

PERPETUAL EQUITY INVESTMENT COMPANY LIMITED

ACN 601 406 419



JULY 2015 MONTHLY INVESTMENT UPDATE AND NTA REPORT

MONTH IN REVIEW

The Australian equity market, as measured by the S&P/ASX 300 Accumulation Index, performed well during July, rising 4.31%. Global markets delivered mixed results during the month, with developed markets gaining ground while emerging markets fell heavily on the back of a sharp downturn in Chinese stocks. US stocks had a slow start to the month but ended in positive territory on the back of better than expected quarterly company earnings. In Europe stocks rallied as Greece reached a conditional deal with its creditors, dispelling immediate fears that it may exit the Eurozone. Chinese stocks suffered heavy falls, with the Shanghai Composite Index experiencing its largest one day decline in eight years. The People's Bank of China introduced a number of measures in an attempt to manage the volatility, including a market stabilisation fund and temporary suspension of all new IPOs. The Australian dollar fell 4.5% against USD to 0.7344, while the Reserve Bank of Australia kept interest rates on hold. Resource stocks underperformed as commodity prices continued to drop, while the falling AUD provided a boost for stocks generating earnings offshore.

PERPETUAL EQUITY INVESTMENT COMPANY LIMITED

As at 31 July 2015
ASX code: PIC
Listing date: 18 December 2014
Market capitalisation: \$249,527 million
Share price: \$0.995
Shares on issue: 250,780,778
Options on issue: 250,007,777
Options ASX Code: PICO
Options expiry date: 10 June 2016
Options Share price: \$0.025

PORTFOLIO COMMENTARY

The Portfolio returned 4.3% which was in line with the S&P/ASX 300 Accumulation Index return. The Manager continued to find attractive investment opportunities and has now deployed 46% of the Perpetual Equity Investment Company's (PIC) capital. Thirty percent of the portfolio is invested in Australian listed securities and 16% of the portfolio is invested in global companies.

Earlier this year, the Manager invested in the global commerce provider, eBay. eBay was trading at attractive multiples and management had flagged its intention to list their subsidiary business, PayPal. PayPal is a digital payments platform that facilitates payments between merchants and consumers.

eBay acquired PayPal in 2002. At the time eBay had a rapidly growing online auction platform and PayPal was the most popular payment method used by those transacting on eBay. The combination of the firms allowed eBay to embed PayPal into the auction process which improved security for eBay users. In return PayPal benefited from access to eBay's existing user base and scale and this helped it grow into a leading payments platform.

Today PayPal processes almost 12 million payments per day, 27 times greater than the 440,000 payments it was processing each day when eBay acquired the company. In the past twelve months the company has facilitated US\$248 billion in payment volumes in over 200 markets. During July, PayPal was split out as a separately listed company, with existing eBay shareholders receiving shares in PayPal. With its separation from eBay, PayPal becomes one of the only truly independent payment platforms with scale – with over 10 million merchants and 169 million consumer clients.

We believe PayPal's independence from payment providers, merchants and device manufacturers provides a competitive advantage for the business and should help PayPal benefit from the ongoing rise in digital payments. Payment volumes were up 27% in the most recent quarter, with mobile transactions – such as the ability to pay for your Shell petrol with your mobile phone in the UK via PayPal technology – up 42%.

When PayPal was part of eBay, the Manager felt the market undervalued the PayPal business and underappreciated its quality and growth potential. The separate listing has helped unlock value for investors, which has been reflected in the strong performance of eBay leading up to its separation, and the subsequent healthy share price performance for both companies since the split.

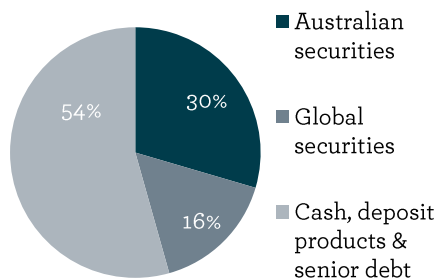
PIC continues to hold positions in both eBay and PayPal.

During July PIC announced that a new Dividend Reinvestment Plan (DRP) was being introduced to enable eligible shareholders to reinvest their dividends in additional shares in the Company. PIC expects to announce a dividend when the Company's full year results are released later this month and the DRP will operate for that dividend. DRP shares will be issued at a discount of 2.5%. Shareholders are required to complete and return a DRP election form to participate.

