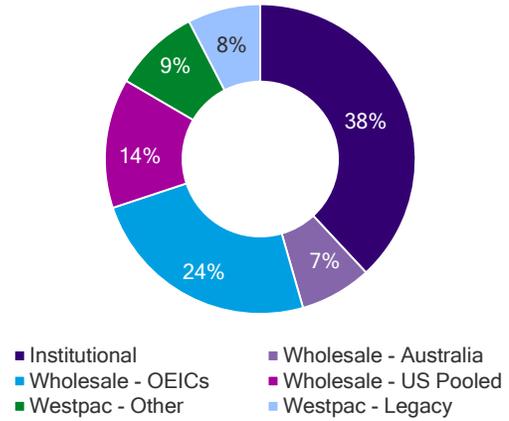
by asset class



by geography (client domicile)



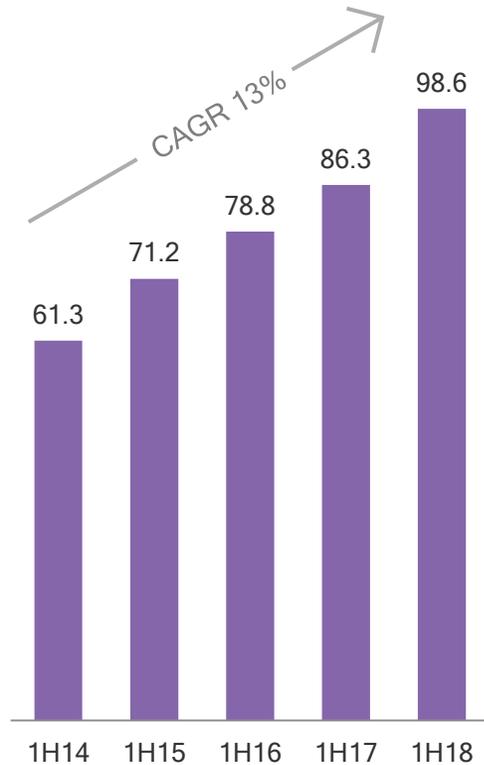
by channel



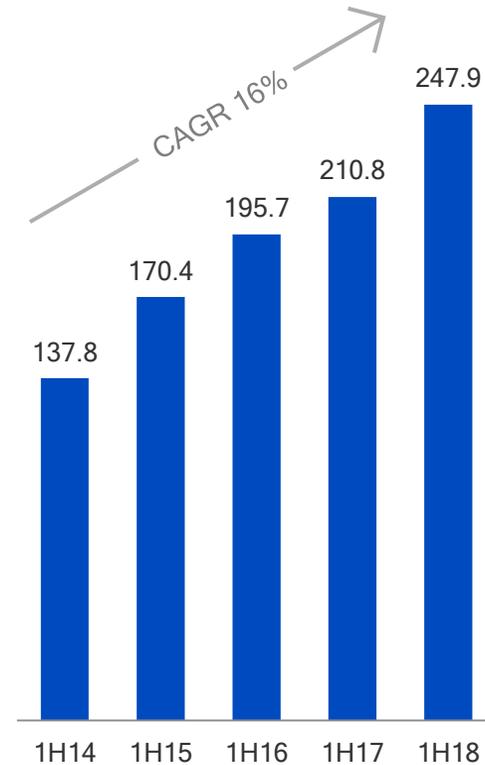
1. Includes Australia, New Zealand and Asia

Continued long-term growth

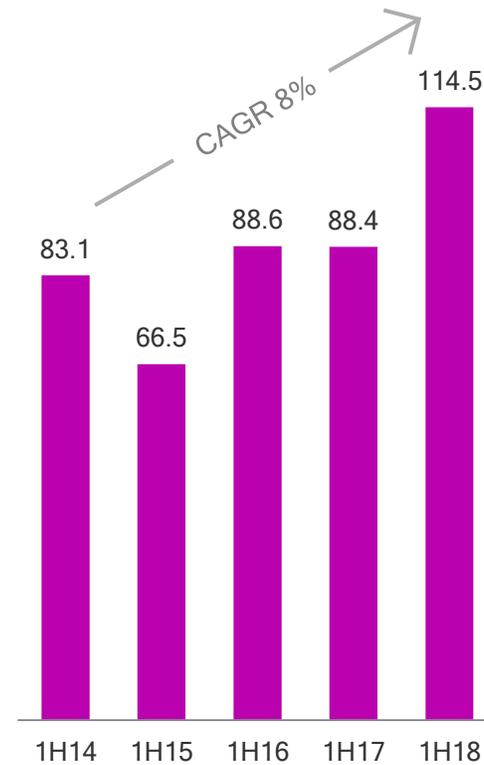
Average FUM
(\$b)



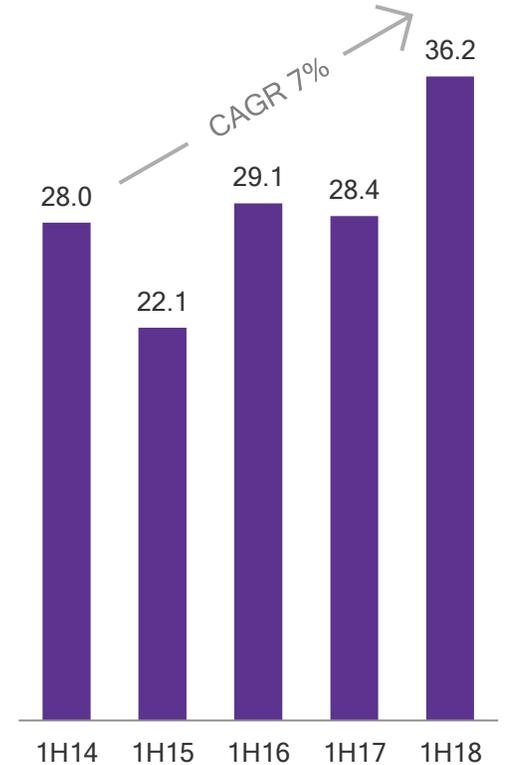
Base management
fee revenue (\$m)



Cash net profit
after tax (\$m)



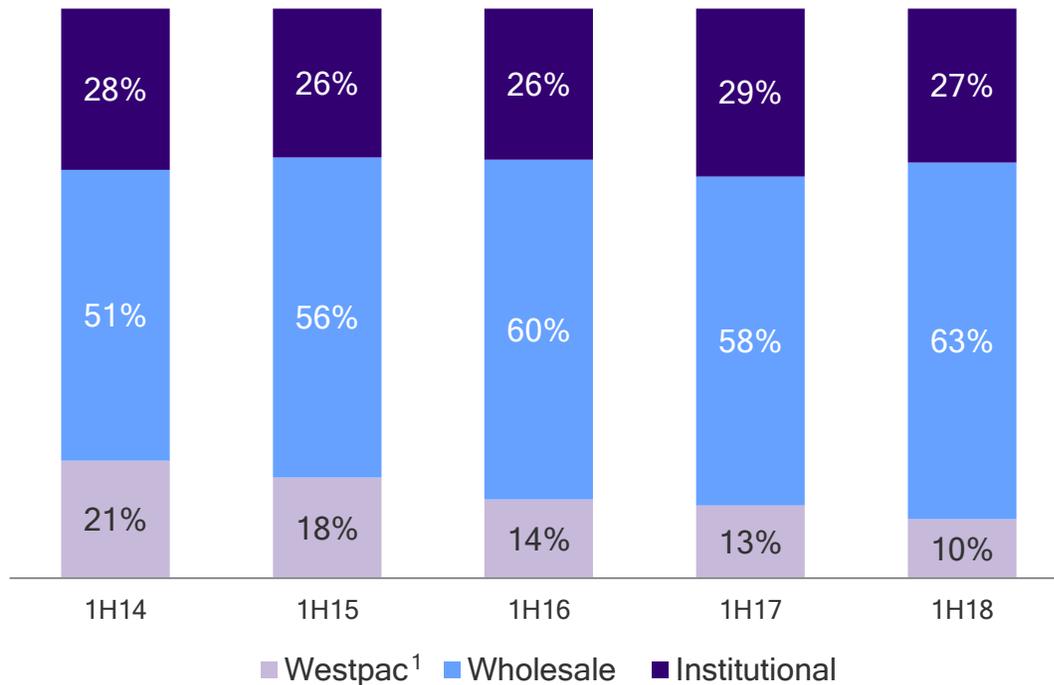
Cash earnings
per share (cps)



