Funds Under Management (FUM)

2018 Financial Year represents another strong year. The Group's FUM closed at $101.6 billion, an increase of $5.8 billion, or 6 per cent over the year. Growth was delivered through investment performance and higher markets which contributed $5.8 billion, favourable foreign currency movements of $3.7 billion on foreign denominated FUM, offset by net outflows of $3.7 billion.

FUM $ billion	30 Sept 2017 Closing FUM	Net flows	Other[1]	FX Impact	30 Sept 2018 Closing FUM
Institutional[2]	**29.2**	**1.5**	**2.0**	**1.2**	**33.9**
Wholesale					
– Australia	6.4	0.9	0.6	-	7.9
– OEICs	23.9	(2.3)	0.6	1.3	23.5
– US Pooled	11.5	1.7	0.9	1.2	15.3
Pendal Group Core Funds	**71.0**	**1.8**	**4.1**	**3.7**	**80.6**
Westpac – Other[3]	17.2	(4.7)	1.0	-	13.5
Westpac – Legacy	7.6	(0.8)	0.7	-	7.5
TOTAL FUM	**95.8**	**(3.7)**	**5.8**	**3.7**	**101.6**

1 Other: includes market movement, investment performance and distributions
2 $6.6b of Westpac mandates previously classified in Institutional FUM as at 30 September 2017 has been reclassified to Westpac – Other
3 Westpac – Other: represents all Westpac directed mandates covering corporate and retail superannuation, multi-manager portfolios, managed accounts and Westpac capital

FUM growth was assisted by positive market performance and a lower Australian dollar over the year. The S&P/ASX 300 Index and the MSCI All Countries World Index (ACWI) in local currency terms were both 9 per cent higher over the year, while the average levels of the S&P/ASX 300 and the MSCI ACWI in local currency were 6 per cent and 13 per cent higher respectively. The Australian dollar weakened over the year and was 6 per cent lower versus the British pound and 8 per cent lower versus the US dollar, while on average the Australian dollar was 6 per cent lower versus the British pound and flat against the US dollar, compared to the prior financial year.

Total net outflows were $3.7 billion which were led by outflows from the Westpac channels which saw $4.6 billion redeemed as a result of changes made by BT Financial Group to its MySuper portfolio and the run-off in the legacy book (-$0.8 billion). The OEICs were also in outflow (-$2.3 billion) as investor sentiment in Europe fell in the second half of the year.

The institutional channel saw $1.5 billion in net inflows which was a pleasing outcome following the loss of a significant mandate in the UK Opportunities strategy (-$1.2 billion) after the retirement of a senior fund manager in late 2017. Pendal Australia took in $3.2 billion in institutional net inflows with Australian equities (+$2.5 billion) and cash strategies (+$1.0 billion) favoured. The Australian and US wholesale channels were also a source of good fund flow through the year with Australian inflows of +$0.9 billion, a record year for that channel, and the US Pooled funds (+$1.7 billion) continuing the good momentum in that channel seen over the last few years.

Investment strategies garnering notable net inflows over the course of the year include Australian large cap (+$2.8 billion) in the institutional and wholesale channels, International Select (+$1.5 billion), UK Dynamic (+$0.8 billion), Global Opportunities (+$0.7 billion), UK Equity Income (+$0.6 billion), Global Emerging Markets Opportunities (+$0.5 billion), and cash strategies (+$1.4 billion).

It is also pleasing to note the European Concentrated Value and Emerging Markets Small Mid Cap strategies achieved their three-year track records during the year, and have grown to $1.6 billion and $0.4 billion respectively as at 30 September 2018. During the year three new strategies were brought to market, with two multi-asset and one income fund launched, which are targeted at the growing retirement market and demand for income products with low capital volatility.