For further information about the DRP shareholders can contact Link Market Services on +61 1800 421 712 or refer to PIC's website (www.perpetualequity.com.au).

PORTFOLIO PROFILE

ALLOCATION OF INVESTMENTS



INVESTMENT OBJECTIVE

The investment objective of the Company is to provide investors with a growing income stream and long-term capital growth in excess of its benchmark (the S&P/ASX 300 Accumulation Index) over minimum 5 year investment periods.

INVESTMENT STRATEGY

The Company's investment strategy is to create a concentrated and actively managed portfolio of Australian securities with typically a mid-cap focus and global listed securities.

The Company will provide investors with the opportunity to invest in an actively managed portfolio and to gain access to the investment management experience and expertise of the Manager.

ABOUT THE MANAGER

The Company's investment portfolio is managed by Perpetual Investment Management Limited, part of the Perpetual Group, whose consistent track record of investing excellence is underpinned by its proven investment process that focuses on value and quality.

TOP SECURITIES

The Manager may take up to approximately twelve months from listing date to fully invest the Portfolio to within the investment guidelines. Once its capital has been deployed, the Company will disclose the top 10 Australian securities and the top 5 Global securities and their weightings in the monthly report.

NET TANGIBLE ASSET (NTA) BACKING PER ORDINARY SHARE¹

AS AT 31 JULY 2015	AMOUNT
NTA before tax ²	\$1.035
NTA after tax	\$1.027

Daily NTA is available on the website.

¹All figures are unaudited and approximate.

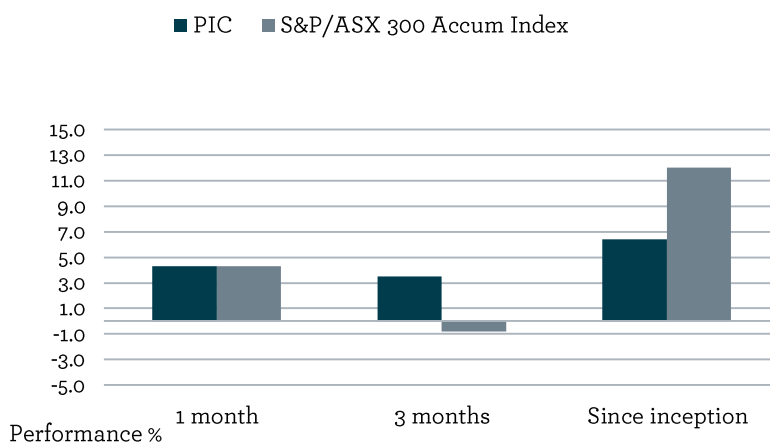
²The before and after tax numbers relate to provisions for deferred tax on set-up costs and on unrealised gains and losses in the Company's investment portfolio.

PERFORMANCE - NET OF FEES, EXPENSES AND TAX PAID

PERFORMANCE AS AT 31 JULY 2015	1 MTH	3 MTHS	SINCE INCEPTION
PIC	4.3%	3.5%	6.4%
S&P/ASX 300 Accumulation Index	4.3%	-0.8	12.0%
Performance Relative to benchmark	0.0%	4.3%	-5.6%

Inception date is 18 December 2014.

PERFORMANCE - PIC VS BENCHMARK



Returns shown for the Company have been calculated on the growth of Net Tangible Assets (NTA) after taking into account all operating expenses (including management fees and any income tax on realised gains) and assuming reinvestment of dividends. Any provisions for deferred tax on set up costs and on unrealised gains and losses are excluded. Past performance is not indicative of future performance.

This monthly report has been prepared by Perpetual Investment Management Limited (PIML) ABN 18 000 866 535, AFSL 234426. It is general information only and is not intended to provide you with financial advice or take into account your objectives, financial situation or needs. You should consider, with a financial adviser, whether the information is suitable for your circumstances. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. No company in the Perpetual Group (Perpetual Group means Perpetual Limited ABN 86 000 431 827 and its subsidiaries) guarantees the performance of the Company or the return of an investor's capital.

CONTACT DETAILS

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