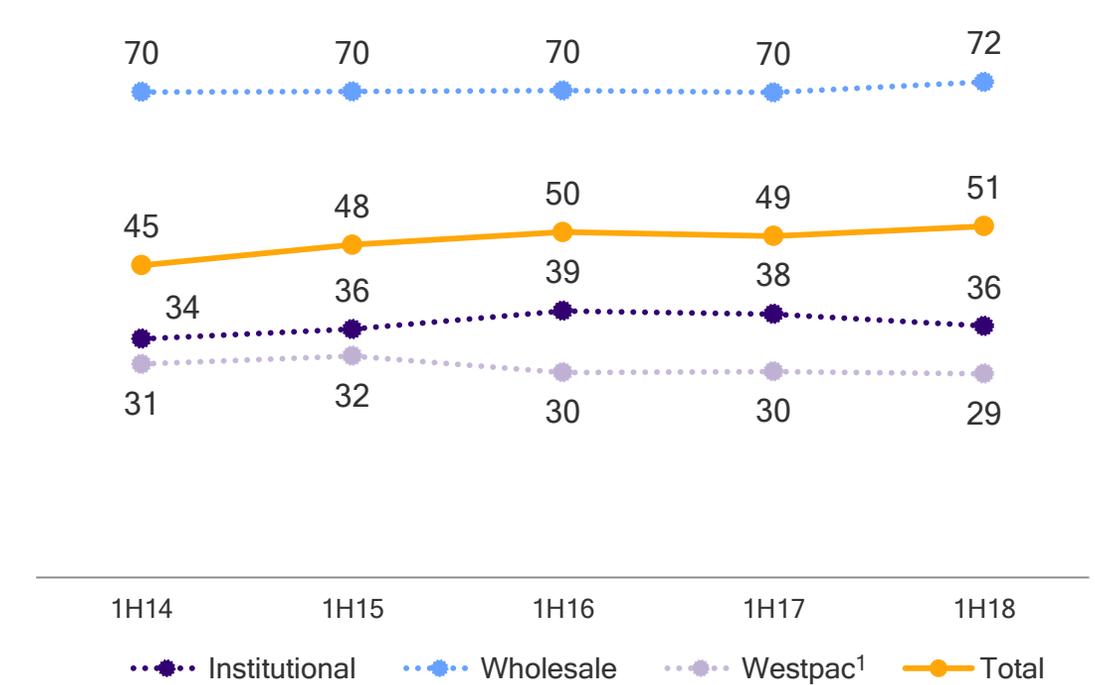
Fee margin trends

Higher fee margins resulting from continued growth in higher-margin Wholesale channel

Base management fee by channel (%)



Base management fee by channel (bps)



1. Westpac base management fee revenue represents legacy retail, corporate superannuation and managed accounts for BT Financial Group

FUM and Flows

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1H18 FUM growth of \$3.2b

\$b	30-Sep-17	Net		FX	31-Mar-18	Breakdown of Net Flows		Fee Margin (bps)	
	Closing FUM	Flows	Other ¹	Impact	Closing FUM	Pendal	JOHCM	Pendal	JOHCM
Institutional	35.8	(0.2)	1.2	0.9	37.7	0.7	(0.9)	24	53
Wholesale									
Australia	6.4	0.5	0.5	-	7.4	0.5	-	71	-
OEICS	23.9	(1.0)	(0.6)	1.8	24.1	-	(1.0)	-	66
US Pooled	11.5	0.8	0.7	0.4	13.4	-	0.8	-	84
Westpac - Other ²	10.6	(1.8)	0.1	-	8.9	(1.8)	-	28	-
Pendal Group Core Funds	88.2	(1.7)	1.9	3.1	91.5	(0.6)	(1.1)	33	66
Westpac - Legacy	7.6	(0.4)	0.3	-	7.5	(0.4)	-	31	-
Total Pendal Group FUM	95.8	(2.1)	2.2	3.1	99.0	(1.0)	(1.1)	33	66

- Institutional flows impacted by pre-advised mandate loss in UK Opportunities Strategy (-\$1.2bn)
- Positive wholesale flows in Australia into Australian Equities, Fixed Income, Multi-Asset funds
- OEIC outflows driven by Global Select, UK Opportunities, and Asia ex-Japan funds
- Ongoing flows into US pooled funds
- Westpac flows impacted by MySuper transitions

1. Other includes investment performance and market movement.

2. Westpac Other: represents institutional IMA managing retail and corporate superannuation and managed accounts.

1H18 FUM by asset class

\$b	30-Sep-17	Net Flows				31-Mar-18
	Closing FUM	Core	Legacy	BTFG MySuper	Other ¹	Closing FUM
Equities:						
Australian	14.8	0.8	(0.1)	(1.4)	1.0	15.1
Global/International	24.9	0.2	0.0	-	2.5	27.6
UK	11.8	(1.3)	-	-	0.6	11.1
European	10.4	0.2	0.0	-	0.1	10.7
Emerging Markets	4.0	0.1	-	-	0.4	4.5
Asian	3.5	(0.3)	0.0	-	0.2	3.4
Property	1.8	(0.1)	0.0	-	0.0	1.7
Cash	8.5	0.9	(0.1)	-	0.1	9.4
Fixed Income	7.5	(0.3)	0.0	(0.1)	0.1	7.2
Multi asset	7.2	0.1	(0.2)	-	0.3	7.4
Other	1.4	0.1	-	(0.6)	0.0	0.9
Total FUM	95.8	0.4	(0.4)	(2.1)	5.3	99.0

- Three new Australian Equities institutional mandates (+\$0.5b)
- New mandate funded into the European Concentrated Value strategy (+\$0.3b)
- Positive global flows led by Global Opportunities and International Select strategies
- UK Opportunities mandate loss (-\$1.2b)
- Advised of additional (-\$2.0b) outflow as part of BT Financial Group (BTFG) reconfiguration of MySuper portfolio

1. Other includes investment performance, market movement, distributions and FX

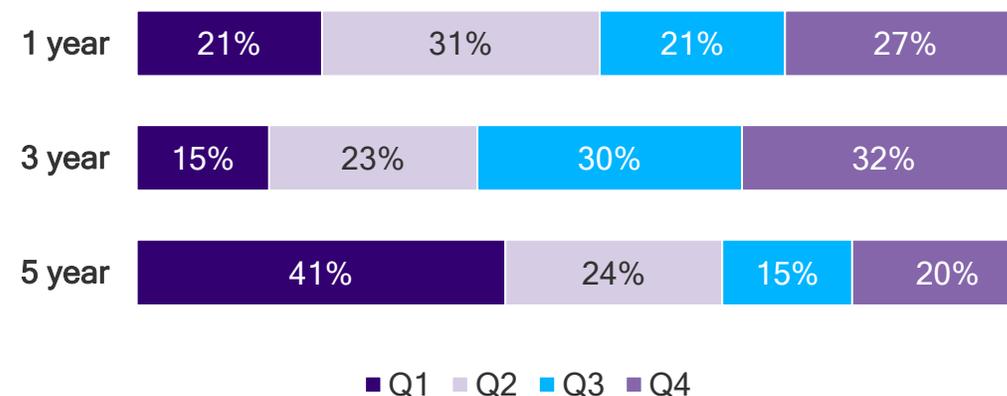
Investment performance

	FUM 31 Mar 18 (\$b)	% FUM outperformed ¹ 3 Yr	% FUM outperformed ¹ 5 Yr
Equities:			
Australian	15.1	81%	99%
Global/International	27.6	59%	99%
UK	11.1	92%	100%
Europe	10.7	100%	100%
Emerging Markets	4.5	79%	100%
Asia	3.4	0%	4%
Property	1.7	75%	75%
Cash	9.4	100%	100%
Fixed Income	7.2	26%	84%
Multi asset	7.4	56%	100%
Other	0.9	100%	100%
Total FUM	99.0	72%	96%

72%
of FUM has
outperformed¹
over 3 years

96%
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.