Highlights	FY18	FY17	Change
Cash NPAT	$201.6m	$173.1m	+17%
Statutory NPAT	$191.0m	$147.5m	+30%
Operating revenue	$558.5m	$491.0m	+14%
Operating expenses	$316.9m	$281.9m	+12%
Operating profit margin	43%	43%	-
Cash earnings per share (cents)	63.7	55.3	+15%
Dividends (cents per share)	52	45	+16%
Franking	15%	27%	-44%
Average FUM	$99.5b	$90.4b	+10%
Closing FUM	$101.6b	$95.8b	+6%

Investment Performance

Across the Group long-term investment performance remains strong with 93 per cent of FUM with a sufficient track record outperforming respective benchmarks over five years to 30 September 2018.

Asset class	FUM 30 Sept 2018 A$ billion	% FUM outperformed respective benchmark at 30 Sept 2018[1]	
		3 Year	5 Year
Equities			
Australian	16.7	71%	92%
Global/International	28.9	67%	98%
UK	11.5	84%	100%
European	9.9	100%	100%
Emerging Markets	4.6	83%	100%
Asian	2.7	1%	3%
Property	1.8	100%	100%
Cash	10.0	100%	100%
Fixed Income	6.8	44%	97%
Multi-Asset	7.7	1%	64%
Other	1.0	82%	100%
TOTAL FUM	**101.6**	**69%**	**93%**

[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.

Fund performance over one year has been mixed with a number of investment strategies under-performing benchmarks, particularly the value orientated strategies. However, a number of funds performed strongly through the year and outperformed their benchmarks over the 12 month period to 30 September 2018. These included:

- JOHCM International Select Fund (+7.6%)
- JOHCM Global Smaller Companies Fund (+7.4%)
- JOHCM US Small Mid Cap Equity Fund (+5.2%)
- JOHCM Global Select Fund (+4.1%)
- Pendal Monthly Income Plus Fund (+4.1%)
- Pendal Focus Australian Share Fund (+3.3%)
- JOHCM International Small Cap Equity Fund (+3.1%)
- Pendal MidCap Fund (+2.6%)

A number of JOHCM and Pendal Australia funds earn performance fees for the achievement of above benchmark returns. JOHCM earns performance fees on a calendar year basis and Pendal Australia earns fees on a 30 June year basis. The 2018 Financial Year saw performance fees earned from nine JOHCM investment strategies and four Pendal Australia investment strategies. Notable performance fees were generated from the following funds:

- JOHCM UK Equity Income
- JOHCM UK Dynamic Fund
- Pendal Focus Australian Share Fund
- Pendal MidCap Fund

Profitability

Cash NPAT for the year was $201.6 million, an increase of 17 per cent on the previous year (2017: $173.1 million), while Statutory NPAT increased 30 per cent to $191.0 million (2017: $147.5 million). The result was achieved by higher average FUM on the back of higher market levels, increased performance fees, and favourable currency as the Australian dollar depreciated over the year.

Cash EPS increased 15 per cent to 63.7 cents (2017: 55.3 cents).

Revenue

Total fee revenue was $558.5 million which represented a 14 per cent increase on the previous year (2017: $491.0 million).

Base management fees rose 12 per cent to $501.1 million (2017: $447.2 million) as a result of higher average FUM, which was 10 per cent higher than the previous year. Average fee margins increased 1 basis point to 51 basis points. The growth in average FUM benefited from higher market levels which saw the average level of the S&P/ASX 300 Index 6 per cent higher, and the average level of the MSCI ACWI in local currency 13 per cent higher, compared to the 2017 Financial Year. The increase in fee margin was a result of FUM growth in higher margin channels.

Performance fees for the year totalled $54.5 million, 44 per cent higher than the previous year (2017: $37.9 million). The performance fees were predominantly earned in JOHCM funds which earned $47.5 million, while Pendal Australia funds delivered $7.0 million in performance fees for the year.

Expenses

Total operating expenses were $316.9 million, a 12 per cent increase on the prior year (2017: $281.9 million).

