



Continued growth in earnings as a result of a successful, diversified, global funds management strategy.

Growth in equities markets around the world and the investment in and diversification of our business, has delivered continued growth in earnings. This is our sixth year of uninterrupted growth in funds under management (FUM), base management fees and dividends. Our key measure of financial performance, cash net profit after tax (Cash NPAT), increased 17 per cent to \$201.6 million. Cash earnings per share (EPS) increased 15 per cent to 63.7 cents per share.

Your Board is pleased to declare a final dividend of 30 cents per share for the period, bringing total dividends for the year to 52 cents, an increase of 16 per cent on the previous year. Total Shareholder Return since listing is 226 per cent, which is well above the 52 per cent return of the Standard and Poor's ASX 200 Accumulation Index over the same period.

This long-term growth in earnings reflects the strength of our business model and our strategy of diversification. When the Company listed in December 2007, it was a purely domestic company, predominately focused on managing Australian equities, with funds under management of \$41.9 billion and 137 employees. Today, we have 320 employees in five countries, serve clients across major global markets and multiple currencies, and have over \$100 billion in funds under management.

We operate in an industry in which profitability has a strong correlation to financial markets. Therefore, our objective is to develop a business model with the requisite resilience and agility to manage through market cycles and deliver long-term growth to our shareholders. Through our strategy of diversification, our emphasis on investment independence, our multi-boutique business model, and our disciplined approach to capital management, we have delivered for shareholders and clients since listing and are well positioned to navigate the volatility through the various cycles.

'Pental' – our heritage and opportunity

Our culture of investment independence has attracted and retained the best talent and built trust and belief in our approach to investment on behalf of our clients. With this in mind, the Board and management determined that the time had come to invest in an independent name and a brand identity of our own. The philosophy and success of BT's investment ethos since the 1970s, when the Pental name was first used, has led us to link our new name to our heritage. We are preserving the strengths, values and culture of BT while looking to the future as an independently successful international asset manager.

True to strategy

Our core business is active investment in equities on behalf of our clients. While we know equities are a high-performing asset class over the long term, markets will rise and fall and our short-term earnings will inevitably be affected by these cyclical events. This is an accepted and necessary element of operating in this asset class. We expect and plan for these market fluctuations, while always remaining true to our core business.

Our approach is to build resilience through the continued diversification of the business, which reduces our reliance on any one client, sector, or currency. The successful execution of this strategy is evident in our ability to progressively grow our business, in spite of market volatility, over the long term. Resilience is also top of mind in our approach to risk and capital management.

As a global asset manager, we operate in a variety of markets and jurisdictions, and are subject to not only market fluctuations but also regulatory changes which can create uncertainty and impact the way we do business. Once again, our strategy of diversification builds resilience and long-term stability.

Long-term view

Good corporate governance requires us to periodically review and assess the company's strategy, and we do so with a long-term view, ensuring it remains appropriate to market cycles and events well beyond the next reporting period.

For example, when we invest seed capital to fund a new strategy, we do so with the understanding that the fund will not be marketable until it has a three-year track record. Given the volatility of the asset class, a strong track record over one year is not an indicator of propensity for long-term outperformance. Investing in new strategies therefore requires patience and foresight.

We must also take a long-term view of our greatest asset – our people. We are in the business of talent management, and it is incumbent on the Board and Executive team to continually invest in the future sustainability of the business by recruiting and retaining top investment talent and providing sustainable and attractive career paths.

Our appropriate and transparent remuneration model attracts talent to the business. And by weighting remuneration heavily towards variable pay for both executives and portfolio managers, we ensure alignment between performance incentives and long-term outcomes for clients and shareholders.

Financially strong – positioned for the future

As we move into a period of greater volatility and increasing regulatory costs, the Board takes a long-term view of balance sheet management in order to safeguard a strong capital position through market cycles. We have no debt and continue to look at markets, capabilities and products where we see good growth potential.

Based on the Company's strong capital position, the Board determined to deactivate the Dividend Reinvestment Plan (DRP) for the 2018 Financial Year final dividend. Over the last six years, the DRP has supported the Company's need for capital in repaying all debt taken on at the time of the J O Hambro Capital Management acquisition in 2011 and increasing the size of the seed investment pool. The Board has determined there is no further need for additional capital to be raised via the DRP at this time.

Board composition – reflecting the global nature of our business

During the period we saw the retirement of long-serving director, Meredith Brooks. I would like to thank Meredith for her significant contribution to the Company's growth and development over the past five years. Meredith was an experienced and valued member of the Board and executed her responsibilities with focus and dedication. My Board colleagues and I wish her well for her future.

We continue to develop our Board to reflect the scale and diversity of the international business we have become, and I am pleased to announce the appointment of two new Board members.

Sally Collier was appointed to the Board in July and brings over 30 years' experience in the financial services industry. Having worked in the UK and Hong Kong, she adds further international perspective to the Board.

Christopher Jones will join the Board in November and brings significant industry knowledge and global experience. Based in New York, Chris' understanding of US financial markets will be of significant value.

In these two new appointments, we have sought directors with experience in funds management, complementary skills, and truly global outlooks.

Corporate governance

The Board views ongoing review of our corporate governance procedures as more than a minimum requirement – it is an integral element of our business strategy.

This year we engaged an independent expert to undertake a detailed review of our Board function with the objective of assessing areas in which the Board could strengthen and enhance its performance. This process involved observing Board meetings and interviewing executives and Board members to form detailed insights and recommendations. In overview, the assessment considered access to accurate, timely information necessary to govern properly; structural and process issues associated with oversight of a global company; leadership and company culture; Board composition and succession planning and maintenance of a Board dynamic of intellectualism and robust discussion and debate. We are implementing recommended enhancements.

Outlook

Nobel Laureate Ilya Prigogine famously said: "The future is uncertain but this uncertainty is at the very heart of human creativity."

Change and uncertainty are always with us. We see uncertainty in the UK over Brexit. The political landscape is changing in Europe. Some look askance at challenges in our own region. But this is part and parcel of investing successfully on behalf of our clients. We have just marked ten years since the Global Financial Crisis. And a decade on, the equity markets in the US are now at record highs.

We do not take a short-term view and are alert to the sometimes dramatic events which impact the markets in which we operate. We need to have conviction in the positions we take, knowing that there will always be worrying events in the short term but also not being caught up in the hubris of booms. It is the ability to manage uncertainty and develop creative strategies to overcome inevitable difficulties that Ilya Prigogine was referring to.

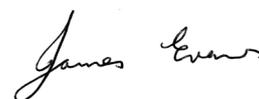
At Pandal we take nothing for granted and where some see problems, we may see opportunity. We cannot predict the future but we can set in place strategies to help deal with whatever unfolds.

In the current environment we are seeing volatile share markets and economic uncertainty across the globe. This type of volatility and uncertainty can impact businesses like ours and more broadly, general investor confidence.

However, your Board's role as custodians of your investment in Pandal means that we take a long-term view, ensuring we have a robust and sustainable business that is as agile as it is strong, with a balance sheet that is positioned to invest for future growth.

Through this steadfast commitment to our strategy of diversification across geographies, clients and products, and investing for long-term growth, we have evolved through numerous market cycles and emerged as a leading global asset management business. We remain confident that we have a business model to continue to deliver long-term value to our shareholders.

I would like to thank the management team and all our people for their personal contribution to another successful year. I would also like to acknowledge my Board colleagues for their resolve and commitment to the long-term success of the business.



James Evans
Chairman