Investment performance relative to benchmark

Pendal Funds	1 Year (pa)	3 Years (pa)	5 Years (pa)
Pendal Australian Share Fund	+5.47%	+1.62%	+2.13%
Pendal Focus Australian Share Fund	+8.63%	+3.98%	+4.62%
Pendal Imputation Fund	+1.72%	-0.40%	+0.33%
Pendal Australian Long/Short Fund	+3.65%	+1.78%	+2.38%
Pendal Ethical Share Fund	+5.24%	+1.78%	+2.46%
Pendal MidCap Fund	+9.00%	+3.06%	+4.64%
Pendal Smaller Companies Fund	+4.94%	+2.87%	+5.44%
Pendal MicroCap Opportunities Fund	+6.24%	+8.37%	+16.41%
Pendal Property Securities Fund	-0.05%	+0.26%	+0.18%
Pendal Core Global Share Fund	+2.12%	+0.43%	+1.00%
Pendal Active Balanced Fund	+2.68%	+0.29%	+1.46%
Pendal Balanced Returns Fund	+2.27%	+0.27%	+1.33%
Pendal Active Growth Fund	+3.09%	+0.40%	+1.64%
Pendal Active Conservative Fund	+1.21%	+0.08%	+0.82%
Pendal Fixed Interest Fund	+0.14%	-0.68%	+0.05%
Pendal Monthly Income Plus Fund	+3.86%	+2.22%	+3.38%
Pendal Pure Alpha Fixed Income Fund	-1.42%	-2.64%	-0.59%
Pendal Enhanced Cash Fund	+1.41%	+0.96%	+0.89%

JOHCM Funds	1 Year (pa)	3 Years (pa)	5 Years (pa)
JOHCM UK Equity Income Fund	+7.23%	+2.95%	+3.89%
JOHCM UK Opportunities Fund	-4.01%	+0.11%	+0.96%
JOHCM UK Growth Fund	+2.60%	-1.13%	+2.58%
JOHCM UK Dynamic Fund	+4.17%	+3.66%	+4.76%
JOHCM Continental European Fund	+2.46%	+2.32%	+3.30%
JOHCM European Select Values Fund	-1.70%	+3.73%	+3.29%
JOHCM European Concentrated Values Fund	+0.81%	+3.21%	N/A
JOHCM Global Select Fund	+6.90%	-2.42%	+2.87%
JOHCM International Select Fund	+4.34%	+0.66%	+5.38%
JOHCM Global Opportunities Fund	-2.23%	+2.33%	+2.64%
JOHCM Emerging Markets Fund	+0.30%	+2.12%	+2.22%
JOHCM Global Emerging Markets Opportunities Fund	-2.30%	+0.13%	+3.01%
JOHCM Emerging Markets Small Cap Fund	+14.95%	+9.38%	N/A
JOHCM Japan Fund	+1.68%	-0.64%	-2.04%
JOHCM Asia ex Japan Fund	-10.96%	-2.70%	-0.51%
JOHCM Asia ex Japan Small & Mid Cap Fund	-8.89%	-0.78%	+2.38%
JOHCM International Small Cap Equity Fund	+1.24%	+1.70%	N/A
JOHCM US Small Mid Cap Equity Fund	+1.29%	+2.39%	N/A

Note: Fund performance is pre-fee, pre-tax and relative to the fund benchmark as at 31 March 2018.
Australian domestic funds represent the flagship fund for the asset class.

Financials

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1H18 financial highlights

Record Result

- Cash NPAT +30%
- Cash EPS +28%
- Interim dividend +16%

Strong FUM & Revenue Growth

- Base management fees +18%:
 - Higher average FUM +14% to \$98.6 billion
 - Expanded base fee margin, +2 bps to 51 bps
- Higher performance fees, +70% to \$47.6 million

Cost Management

- Operating expenses +20%
- 1H18 fixed cost growth in line with previous guidance
- One-off costs from changing name to Pental
- FY18 fixed cost growth c.18-20% versus FY17

1H18 financial highlights

\$m	1H17	1H18	Change
Average FUM (\$b)	86.3	98.6	+14%
Base fee margin	49 bps	51 bps	+2 bps
Base management fees	210.8	247.9	+18%
Performance fees	28.0	47.6	+70%
Transaction fees	3.8	0.2	-94%
Other fee revenue	0.8	0.8	-4%
Total fee revenue	243.4	296.5	+22%
Employee expenses	(103.2)	(121.7)	+18%
Operating expenses	(31.3)	(40.1)	+28%
Total cash operating expenses	(134.5)	(161.8)	+20%
Operating profit	108.9	134.7	+24%
Non operating items	2.8	11.4	+303%
Tax	(23.3)	(31.6)	+35%
Cash NPAT	88.4	114.5	+30%
Operating profit margin	45%	45%	-
Cash EPS (cps)	28.4	36.2	+28%

Fee revenue

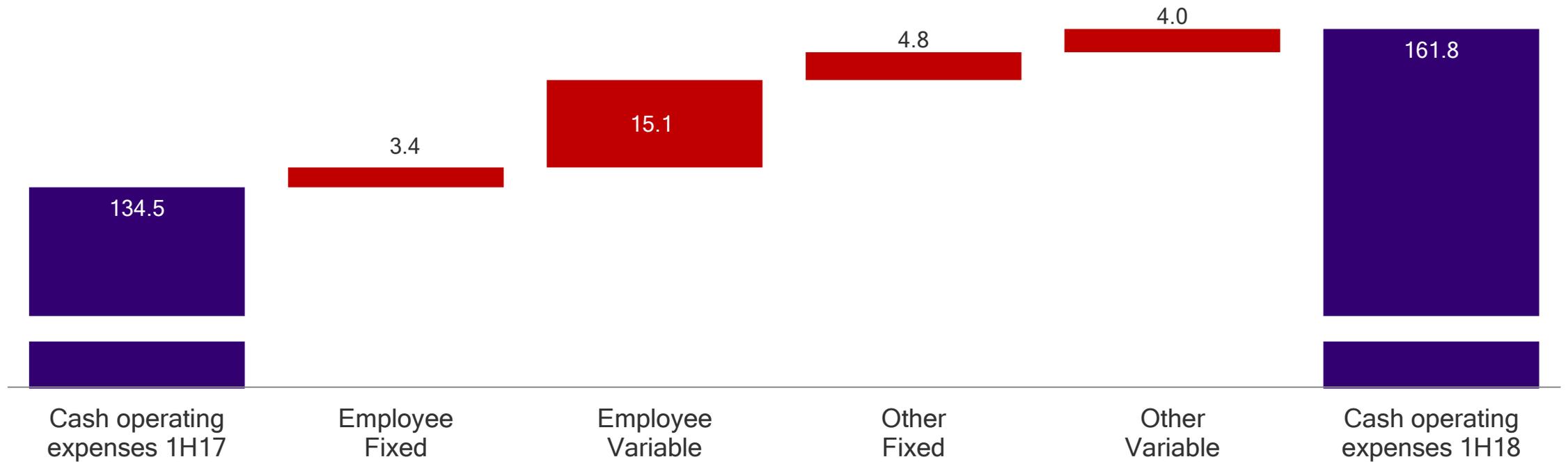
(\$m)