Total employee costs were $224.7 million, 8 per cent higher than last year (2017: $208.1 million), with fixed employee costs of $77.2 million (2017: $67.9 million) and variable employee costs of $147.5 million (2017: $140.2 million). Fixed employee costs were 14 per cent higher as 11 new FTE were added across the group during the year taking total FTE to 320 as at 30 September 2018. This included two FTE into the distribution teams, three into the investment teams and six into operations and corporate support. Variable employee costs were 5 per cent higher than last year, largely driven by higher performance fees.

Non-staff operating costs were $92.2 million which is 25 per cent higher than the prior year (2017: $73.8 million). Fixed non-staff costs were $13.2 million higher to $66.5 million (2017: $53.3 million) attributable to higher occupancy costs resulting from the UK office moving premises, one-off costs associated with the Pendal brand launch, and increased regulatory costs associated with the European Union's MiFID II implementation. Non-staff variable costs were $25.7 million (2017: $20.5 million), 25 per cent higher as a result of increased third party investment management fees on higher FUM and lower performance-related fees in the prior year.

Financing costs for the year were $0.1 million, down from last year (2017: $0.2 million).

The overall operating cost to income ratio was flat on the 2017 Financial Year at 57 per cent, while the compensation ratio of 40 per cent declined from 42 per cent in the prior year.

Earnings per share

Fully diluted Cash EPS was 63.7 cents per share, a 15 per cent increase versus the prior financial year (2017: 55.3 cents per share). During the year ordinary shares on issue increased from 314,998,763 to 318,006,576, due to the issuance of new shares as part of the Fund Linked Equity (FLE) program and shares issued as part of the Dividend Reinvestment Plan (DRP), which remained active through the financial year.

Dividends

The Directors declared a final dividend of 30.0 cents per share, bringing total dividends for the year to 52.0 cents per share, a 16 per cent increase on last year's dividend of 45.0 cents per share. The total dividend represents a payout ratio of 82 per cent, which is within the Group's payout ratio target of 80-90 per cent of Cash NPAT.

The franking level for dividends paid in the 2018 Financial Year dividends was 15 per cent which compares to 27 per cent for the prior year. The lower franking level reflects the increased contribution of offshore earnings to Pendal Group's profit. In accordance with the Company's capital management plan, and to the extent possible, retention of franking credits is minimised.

The DRP, which was initially activated in the 2013 Financial Year, has been deactivated 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.

Financial position

Pendal Group actively manages its operational and strategic capital requirements using a combination of appropriate earnings retention and, at times, debt and new equity issuance. The Group has a AUD 25 million multi-currency revolving loan facility with the Westpac Group. During the 2018 Financial Year the facility was not drawn upon.

During the year, Pendal Group increased its seed capital portfolio by investing in new and existing funds to provide scale as they establish an investment performance track record. During the 2018 Financial Year, an additional $75.1 million of capital was funded into the corporate seed portfolio which totals $237.5 million as at 30 September 2018. The current level of seed capital within the Pendal Group sits within the Board's risk appetite.

Included on Pendal Group's balance sheet as at 30 September 2018 were intangible assets of $545 million consisting of goodwill and management rights associated with the acquisition of JOHCM in 2011 and goodwill arising from Pendal Group Limited's initial public offering in 2007. There was no impairment to the carrying value of goodwill during the year. The management rights associated with the acquisition of JOHCM continue to be amortised over time.

The Pendal Group operates the Fund Linked Equity (FLE) program, a remuneration scheme for certain JOHCM fund managers. Periodically shares are issued to satisfy equity rights held by fund managers as part of the FLE scheme. During the 2018 Financial Year, 2,304,178 ordinary shares were newly issued as part of the FLE scheme.

The FLE program is designed to be broadly Cash EPS neutral due to a reduction in revenue share the fund managers subsequently receive, which has a positive contribution to Pendal Group earnings, provided FUM is maintained post share-issuance. Full details of the FLE scheme and the share issuance are set out on pages 36 and 37 in the remuneration section of this report.

