

## To deliver exceptional investment returns to clients by attracting and retaining superior investment talent.

The company has experienced six years of consecutive growth in funds under management (FUM), cash net profit after tax (Cash NPAT) and dividends to shareholders as we deliver on our strategy of building out a diverse and truly global asset management business.

The Board and senior management annually review the opportunities and challenges facing the Group to identify strategic priorities over a three to five-year timeframe. The strategy discussion focuses on expanding our investment capabilities, developing and enhancing our distribution channels, identifying opportunities for growth and setting the key priorities for management. This provides clear direction on resource allocation and prioritises the areas that strategically matter most.

Our strategy reflects our core business proposition of global diversification, expanded investment offerings and continued investment in talent.

As part of our global diversification strategy we plan on expanding our presence in the US through growing our sales presence and broadening our product offering via new teams and 'step-out' strategies from our existing teams.

Talent management continues to be a key strategic focus as we seek out new investment strategies and teams, emphasising scalability and diversification of our existing portfolio. The Board regularly reviews retention and succession plans to promote sustainable growth in FUM.

Responsible Investing (RI) presents a growth opportunity for the business, driven by strong demand and interest for ESG/RI capabilities that align investor values while delivering strong financial returns. We are well positioned given our rich history in this segment in the Australian market and our focus is on how to leverage our existing capabilities and relationships in this area to expand our ESG offering on a broader scale.

We are also focused on utilising technology to create a more efficient and effective operational platform to not only drive costs down, but connect with our clients in a more meaningful way. We are tapping into cross-industry knowledge and drawing on expertise from the fin-tech sector, to explore and harness more dynamic ways of meeting our clients' needs in 2019 and beyond. This will enable us to not only manage costs and drive efficiencies, but also enhance the client experience, and deliver competitive advantages to build FUM.

The tables on the right detail our strategic imperatives, our achievements during the 2018 Financial Year and our focus for the year ahead.



Learn more about our strategy at [annual-report-2018.pendalgroup.com/strategic-report](https://annual-report-2018.pendalgroup.com/strategic-report)



### Grow in new and existing markets

Continued investment in the US for growth



### Expand investment capabilities

Identify new investment capabilities to diversify and provide for future growth



### Build effective distribution channels

Develop and enhance distribution channels to drive sales

### **Purpose**

- Pandal has been investing for growth in the US over the course of the last five years
- The North American markets represent approximately half the global asset management industry, so are an important focus for our future growth
- Growth in the US market is important to diversify the risk away from reliance on the International Select strategy

### **FY18 Achievements**

- USD 1.3 billion (AUD 1.7 billion) of net flows in US Pooled funds
- The US now represents 28 per cent of Group base management fee revenue, with FUM now USD 15.6 billion (AUD 21.6 billion)
- Launched the Global Income Builder product in the US in November 2017
- Global Income Builder Fund already available on four major US platforms
- Added seven FTE including institutional sales, client servicing and corporate support

### **FY19 Focus**

- Continue ongoing discussions with investment talent that will add complementary investment strategies
- Broaden product offering by leveraging strength of existing relationships or 'step-out' strategies from existing teams
- Promote new Global Income Builder product to garner traction
- Continued investment in the US market, including enhancing sales resources and on-the-ground coverage for the US West Coast

### **Purpose**

- Maintain a diverse and attractive product range for existing and new clients
- Develop opportunities for growth by expanding our investment capabilities
- Utilise 'step-out' strategies to create further capacity for growth
- Further diversify our revenue streams across new strategies

### **FY18 Achievements**

- Launched three new investment strategies during FY18
- Launched the Global Income Builder strategy in the US and Europe
- Launched the Pandal Dynamic Income Fund in Australia
- Launched the Multi-Asset Target Return strategy in the Australian market

### **FY19 Focus**

- Identify new investment strategies and teams that can materially grow FUM
- Build on existing investment capabilities by identifying extension strategies
- Broaden and strengthen Responsible Investing (RI) and ESG product offering

### **Purpose**

- Adding to sales capabilities and broadening distribution are critical to driving demand for our products and attracting inflows
- Build effective distribution channels by:
  - Increasing awareness of our investment teams and products
  - Strengthening client relationships
  - Developing new and existing distributor relationships
  - Tailoring our services and products for markets and clients

### **FY18 Achievements**

- Added a dedicated institutional sales resource in Boston office
- Added resources into client servicing and RFP teams for US and European markets
- High net worth channel focus in Australia delivered AUD 400 million in net flows
- Australian wholesale sales team delivered record AUD 500 million in new net flows in year

### **FY19 Focus**

- Add further US wholesale sales resources and on-the-ground coverage for the US West Coast
- Establish an EU presence (Ireland) to meet EU regulatory requirements
- Continue to target SMAs and the high net worth segment in Australia
- Explore global distribution of Pandal Australia's investment strategies
- Develop broader relationships in Australian wealth market following Royal Commission