1. Westpac revenue represents legacy retail, corporate superannuation and managed accounts for BT Financial Group

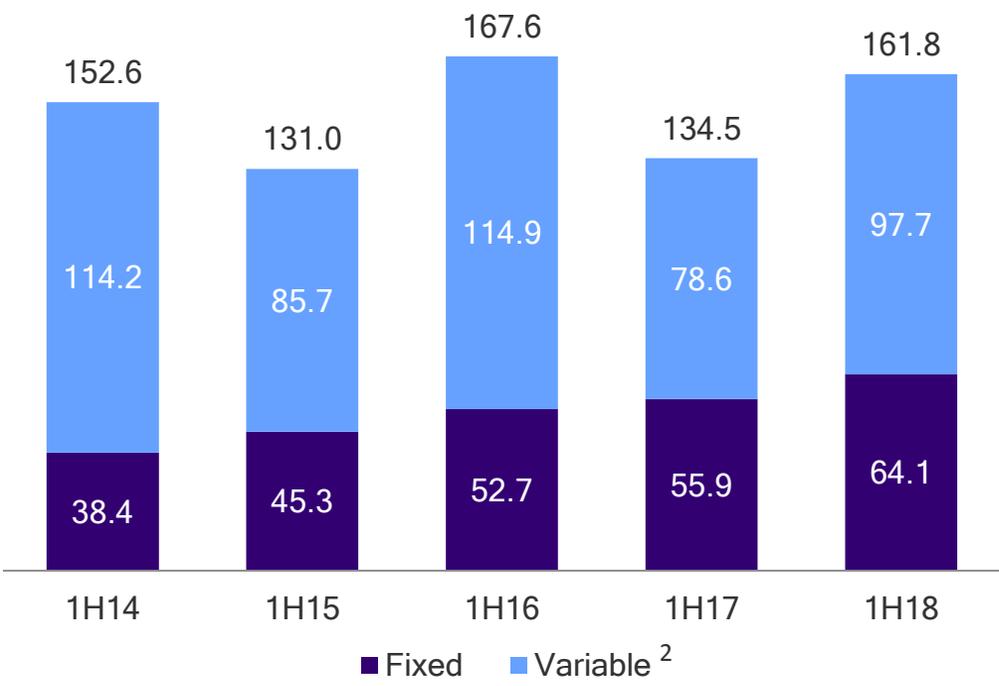
Operating expenses

(\$m)



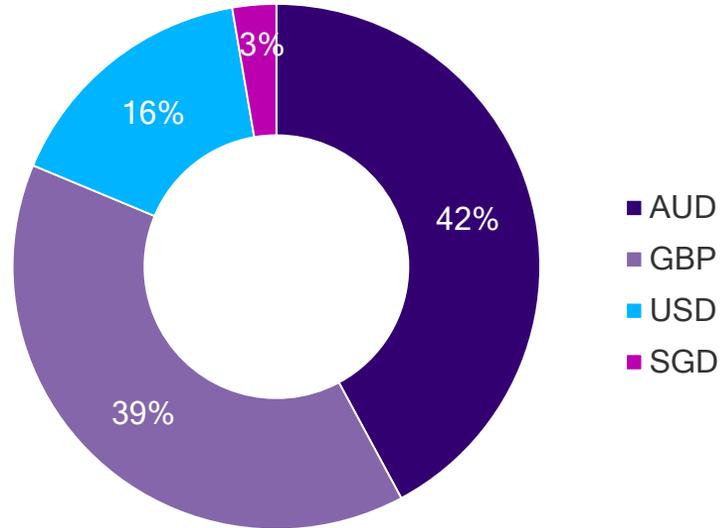
Fixed vs variable operating expenses

Total operating expenses¹ (\$m)