Exchange rate

Pendal Group earns revenue and incurs expenses in a number of different currencies with its primary currencies being the British pound (GBP), US dollar (USD) and Australian dollar (AUD). JOHCM's operating results are denominated in British pounds and, for consolidation purposes, these results are converted to Australian dollars at the prevailing exchange rate each month throughout the Financial Year.

Over the course of the year the average AUD/GBP exchange rate was 0.5665, which is 6 per cent lower compared to prior year (2017: 0.6002). The AUD/GBP rate fluctuated between 0.5417 and 0.5987 throughout the year and the spot rate as at 30 September 2018 was 0.5519.

The average level of the AUD/USD exchange rate through the 2018 Financial Year was 0.7605 which was marginally lower than the previous year (2017: 0.7624). The spot AUD/USD rate as at 30 September 2018 was 0.7222.

Reconciliation of Cash and Statutory NPAT

NPAT includes accounting adjustments required under International Financial Reporting Standards (IFRS) for amortisation of employee equity grants, amortisation of employee deferred share of performance fees, and amortisation and impairment of intangible assets. These non-cash charges are not considered by the Directors to be part of the underlying earnings of the Group and therefore the Directors believe that Cash NPAT is a more suitable measure of profitability. A reconciliation of Statutory NPAT to Cash NPAT is set out below.

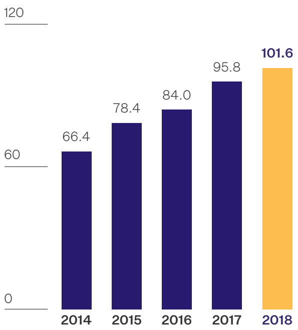
Regulation

The financial services industry continues to undergo significant legislative and regulatory reform. The Group continuously monitors regulatory changes impacting its Australian and offshore businesses.

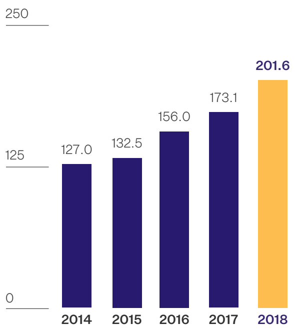
Heading the regulatory challenges currently facing the Group's UK/European based operations is Brexit and its product distribution and staffing implications. Brexit will have significant implications for the Group's operations in the region. While negotiations remain ongoing and outcomes uncertain, a European presence is currently being established in Ireland leveraging off the existing Irish fund range. The approval for the new entity being established remains subject to the Bank of Ireland approval. The Group continues to monitor developments and is well placed to respond to all potential outcomes, including a 'hard Brexit'.

Reconciliation of Statutory NPAT to Cash NPAT	FY18	FY17
Statutory NPAT	191.0	147.5
Add back:		
Amortisation of employee equity grants	43.3	53.7
Amortisation of employee deferred share of performance fees	10.3	-
Amortisation and impairment of intangibles	7.7	7.8
Deduct:		
Cash cost of employee equity grants payable during the year	(37.6)	(38.8)
Cash cost of employee deferred share performance fees in respect of the current period	(17.1)	-
Add/(deduct): tax effect	4.0	2.9
Cash NPAT	**201.6**	**173.1**

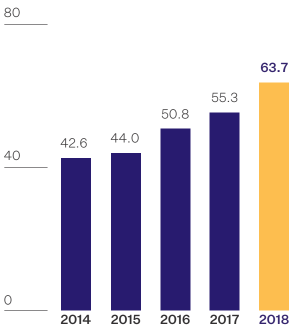
Closing funds under management (FUM) – $billion



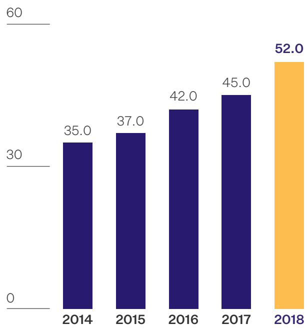
Cash net profit after tax (Cash NPAT) – $million



