



Company/ASX Code	Pendal Group Ltd
AGM date	10am Friday, 10 December 2021
Time and location	Hybrid. The Sheraton Grand Hyde Park Hotel, 161 Elizabeth St Sydney or https://meetings.linkgroup.com/PDL21
Registry	Link Market Services
Webcast	Yes
Poll or show of hands	Poll on all items
Monitor	Ian Anderson
Pre AGM Meeting?	Yes with Chairman James Evans, NED Andrew Fay, chairman of Remuneration and Nominations Committee and Joanne Hawkins, Group Company Secretary and Head of Corporate Governance

The individual involved in the preparation of this voting intention has no shareholding in this company.

Item 1	Consideration of accounts and reports
ASA Vote	No vote required

Financial performance

Despite continuing net outflows of \$3.7B (FY20:\$6.5B), funds under management (FUM) rose 51% buoyed by gains from the acquisition of Thompson, Siegel & Walmsley (TSW) in the US and a global market which rose some 28% over the year. Underlying net profit after tax (UPAT) increased 25% to \$165.3M on the back of increased base management and performance fees (up 23%) while expenses also grew 23% as a result of increased variable employee expenses and company investment programs. Directors declared total dividends of 41 cents franked to 10%, an increase of 11% on the prior year, resulting in a simple TSR of 18.2% for the year.

Key events

During the year Pendal acquired the US investment firm TSW providing a doubling of their potential market in the USA and more than doubling their FUM in the same market. Elsewhere progress continued on other strategic initiatives including global distribution and product diversification and streamlining of the global operating platform.

Key Board or senior management changes

Emilio Gonzales stepped down from his position as Group CEO effective 1 April 2021 and Nick Good, who joined the company in December 2019 as CEO for JOHCM USA, was promoted to the position. John Reifsneider joined the company as CEO of Pendal USA in July 2021 and became a member of the Global Executive Committee. Directors were unchanged for the year.

ASA focus issues

Pendal complies with ASA focus issues including board diversity, director shareholdings and director workloads. They have provided an extensive risk management analysis in the annual report and a detailed remuneration report demonstrating reasonable alignment with shareholder interests.

Summary

(As at FYE)	2021	2020	2019	2018	2017
NPAT (\$M)	164.7	116.4	154.5	202.0	147.5
UPAT (\$M) ¹	165.3	132.6	148.5	197.8	153.8
Share price (\$)	8.27	5.46	7.39	8.79	11.05
Dividend (cents)	41	37	45	52	45
Simple TSR (%) ²	58.6	-20.7	-10.2	-16.1	29.1
EPS (cents)	48.2	41.1	46.6	62.5	49.1
CEO total remuneration, actual (\$M)	3.57 ^{3 4}	1.67	2.52	3.23	5.17

1. Prior to FY21, Pendal Group used cash NPAT to report underlying earnings. Prior years' figures have been adjusted to reflect this change for comparison purposes.
2. Simple TSR is calculated by dividing (change in share price plus dividend paid during the year excluding franking) by the share price at the start of the year.
3. For FY21, the CEO's total actual remuneration was **38.8 times** the Australian Full time Adult Average Weekly Total Earnings (based on November 2020 data from the Australian Bureau of Statistics).
4. Includes \$0.51M for deferred remuneration foregone on commencement of employment

Item 2.1	Re-election of Sally Collier as a Director
ASA Vote	For

Sally Collier was appointed an independent non-executive director (NED) in July 2018 and is a member of the Audit & Risk and the Remuneration & Nominations committees as well as a NED of Pendal's wholly owned subsidiary, J O Hambro Capital Management Holdings Ltd. She is also a director of the Tasmanian Public Finance Corporation, Utilities of Australia Pty Ltd and Clayton Utz Foundation.

With qualifications in economics and over thirty years' experience in the financial services industry Sally appears well qualified to contribute to the board and ASA will vote undirected proxies in her favour

Item 2.2	Re-election of Christopher Jones as a Director
ASA Vote	For

Christopher Jones was appointed as an independent NED in November 2018 and is a member of the Audit and Risk committee. He is also a NED of Pental's wholly owned subsidiary, J O Hambro Capital Management Holdings Ltd and is Principal of CMVJ Capital LLC, a private investor and advisor in the financial services industry.

Christopher is based in the USA and has a background and experience in the US which should prove beneficial with the expansion via the TSW acquisition so ASA will vote undirected proxies in his favour.

Item 3	Adoption of Remuneration Report
ASA Vote	For

Pental has provided a comprehensive and detailed remuneration report which clearly outlines their remuneration philosophy and rationale for awards consisting of a relatively conventional fixed remuneration plus variable short (STI) and long (LTI) term awards with up to 50% of STI deferred into Pental Group restricted shares vesting over periods of up to five years.