	1H14	1H15	1H16	1H17	1H18
Operating margin	40%	38%	40%	45%	45%

1H18 fixed expenses by currency

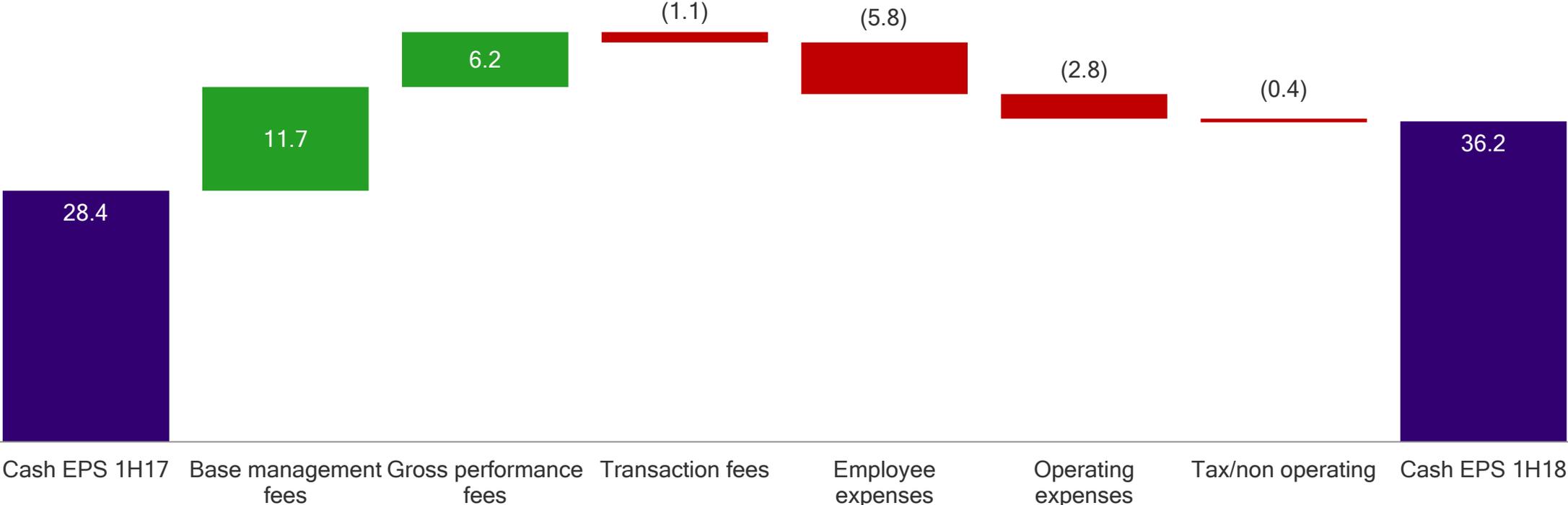


1. Total operating expenses includes employee expenses

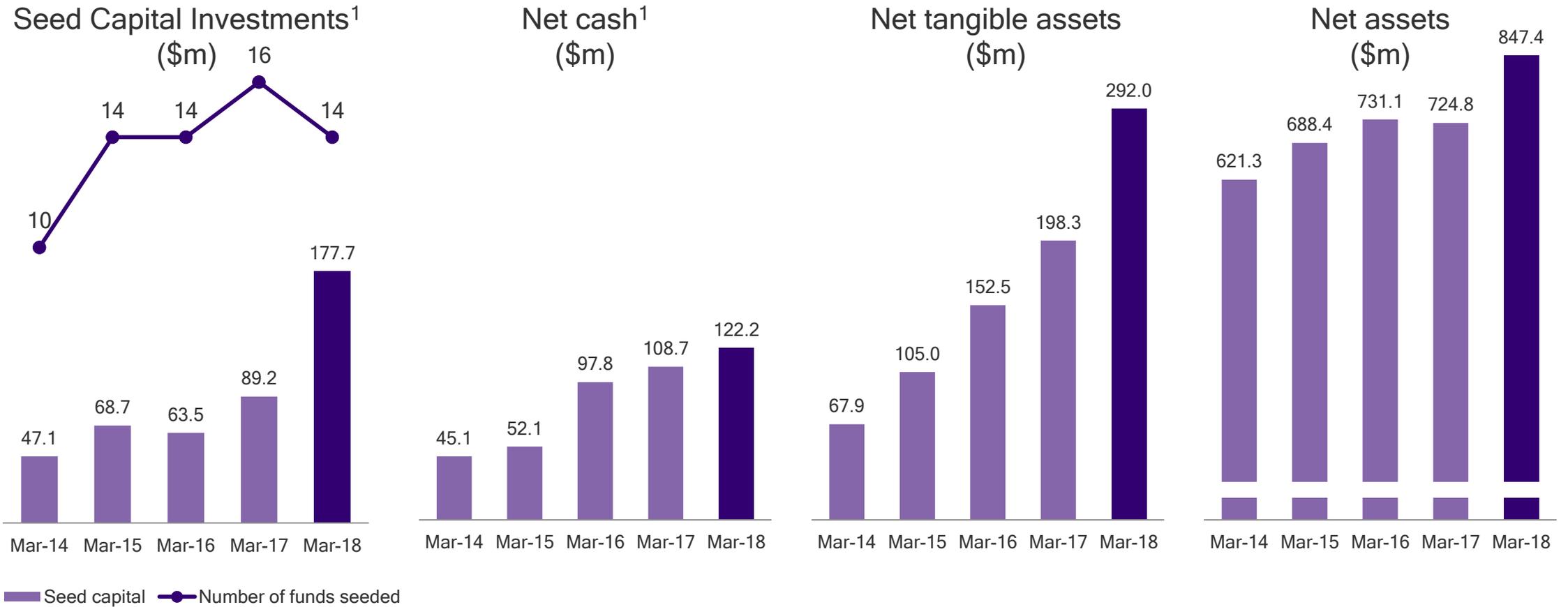
2. Variable expenses include fund expenses that are linked to FUM & employee expenses that are linked to profit

Cash EPS

(cps)



Balance sheet strength

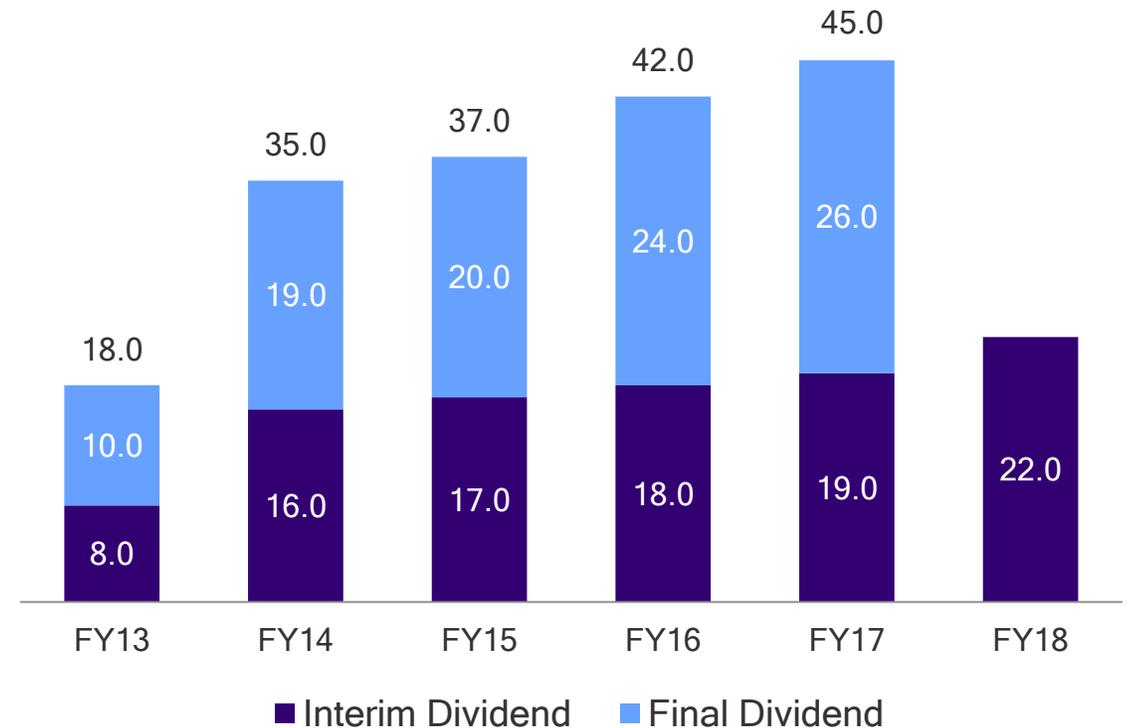


1. Seed capital investments and net cash excludes escrowed fund manager deferred remuneration held in trust

6th consecutive year of growth in interim dividend

- Interim dividend up 16% to 22 cents per share
- Interim dividend to be 15% franked
- Dividend represents a 1H18 payout ratio of 61%
- Full year payout ratio of 80-90% confirmed
- DRP remains active

Total dividends (cps)



Strategy

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Strategy

- Strategy continues to focus on growth and diversification
 - Attract and retain investment talent that creates a portfolio of complementary strategies
 - Disciplined capacity investment management for the preservation of investment performance
 - Ongoing development of new products and extension strategies
 - Investing to build a meaningful US business
 - Provision of seed capital for future growth
- Launch of Pendal - a clear and independent identity
- Responding to regulatory changes, including BREXIT

Expanding investment capabilities and expertise

Underpinned by attracting and retaining investment talent

Business model attracts and retains talent

- Investment independence
- Capacity management
- Strong investment culture
- Transparent remuneration structure
- Support through the provision of seed capital
- Global distribution

Stable investment teams with long-term track record :

81

investment professionals

19

investment teams

19 years average
industry experience

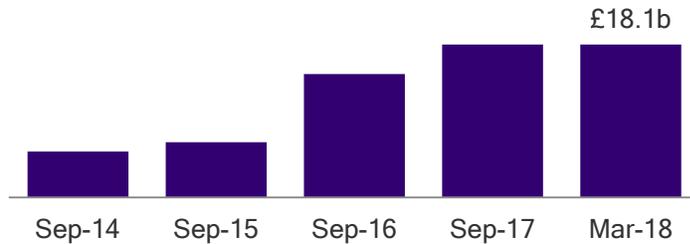
7 years average
tenure across Group

Turnover of investment talent is 2% p.a. over the last 5 years¹

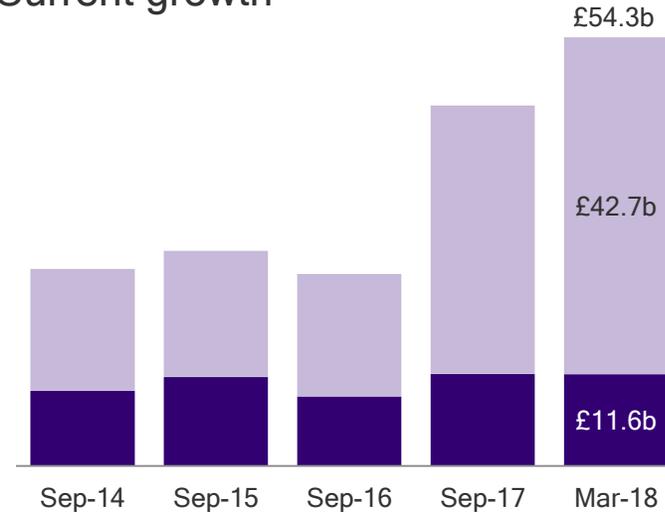
1. Includes voluntary resignations only, excludes retirement and involuntary departures