Cash earnings per share (Cash EPS) – cents per share



Dividend per share – cents per share



Beyond Brexit are the continued reforms to the EU's Markets in Financial Instruments Directive (known as MiFID II) which became effective in January 2018 with additional rules coming into force throughout the year. This has had a profound impact on the Group's UK/European operations as the requirements of MiFid II have driven a wholesale change in the way financial markets operate. This has included the unbundling of external research and brokerage costs for the first time, with payment for external research now being made via the Group's own profit and loss account. In the coming year, additional changes will be subject to scrutiny as part of the UK's ongoing preparations for Brexit.

During the year there were significant reforms to privacy laws across the globe. The laws were enforced in May 2018 and implemented by way of the EU General Data Protection Regulation (GDPR) mainly affecting the Group's operations in the UK and Europe, whilst the Australian business experienced a knock-on effect. Locally, in Australia, a change in privacy laws followed on from the UK and Europe and was introduced via the Notifiable Data Breaches Scheme. A readiness assessment for the privacy reforms was performed by each of the Group's businesses to ensure all operations and contracts within the Group would be compliant with the new regulations.

We also saw key regulators tighten their expectations on governance and risk management frameworks and the role and responsibilities undertaken by senior managers to promote appropriate conduct at all times. Most significantly, in the UK the Financial Conduct Authority (FCA) announced that their Senior Managers and Certification Regime (SMCR) which has applied to banks since March 2016 will be extended to all other financial services by December 2019. To respond to the FCA's expectations, the Group's UK business is undertaking a review to ensure compliance with the requirements. The FCA also published its final report on its investigation into the asset management industry in June 2018. Key highlights from the report were the FCA's observations on the quality of governance, the lack of adequate price competition, poor fund performance and a lack of clarity around costs and charges. It has subsequently issued consultation papers on some of its proposed remedies, some of which may be implemented as part of the SMCR. The Group will continue to monitor the potential impact on its UK operations and changes more broadly.

Similarly, the Australian Securities and Investments Commission (ASIC) has been focused on governance, risk management frameworks and conduct and, as a result, enforced Regulatory Guide 259 – Risk Management Systems. The revised RG259 outlines ASIC's expectations for how responsible entities assess, manage and report their risk management activities. In response, the Australian business aligned its Risk Management Framework to the requirements of RG259.

We are closely watching the proposed development of the Asia Region Funds Passport (ARFP) as a common framework of coordinated regulatory oversight to facilitate the cross-border issuing of managed investment funds. It enables a fund registered in its home jurisdiction to be 'passported' to other participating countries, which include Australia, Japan, Korea, Thailand and New Zealand. During the year, draft legislation was released in relation to both the ARFP regime and the new Corporate Collective Investment Vehicles in order to facilitate investment by foreigners into Australian funds. As the legislation is released, the Group's Australian business will continually monitor and assess opportunities as they arise.

Learn more about our global operations at
annual-report-2018.pendalgroup.com/global-operating-review

Risk Management

Risk Management Framework

Pendal Group is a pure investment manager. We use our global investment expertise to manage investment risk and generate wealth for our clients. Our goal is to provide investment products that meet or exceed our clients' expectations. The key to our success is earning the trust of our clients over the long term. We aim to grow our business by successfully investing over multiple market cycles. Our products are clear in their investment goals and transparent in their fees. Our culture encourages individuals to act with integrity and honesty and to place the interests of our clients as our first priority.

The Group has an established Risk Management Framework (The Framework) in place to ensure risk management principles are met. The Framework is subject to regular review and stress testing to confirm its effectiveness.

The success of the Group's business is based on taking risks that are known, understood, assessed and managed in line with the Board-approved Risk Appetite Statement.

