

# ASX Announcement

**14 April 2020**

## Pendal Group Funds under Management (FUM) for the quarter ended 31 March 2020

Sydney, Australia, 14 April 2020 - Pendal Group Limited (ASX:PDL), today announced its funds under management (FUM) for the quarter ended 31 March 2020.

Pendal's FUM closed at \$86 billion, 15.2% lower than at 31 December 2019. The fall in the value of FUM is considerably better than market falls of key global equity indices, which were between 24.9 per cent and 21.4 per cent over the period, reflecting the importance and benefits of Pendal's strategy of diversification across products and markets.

Mr Emilio Gonzalez, Pendal Group's Chief Executive Officer, said "This quarter global markets experienced the most severe fall since December 2008 during the global financial crisis as a result of the unprecedented COVID-19 pandemic. The pandemic has affected markets, client sentiment, fund flows and currencies and has sparked investor fears about the extent and duration of the pandemic and its ongoing impacts on businesses, economies and markets.

"The diversification of our global business means there have been varying impacts in different regions, different funds and currencies. Notably, we have had a favourable currency uplift of \$4.2 billion on total FUM. Lower market levels accounted for the majority of the fall in FUM, with net outflows totalling \$3.9 billion. This included a \$1.3 billion redemption in February related to the Westpac superannuation platform consolidation.

"Our experience during the COVID-19 crisis so far has seen outflows from our cash and fixed interest mandates primarily from our institutional clients where there has been some re-weighting of portfolios. Flows in our wholesale channel have held steady. Our investment strategies with defensive characteristics performed well for our clients.

"The Pendal business is strong and resilient. Our resilience is supported by the range and type of funds we manage. We offer clients a broad choice of investment strategies: including defensive, growth, value, fixed income and multi-asset. This provides existing and new clients options for investment at different points in the cycle. Importantly, our clients expect that our investment strategies always remain 'true to label' and in uncertain times, this is more important than ever. The unprecedented volatility and disruption in markets also creates opportunities for active managers to perform well. Pendal is an active fund manager and therefore always looks to opportunities in market cycles but also to the long-term.

"At a corporate level, Pendal has a strong balance sheet and is debt free. We are maintaining our cost discipline whilst ensuring we continue to enhance our operating platforms for the benefit of clients.

"Our focus remains on the management of our client portfolios and the welfare of our staff in these challenging times."

FUNDS UNDER MANAGEMENT (AUD \$bn)	31 Dec 19 Closing FUM	Net flows <sup>2</sup>	Other <sup>1</sup>	FX Impact	31 Mar 20 Closing FUM
Institutional	21.4	(0.8)	(1.9)	-	18.7
Wholesale	8.1	(0.4)	(1.1)	-	6.6
Westpac					
- Legacy retail	5.0	0.0	(1.0)	-	4.0
- Other	13.8	(1.7)	(0.7)	-	11.4
<b>Total Pandal Australia</b>	<b>48.3</b>	<b>(2.9)</b>	<b>(4.7)</b>	<b>-</b>	<b>40.7</b>
Segregated mandates	16.9	1.2	(3.4)	1.4	16.1
OEICs	19.5	(1.9)	(4.8)	0.9	13.7
US Pooled Funds	16.7	(0.3)	(2.8)	1.9	15.5
<b>Total JOHCM</b>	<b>53.1</b>	<b>(1.0)</b>	<b>(11.0)</b>	<b>4.2</b>	<b>45.3</b>
<b>TOTAL PENDAL GROUP</b>	<b>101.4</b>	<b>(3.9)</b>	<b>(15.7)</b>	<b>4.2</b>	<b>86.0</b>

<sup>1</sup> Other includes investment performance, market movement and distributions.

<sup>2</sup> A client account for \$1.1bn was transitioned from an OEIC fund to a segregated account resulting in a re-classification of FUM.

- FUM of \$86.0bn as at 31 March 2020, down 15.2%, noting that the major equity market indices were down between 24.9% and 21.4% for the same period
- Favourable currency impact of \$4.2bn due to lower Australian dollar against other major currencies
- Net outflows of \$3.9bn largely as a result of Australian redemptions of \$1.3bn in February from the Westpac book and lower margin cash and fixed income outflows of \$1.2bn in March
- Net positive OEIC flows into UK strategies of \$0.4bn helping offset net outflows in European strategies (-\$1.1bn)

The annualised effect of the quarterly net outflows on Pandal fee income is a reduction of \$17.7 m.

For the quarter, a more significant impact on the revenue of the business is the decline in FUM as a result of the sharp fall in global equity markets over the period. However, the diversity of FUM managed by our business across investment strategies, asset classes and currencies, help mitigate negative impacts of equity market declines.

## Pandal Australia

Pandal Australia saw net outflows of \$2.9bn in the quarter which included a Westpac redemption (-\$1.3bn) in February as a continuation of their superannuation platform consolidation. The largely multi-asset redemption was spread across Australian and global equities, cash and fixed income.

Institutional net outflows for the quarter totalled -\$0.8bn predominantly from cash and fixed income strategies while outflows within the higher margin wholesale channel totalled -\$0.4bn for the period spread broadly across most asset classes.

## J O Hambro Capital Management

During January a client account totalling \$1.1bn transitioned from an OEIC fund to a segregated account with no change in FUM. Adjusting for this transition, the OEICs experienced net outflows of \$0.8bn primarily from the European strategies (-\$1.1bn) while the UK strategies posted net inflows of \$0.4bn.

Within the institutional channel, client demand increased in March for the defensively positioned Global Opportunities strategy (+\$0.3bn) while the US pooled funds posted net outflows of \$0.3bn which largely came in March.

## Markets and foreign exchange movements

Equity markets experienced a significant decline during the March quarter, ranging between 24.9 to 21.4 per cent. During that time the GBP, USD, EUR, and JPY appreciated against the AUD. Pental's diversification across geographies helps to insulate against market shocks as different regions recover at different paces.

MARKET INDICATORS (Spot)	31-Dec-19	31-Mar-20	% change
ASX All Ords	6,802	5,111	(24.9)
MSCI World ACWI AC (Local)	2,010	1,579	(21.4)
FTSE 100	7,542	5,672	(24.8)
Dow Jones	28,538	21,917	(23.2)
GBP / AUD	1.8727	1.9976	6.7
USD / AUD	1.4273	1.6194	13.5
EUR / AUD	1.5990	1.7841	11.6
JPY / AUD	0.0131	0.0150	13.9

## Pental Australia performance fees

As at 31 March 2020, the status of Pental Australia's performance fees for the performance year ending 30 June 2020 is \$8.9m. The performance fees will not be determined until the end of the performance period (30 June 2020) and remain highly variable until that time.

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