Managing fund capacity for performance and growth

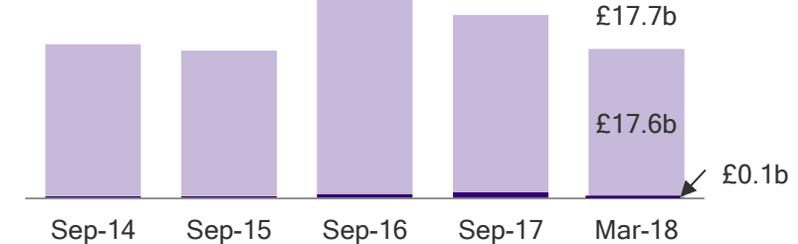
Preserving performance



Current growth



Future growth



Funds that have transitioned to track record >3 years and performance vs benchmark²:

- JOHCM Emerging Markets Small Mid Cap Equity Fund +10.2% p.a.
- JOHCM European Concentrated Value Fund +3.2% p.a.
- JOHCM Global Smaller Companies Fund +0.9% p.a.

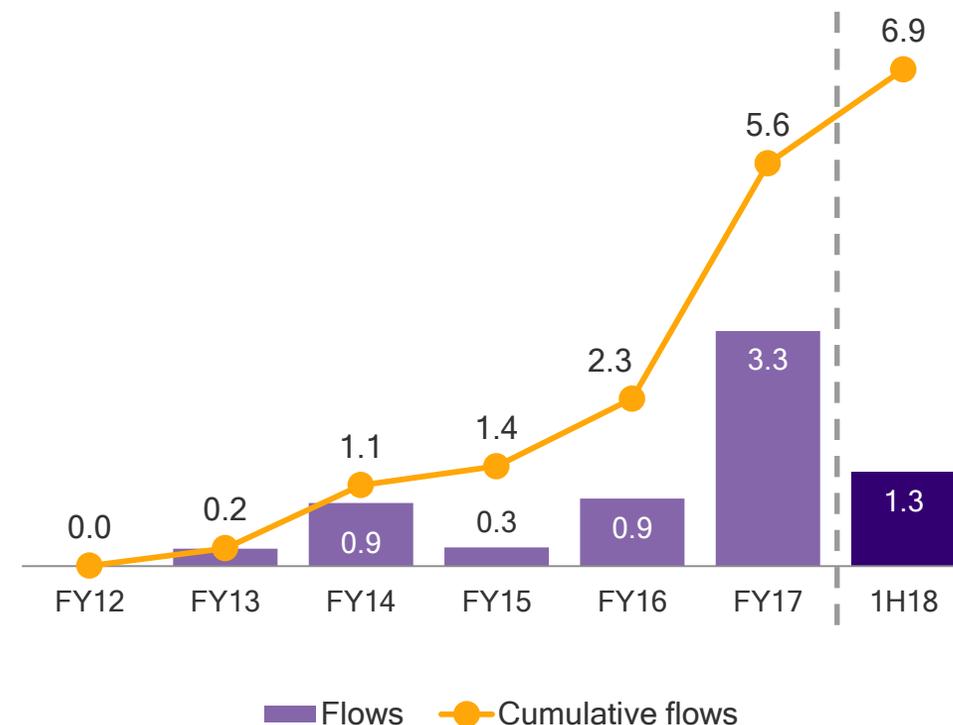
	Capacity of open strategies: >3yr track record	Capacity of open strategies: <3yr track record
FUM in soft closed strategies	FUM in open strategies: >3yr track record	FUM in open strategies: <3yr track record

1. Excludes Australian equities and fixed interest strategies; JOHCM funds include FUM managed on behalf of Pendal (Australia)
2. Fund returns are calculated pre-fees, pre-tax and are relative to their respective benchmark since inception

Ongoing development of extension strategies and new products

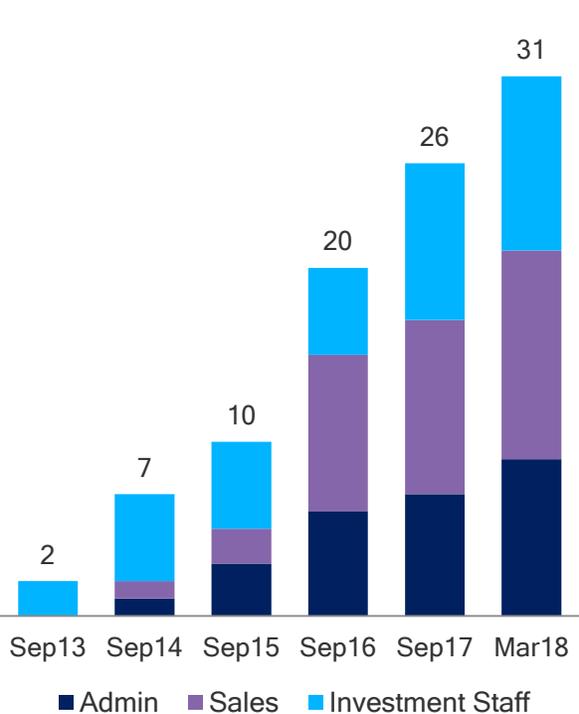
Year	New strategies	Extension strategies
FY12	• Pendal Monthly Income Plus Fund	• JOHCM Global Opportunities Fund
FY13	• Pendal Equity Income Series	
FY14	• JOHCM International Small Cap Fund • JOHCM US SMID Fund	• JOHCM Japan Dividend Growth Fund • JOHCM Global Sharia Fund
FY15	• JOHCM Global Smaller Companies Fund	• JOHCM European Concentrated Value Fund • JOHCM Emerging Markets Small Cap Fund
FY16	• Pendal Global Concentrated Share Fund • Pendal Sustainable Australian Fixed Interest Fund • Pendal Sustainable International Fixed Interest Fund	• JOHCM International Opportunities Fund • Pendal High Alpha Fixed Income Fund
FY17		
FY18	• JOHCM Global Income Builder Fund • Pendal Dynamic Income Fund • Pendal Multi-Asset Target Return Fund	

New initiative flows (\$b)



