

## ASX Announcement

### Pendal Group funds under management (FUM) for the quarter ended 30 June 2020

**Sydney, Australia, 14 July 2020** - Pendal Group Limited (ASX: PDL) today announced a 4.0 per cent increase in closing funds under management (FUM), to \$89.4 billion, for the quarter ended 30 June 2020.

The June quarter saw a significant rebound in global equity markets from their March lows which drove an increase in FUM of \$11.1bn. However, this was offset by a \$5.2bn currency impact as the Australian dollar appreciated against major currencies.

Mr Emilio Gonzalez, Pendal Group's Chief Executive Officer, said, "Pendal's diversification strategy continues to provide resilience in the face of macroeconomic and market volatility.

"During the period we saw a strong turnaround in flows into US pooled funds with net inflows of \$0.2 billion compared to outflows of \$0.3 billion in the prior quarter. We also saw improved flows in the Australian wholesale channel.

"However, continued negative sentiment towards European equities saw outflows in JOHCM's European strategies in both the OEICs and segregated accounts. In Australian equities, there were outflows due to an institutional client reshaping its portfolio. Overall, net outflows during the period were \$2.5 billion.

"A standout achievement was the strong performance in Pendal's Australian funds, generating annual performance fees of \$13.6 million for 12 months to 30 June 2020, an increase of \$12.0 million on 2019.

"Notably, as a result of improved investment performance we have had new mandate wins along with advanced confirmation of new monies from existing clients totalling \$1.5 billion in multiple equity strategies across the globe. This is expected to be funded in the September quarter of 2020."

FUNDS UNDER MANAGEMENT (AUD \$ billion)	31 Mar 20 Closing FUM	Net Flows	Other <sup>1</sup>	FX Impact	30 Jun 20 Closing FUM
Institutional	18.7	(0.9)	1.2	-	19.0
Wholesale	6.6	(0.1)	0.6	-	7.1
Westpac					
- Legacy retail	4.0	(0.2)	0.5	-	4.3
- Other	11.4	0.2	0.6	-	12.2
<b>Total Pendal Australia FUM</b>	<b>40.7</b>	<b>(1.0)</b>	<b>2.9</b>	<b>-</b>	<b>42.6</b>
Segregated mandates	16.1	(0.5)	2.7	(1.8)	16.5
OEICs	13.7	(1.2)	2.0	(1.5)	13.0
US pooled funds	15.5	0.2	3.5	(1.9)	17.3
<b>Total JOHCM FUM</b>	<b>45.3</b>	<b>(1.5)</b>	<b>8.2</b>	<b>(5.2)</b>	<b>46.8</b>
<b>TOTAL PENDAL GROUP FUM</b>	<b>86.0</b>	<b>(2.5)</b>	<b>11.1</b>	<b>(5.2)</b>	<b>89.4</b>

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

- FUM of \$89.4bn as at 30 June 2020, up 4.0% on the March quarter (Q2)
- Favourable impact from equity market movements of \$11.1bn partially offset by a stronger Australian dollar, which detracted \$5.2bn from total FUM
- Turnaround in net flows with inflows into US pooled funds of \$0.2bn (Q2: -\$0.3bn) and Westpac Other of \$0.2bn (Q2: -\$1.7bn)
- Net outflows of \$2.5bn largely as a result of outflows from European strategies (\$1.0bn), Australian equities (\$0.7bn), and UK strategies (\$0.5bn)
- Positive inflows into global, international and emerging market strategies
- Pandal Australia performance fees for the year ended 30 June 2020 were \$13.6m, up \$12.0m on 2019

## **Pandal Australia**

Pandal Australia saw net outflows of \$1.0bn in the quarter. The bulk of this was \$0.9bn from an institutional client following the reshaping of their Australian equity portfolio, while there were \$0.2bn outflows from cash and fixed income strategies.

Wholesale channel flows improved in the June quarter with positive inflows into Australian equities.

A continuation of Westpac's superannuation platform consolidation is expected to see a \$1.0bn outflow in the September 2020 quarter.

## **J O Hambro Capital Management**

JOHCM saw net outflows of \$1.5bn in the June quarter, largely driven by value-oriented European and UK strategies.

Within the OEICs portfolio, there were \$0.6bn redemptions from European strategies and the UK strategies saw combined outflows of \$0.5bn.

Strong investment performance coupled with improved investor sentiment in the US saw a positive shift in flows in the US pooled funds with net inflows of \$0.2bn, which were predominantly in the International Select and Emerging Market strategies.

As in preceding quarters, demand for the Global Income Builder and Global Opportunities strategies continued to generate positive flows.

## **Markets and foreign exchange movements**

Equity markets rebounded significantly in the June 2020 quarter with key equity indices increasing between 8% and 19%.

Major currencies depreciated against the Australian dollar, declining 10% on average.

Pandal's broad exposure across markets, asset classes and currencies provides resilience and helps smooth returns over time.

## **Awarded mandates and new monies**

As at 30 June 2020, new mandates and confirmation of new monies from existing clients have been awarded throughout the Group and remain unfunded. These total \$1.5bn across multiple equity strategies and are expected to be funded in the September 2020 quarter.

## **Pandal Australia performance fees**

Pandal Australia performance fees for the year ended 30 June 2020 have now been realised, generating \$13.6m in revenue, which compares to \$1.6m in the 2019 financial year.

## **COVID-19 update**

As the COVID-19 pandemic continues to impact the global community, Pental remains focused on the health and safety of employees, ongoing service to clients and business continuity. The Group monitors local and World Health Organisation updates and adheres to government recommendations and practices in all jurisdictions. For the latest information please visit the Pental Group website [www.pentalgroup.com](http://www.pentalgroup.com)

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