STI opportunity is determined annually by the board with reference to external market benchmarking and is allocated against pre-determined but largely non-quantitative key performance indicators (KPI) delivered as 50% cash and 50% deferred into restricted shares that vest equally over five years. LTI is awarded subject to two equally weighted hurdles of relative shareholder return (rTSR) and underlying EPS growth measured over three years. Nil rTSR vests below the median of the S&P/ASX200 at which point 50% of target vests with straight line vesting to 100% at the 75th percentile or above. Nil EPS vests below 5% growth at which point 50% of target vests with straight line vesting to 100% at 10% growth or above.

CEO REM Framework for FY21	Target A\$M ¹	% of Total ³	Max. Opportunity A\$M ¹	% of Total ³
Fixed Remuneration	0.918	29.0%	0.918	20.8%
STI – Cash 50% ²	0.625	19.7%	1.250	28.3%
STI – Equity 50% ²	0.625	19.7%	1.250	28.3%
LTI	0.997	31.5%	0.997	22.6%
Total	3.166	100%	4.416	100%

1. Mr Good is remunerated in US dollars. Conversion to A\$ is based on an average exchange rate of 0.7519 over the FY21 year. 2. Subject to quantum. 3. May not add due to rounding.

Mr Good was appointed CEO in April 2021 so his REM for FY21 reflects apportionment between his employment as Group CEO and his previous employment as CEO of JOHCM USA in the first six months of the financial year. He was assessed as achieving 70% of STI maximum award approximately 33% of which was deferred into equity. LTI awards granted in 2018 did not vest but a proportion of LTI awards granted to Mr Good on appointment in 2019 did. His overall remuneration for FY21 is shown in the table under Item 1 of this report.

Pendal have gone to some lengths to explain and justify their REM schemes in the report but they still don't fully meet ASA guidelines. LTI awards are measured over only three years, rTSR can vest when actual TSR is negative and the EPS growth target appears low. STI forms more than 40% of REM only 30% of which is measured against financial parameters and it appears less than 50% can be awarded in equity. However, taken as a whole the REM structure reflects good alignment with shareholder interests and ASA will vote undirected proxies in favour of the report.

Item 4	Approval of Non-Executive Directors' Fee Pool
ASA Vote	For

This resolution is for the increase of the annual fee pool for non-executive directors from \$1.6M to \$2M. The annual fee pool was most recently set at \$1.6M in 2015 but since then Pendal has grown considerably and Pendal sees the need to appoint additional non-executive directors with experience in off-shore markets as well as continuing to attract and retain high calibre directors for board renewal and succession planning purposes. No increase is proposed to individual board or committee fees in FY22.

The rationale for this increase appears sound and ASA will vote undirected proxies in favour of the resolution.

Item 5	Approval of LTI grant of Performance Share Rights to Mr Nick Good, Group Managing Director and CEO.
ASA Vote	For

This resolution is to obtain approval for the grant of 125,418 performance share rights (PSRs) to Mr Good pursuant to the LTI component of the performance reward scheme described under item 3 above. The number of PSRs is based on a value of US\$750,000 divided by the VWAP on the five trading days prior to the commencement of the performance period converted to USD using an exchange rate of 0.7206. PSRs will only vest under the rTSR and EPS hurdles described in item 3 above.

Shareholder approval is not required if vested PSRs are satisfied by purchase of shares on market or if settled by cash but the company is seeking approval in the interests of transparency and good governance.

As ASA intends to vote for the REM scheme described in item 3 we will also vote undirected proxies in favour of this resolution.

Item 6	Adoption of new constitution
ASA Vote	For

This is a special resolution requiring at least 75% of votes cast to be in favour.

The company's constitution was originally adopted in 2007 and has since been amended several times with minor amendments but since that time there have been developments in law, Listing Rule requirements, corporate governance and commercial practice and the board feels it is preferable to repeal the existing constitution and adopt a new one rather than incorporate a large number of amendments into the existing one.

The majority of proposed changes are administrative or relatively minor in nature but the most significant changes affecting shareholders relate to electronic communications, direct voting, proportional takeover provisions, restricted securities and hybrid meetings. Most appear to reflect current practice and crucially the new provisions allow hybrid meetings but do not permit the company to hold a wholly virtual general meeting.

ASA will vote undirected proxies in favour of this resolution.

Item 7	Approval of proportional take-over provisions
ASA Vote	For

This is a procedural resolution to ensure that shareholders have a right to vote prior to acceptance of a proportional takeover bid which is designed to assist shareholders to receive proper value for their shares in the event a proportional takeover bid is made for the company.

ASA supports this type of provision and will vote undirected proxies in favour.

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