The Group seeks to proactively identify all material risks that may affect the organisation and ensure that these are managed appropriately. When assessing risk appetite, the Group has adopted risk posture statements, which specify the acceptable risk level for each of the identified risks. The Group's most conservative risk posture is in the management of critical areas such as key investment personnel, strategic alignment and execution, reputation (business and brand), behaviour and conduct, regulation, fiduciary obligations to clients and oversight of third party providers. This means that the Board has a narrower tolerance for these risks. In relation to risks associated with business growth and initiatives, the Board accepts a higher risk appetite, consistent with its strategic objectives that include investing shareholder funds in the form of seed capital to support growth.

The Board has developed a Risk Appetite Statement which is subject to review at least annually. This process incorporates review of key aspects of the strategy and assesses whether adjustments to the Risk Appetite Statement need to be made as strategy evolves.

Risk and responsibilities

Overall accountability for risk management lies with the Board. The Audit & Risk Committee (ARC) assists the Board in its oversight of risk management, financial and assurance matters. The Board delegates responsibility for the implementation of risk management to the Group CEO and the Global Executive Committee. The Global Executive Committee has accountability and responsibility to manage the Group in a sustainable way, to enhance and maintain the Group's reputation, to ensure compliance with legal and regulatory obligations and industry standards, to strive to achieve the Group's objectives and to take all necessary steps to promote ongoing long-term investment performance for clients. The Group Chief Risk Officer is responsible for coordinating the identification, assessment, control, monitoring and reporting of risk exposures and their associated mitigants and controls throughout the Group.

Key business risks

The Group actively manages a range of business risks and uncertainties which have the potential to exercise a material impact on the Group and its ability to achieve its stated objectives. This includes the possible loss of FUM and accompanying revenue which may have a significant impact on the Group's profitability. While every effort is made to identify and manage material risks, additional risks not currently known or detailed below may also adversely affect future performance. The Board has identified the Group's material risks as outlined below.

Key Risk	Risk Description	Risk Management
Strategic Alignment and Execution	The risk that the Pendal Group's strategy is not aligned to future growth opportunities, including the selection of appropriate products in the right geographies at the right time. The risk associated with the failure to effectively execute the Group's strategy and that the strategy does not produce the expected results.	• Annual strategy and budget process, with outcomes approved by the Board • Employee objectives aligned to strategic objectives • Clearly articulated objectives and governance structure • Robust due diligence for acquisitions, engaging subject matter experts • Regular monitoring and strong reporting mechanisms
Talent	The Pendal Group's performance is largely dependent on its ability to attract and retain talent and, in particular, key investment personnel. Loss of key personnel could adversely affect financial performance and business growth.	• Long-term retention plans • Competitive remuneration structures in the relevant employment markets to attract, motivate and retain talent, with alignment to client and shareholder outcomes • Succession planning to develop or attract talent for sustainable growth • Maintenance of a strong reputation and culture which promotes an attractive workplace
Investment Performance	The management of investment performance risk is a core skill of the Group. This is the risk that portfolios will not meet their investment objectives or that there is a failure to deliver consistent performance that meets or exceeds our clients' expectations. The risk that our investors seek other investment products if we are unable to meet investment objectives.	• Talent hiring and succession planning • Clearly defined investment strategies and investment processes within stated risk parameters • Regular investment performance reviews and analysis of investment risks across all asset classes and strategies • Investment monitoring performed independent of our portfolio managers