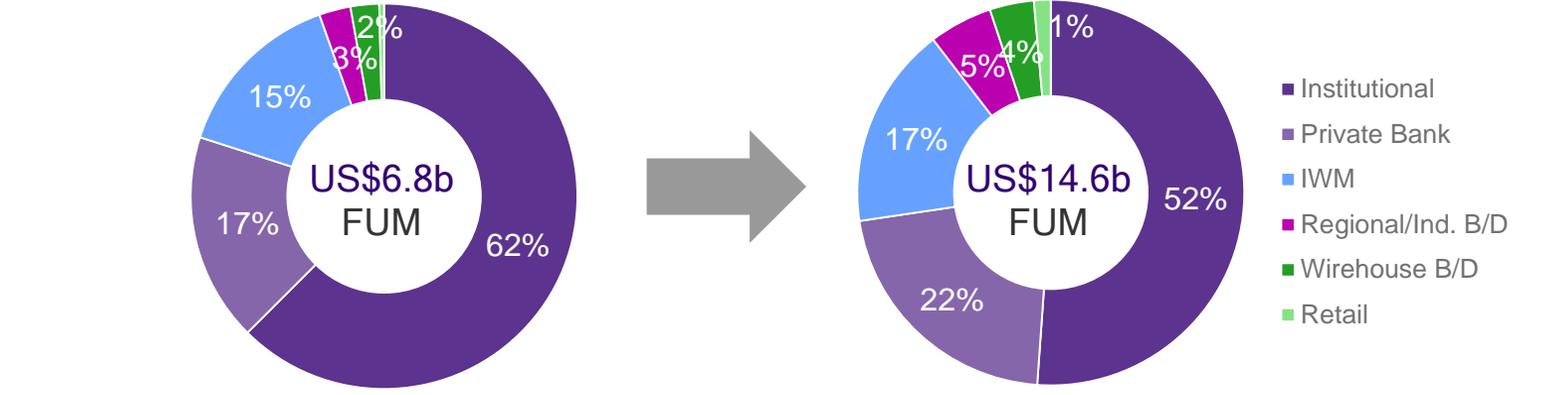
Investing to build a meaningful US business

Number of US staff

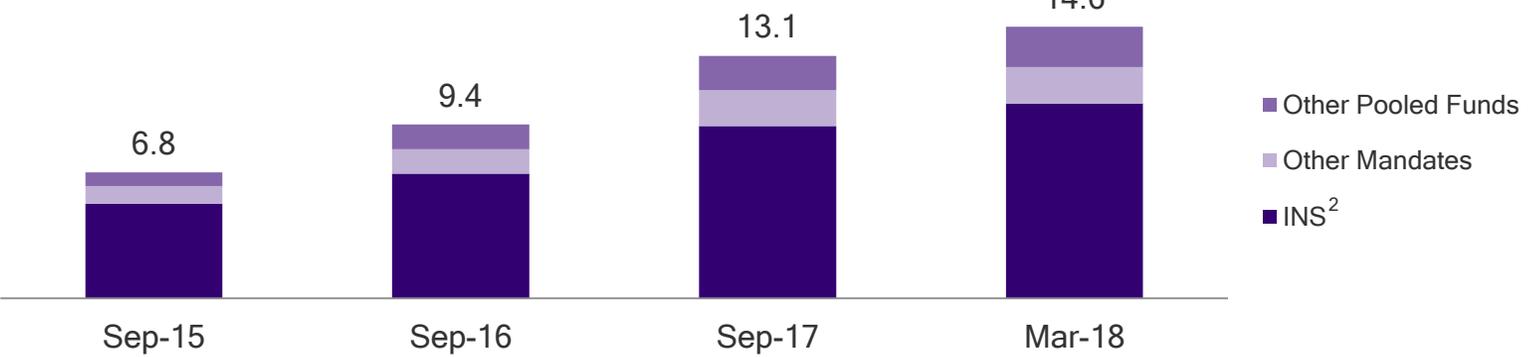


1. Includes US pooled funds and mandates from US clients
2. INS - International Select strategy (soft close)

US funds under management¹ 30 September 2015 to 31 March 2018



US funds under management¹ (US\$b)



Pendal (PDL) - a clear and independent identity

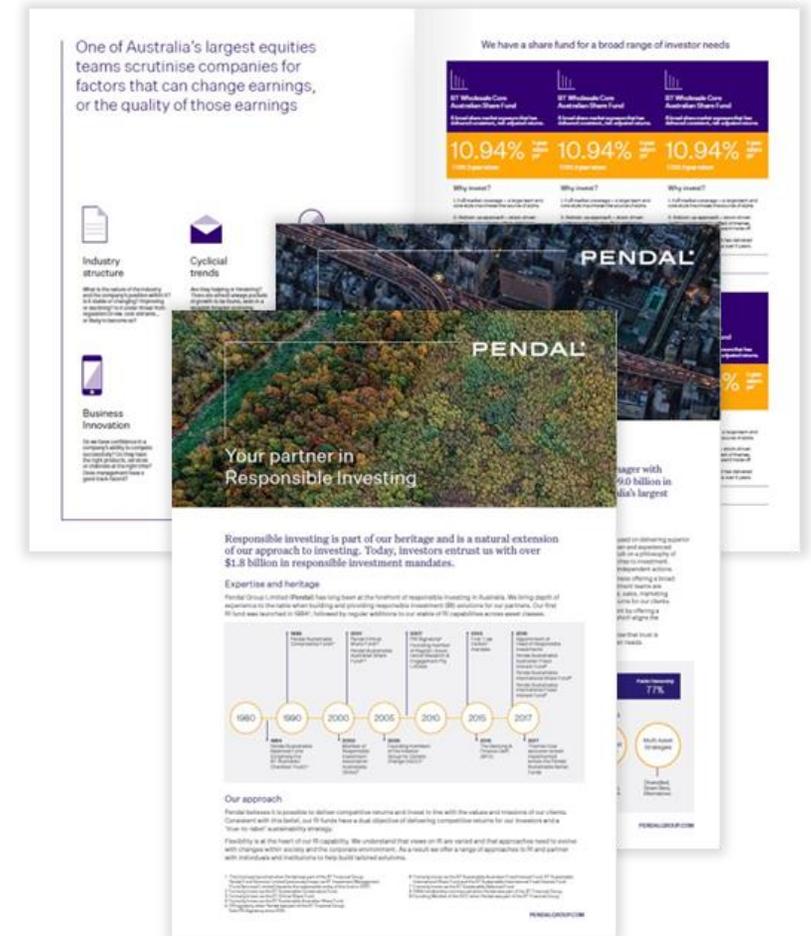
Benefits:

- Clarifies and reinforces our independence in the Australian market
- Control over brand identity
- Removes market confusion between BTIM and BTFG¹
- Brand value creation accrues to PDL shareholders
- Opens up opportunities where independence is valued

Roll-out:

- Product range in Australia rebranded Pendal
- Targeted media advertising campaign to raise awareness
- One-off costs of name change of \$2.5 million in FY18
- Retain J O Hambro name and brand off-shore

1. BT Financial Group



Responding to regulatory changes

Brexit

- Transition period agreed (December 2020) but not yet ratified
 - Equivalence (mutual recognition) remains subject of discussion
 - Irish based UCITS provide a foundation to meet European regulation post BREXIT
-

FCA

- Asset Management Market Study
 - Value for money requirement
 - Independent directors
 - Prescribed responsibility
- Investigation
 - No further updates at this time

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
-

Other

- General Data Protection Regulation (GDPR)
- UCITS V Directive
- RG 259

Summary

Record Result

- Higher markets
- Favourable currency
- Higher performance fees
- Continued growth in base management fee revenue
- Fee margin expansion
- Strong flows from Australian wholesale channel
- Continued positive flows into US pooled funds

Business Strength

- Diversification supporting business strength
- Launched three new investment strategies
- Invested seed capital to support future growth
- Number of funds now with strong 3 year track record
- Strong long term investment performance across portfolio

Positioned for growth

- Equity markets above FY17 average levels, however volatility has increased
- Available investment capacity for growth remains high
- Expanding presence in large and higher margin US market
- Pendal (Australia) performance fee status: \$13.5m as at 31 March 2018¹
- New brand opens up new opportunities