Key Risk	Risk Description	Risk Management
Changing Client Preferences	The inability to respond effectively to changing client preferences with regard to products and solutions, fee structures, and asset classes. Such a risk could lead to offering investment products that are no longer in demand, loss of revenue from fee compression and FUM loss from the increasing prevalence of passive investment preferences in the market.	• Management of a diverse product range, which includes client engagement on the development of new product strategies • Increasingly diverse product offering to address evolving investor needs • Ongoing monitoring and review of strategy • Ongoing fee reviews on all portfolios
Product and Revenue Concentration	The risk of uneven distribution of exposure to particular sectors, geographic regions, clients and/or products.	• Clear strategy targeted at diversity across investment strategies, style and geographies • Expanded distribution network broadening the client base across channels • Ongoing pursuit of new investment talent to broaden investment capability • Monitoring and reporting to assess areas of concentration which identify elevated thresholds
Country and Regulatory Risk	The global operations of the Pendal Group are conducted in Australia, the United Kingdom, the United States, Singapore and Europe. There is a risk that the Group will not be able to effectively respond to regulatory change, or comply with multi-jurisdictional laws and regulations which could materially affect the business. Failure to effectively manage these risks may have an associated impact on operating costs through increased legal and compliance costs, and potential for regulatory sanctions and fines, which reduces profitability. The impending withdrawal of the UK from the European Union (EU) in March 2019 presents an increased risk of loss of revenue and the ability to manage and distribute funds into the EU.	• Clearly defined compliance framework to meet compliance obligations • Established policies and procedures supporting the risk and compliance framework • Experienced and appropriate level of legal, risk and compliance resources to manage obligations, change and complexity • Regular and constructive engagement with regulators including participation on industry bodies • Brexit Steering Committee in place • Establishment of new Irish Management Company (subject to regulatory approval) • Ongoing monitoring, reporting and review of regulatory obligations and country risks, including new and proposed legislation
Outsourced Service Providers	The Pendal Group has a number of key outsourced service providers, particularly with respect to fund administration and custody services. Failure to manage key outsourced service providers appropriately exposes the business to a risk of potential financial loss and/or reputational damage. This includes services provided by external parties not being conducted in line with the respective service level agreements, as well as service providers ceasing to provide services and the subsequent migration to new providers. Over the next three years the Pendal Group's Australian operations will be exposed to heightened third party risks as the business seeks to transition its back office service providers.	• Robust due diligence process • Clearly defined framework, policies and procedures • Regular monitoring and review of service level agreements and standards • Independent annual audit of the design and effectiveness of internal controls • Annual Business Continuity Planning and regular testing of critical systems • Strategic skill-sets for project teams tasked with transformational projects • Ongoing monitoring and reporting
Behaviour and Conduct	The risk of inappropriate behaviour which is not in line with the Pendal Group's core values, including the risk of senior management failing to set an appropriate cultural 'tone from the top', which may result in the delivery of detrimental or sub-optimal outcomes for our clients and shareholders.	• Clearly defined Code of Conduct which outlines the expected behaviour of all individuals • Independent whistleblowing provider • Embedded Risk Management Framework, which incorporates conduct risk management • Ongoing risk and compliance training and confidential staff engagement surveys • Internal audit program incorporating conduct assessments
Business Interruption and Disruption (including cyber risk)	The risk that the Pendal Group may suffer service disruptions such that losses may arise from defects such as system failures, faults or incompleteness in computer operations, or illegal or unauthorised use of computer systems and personal information including cybercrime.	• Business Continuity and Crisis Management Plans • Annual testing of Disaster Recovery Plans • Independent review of the design and effectiveness of internal controls • Staff training • Cyber Security Incident Response Plan • Ongoing consultation with cyber security specialists
Market, Financial, and Treasury	The Pendal Group's fee income is derived from the assets we manage on behalf of our clients. The assets we manage face a variety of risks arising from the unpredictability of financial markets, including movements in equity markets, interest rates and foreign exchange rates. The Pendal Group also invests its own capital alongside clients when establishing new financial products and building them to scale. This exposes the business to the same potential loss of capital as our clients.	• Diversification across asset classes, investment styles and geographies • Budgeting and financial forecast management • Ongoing monitoring and review of strategy • Conservative approach to leverage • Monthly offshore earnings hedged into Australian dollars • Clearly defined Seed Capital Policy • Ongoing monitoring and annual board review of seed capital portfolio performance