1. Performance fees are highly variable and realised performance fees will not be determined until 30 June 2018

Questions

Appendices

Segment profit and loss

\$m	1H17	1H18			Pendal Group	Change	Change %
		Pendal Australia	JOHCM ¹	Inter-segment			
Average FUM (\$b)	86.3	46.0	53.7	(1.1)	98.6	12.3	+14%
Base fee margin	49 bps	33 bps	66 bps		51 bps	2 bps	+4%
Base management fees	210.8	73.8	175.9	(1.8)	247.9	37.1	+18%
Performance fees	28.0	0.1	47.5	-	47.6	19.6	+70%
Transaction fees	3.8	0.2	-	-	0.2	(3.6)	-94%
Other fee revenue	0.8	0.7	0.1	-	0.8	-	-4%
Total fee revenue	243.4	74.8	223.5	(1.8)	296.5	53.1	+22%
Employee expenses	(103.2)	(39.3)	(82.4)	-	(121.7)	(18.5)	+18%
Operating expenses	(31.3)	(18.1)	(23.8)	1.8	(40.1)	(8.8)	+28%
Total cash operating expenses	(134.5)	(57.4)	(106.2)	1.8	(161.8)	(27.3)	+20%
Operating profit	108.9	17.4	117.3	-	134.7	25.8	+24%
Non operating items	2.8	1.0	10.4	-	11.4	8.6	+303%
Tax	(23.3)	(5.6)	(26.0)	-	(31.6)	(8.3)	+35%
Cash NPAT	88.4	12.8	101.7	-	114.5	26.1	+30%
Operating profit margin	45%	23%	52%	-	45%	-	-

1. "JOHCM" is referenced as the "Pendal International" segment in the FY18 Interim Financial Report

Cash EPS calculation

Number of Shares	(m)	1H17	1H18
Weighted average ordinary shares on issue		311.0	316.2
Weighted average converting notes on issue		0.6	0.0
Weighted average fully diluted ordinary shares on issue		311.6	316.2

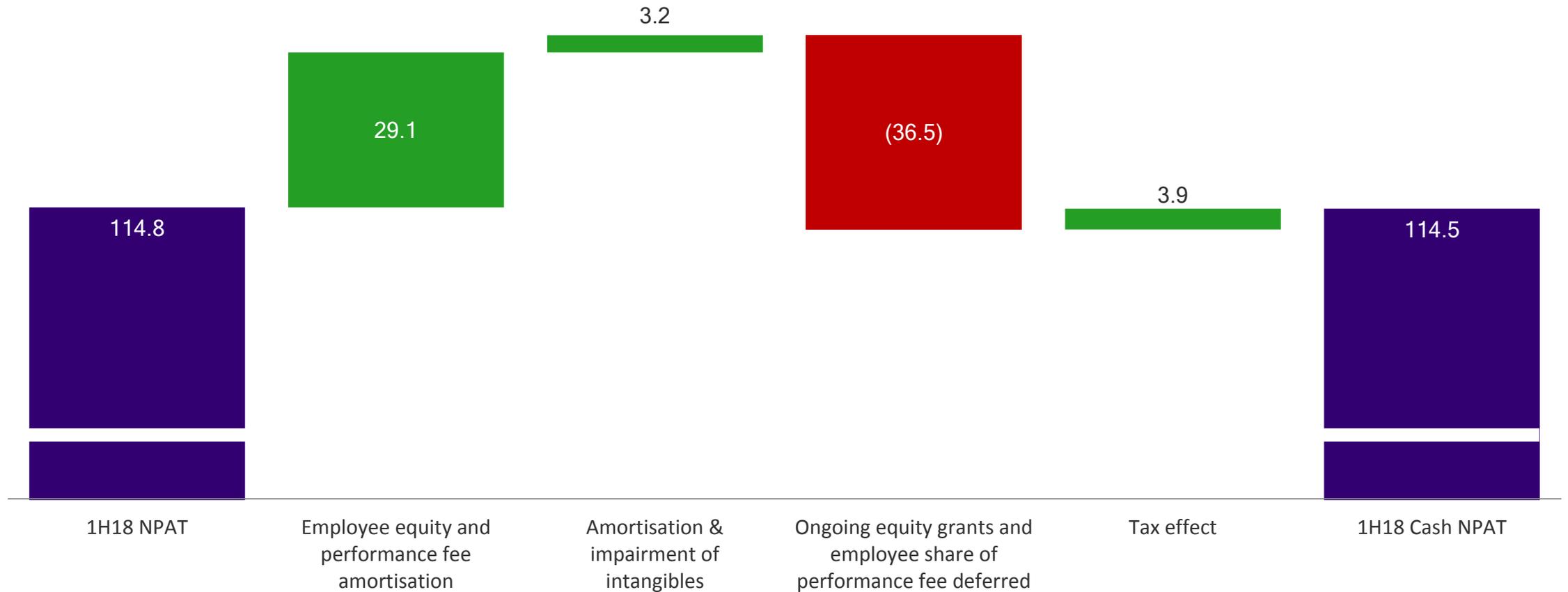
Cash EPS Calculation		1H17	1H18
Cash Net Profit After Tax (\$m)		88.4	114.5
Weighted average fully diluted ordinary shares on issue (m)		311.6	316.2
EPS based on Cash Net Profit After Tax (cps)		28.4	36.2

Performance fees

	Fund	FUM \$m 31 Mar 2018	Performance fee period to	Benchmark	Participation Rate %	
Pendal	Pendal Mid Cap Fund ¹	452	30 June	Pendal Midcap Customised Index	20%	
	Pendal Focus Australian Share Fund ¹	432	30 June	S&P/ASX 300 Accum Index	15%	
	Pendal Microcap Opportunities Fund ¹	359	30 June	S&P/ASX Small Ord Accum Index	20%	
	Pendal Australian Long/Short Fund ¹	6	30 June	S&P/ASX 200 Accum Index	15%	
	Mandates	1,646	Various	Various		
JOHCM²	UK Equity Income Fund ¹	6,414	31 December	FTSE All-Share TR Index	15%	
	European Select Values Fund	4,867	31 December	MSCI Europe NR Index (net dividends reinvested)	15%	
	Global Select Fund	3,978	31 December	MSCI ACWI NR Index (net dividends reinvested)	15%	
	Continental European Fund	3,353	31 December	MSCI Europe ex UK NR Index (net dividends reinvested)	15%	
	UK Dynamic Fund ¹	1,761	31 December	FTSE All-Share TR Index	15%	
	UK Opportunities Fund	1,301	31 December	FTSE All-Share TR Index	15%	
	Japan Fund	903	31 December	TOPIX TR Index	15%	
	European Concentrated Values Fund	755	31 December	MSCI Europe Adj (EUR)	15%	
	UK Growth Fund	715	31 December	FTSE All-Share TR Index	15%	
	Asia ex Japan Fund	683	31 December	MSCI AC Asia ex Japan NR Index (net dividends reinvested)	15%	
	Global Emerging Markets Opportunities Fund	561	31 December	MSCI Emerging Markets NR Index (net dividends reinvested)	15%	
	Global Opportunities Fund	433	31 December	MSCI ACWI NR Index (net dividends reinvested)	15%	
	Japan Dividend Growth Fund	213	31 December	TOPIX 100 TR Index	15%	
	US Small Mid Cap Equity Fund ¹	81	31 December	Russell 2500 NR \$ adj	15%	
	Asia ex Japan Small & Mid Cap Fund	58	31 December	MSCI AC Asia ex Japan Small Cap NR Index (net dividends reinvested)	15%	
	Emerging Markets Fund	49	31 December	MSCI Emerging Markets NR Index (net dividends reinvested)	15%	
	Mandates	2,098	Various	Various		
	Total funds / mandates with performance fees		31,118			
	Current status of Pendal performance fees with performance period ending 30 June 2018 (\$m)		13.5			

1. Funds above their high water mark as at 31 March 2018
2. JOHCM FUM converted at 31 March 2018 spot of 0.5422

Adjustments from statutory to cash NPAT



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