

# INVESTMENT UPDATE AND NTA REPORT SEPTEMBER 2022

## PORTFOLIO SNAPSHOT

### NET TANGIBLE ASSET (NTA) BACKING PER SHARE

AS AT 30 SEPTEMBER 2022	AMOUNT
NTA after tax	\$1.183
NTA before tax	\$1.161

Daily NTA is available at [www.perpetualequity.com.au](http://www.perpetualequity.com.au)

All figures are unaudited and approximate.

The before and after tax numbers relate to provisions for deferred tax on capital raising cost and unrealised gains and losses of the Company's investment portfolio. The NTA figures above have been reduced by a provision for the 3.3 cents per share final dividend with ex date 27 September 2022 and payment date 19 October 2022.

NTA figures are calculated as at the end of day on the last business day of the month.

## KEY ASX INFORMATION

### AS AT 30 SEPTEMBER 2022

ASX Code:	PIC
Structure:	Listed Investment Company
Listing Date:	18 December 2014
Market Capitalisation:	\$442 million
Share Price:	\$1.175
Shares on Issue:	376,532,905
Dividends:	Half-yearly
Management Fee	1.00% p.a.*
Manager	Perpetual Investment Management Limited

\* exclusive of GST

## INVESTMENT PERFORMANCE

AS AT 30 SEPTEMBER 2022	1 MTH	3 MTHS	6 MTHS	1 YR	2 YRS p.a.	3 YRS p.a.	5 YRS p.a.	7 YRS p.a.	SINCE INCEP p.a.
PIC Investment Portfolio <small>Net of fees, expenses and before tax paid</small>	-5.6%	1.8%	-10.0%	-9.9%	13.3%	9.9%	8.7%	9.5%	8.9%
S&P/ASX 300 Acc Index	-6.3%	0.5%	-11.8%	-8.0%	9.7%	2.7%	6.8%	8.1%	7.3%
Excess Returns	0.7%	1.4%	1.8%	-1.9%	3.6%	7.2%	1.9%	1.5%	1.6%

Returns have been calculated on the growth of Net Tangible Assets (NTA) after taking into account all operating expenses (including management fees) and assuming reinvestment of dividends and excluding tax paid. Any provisions for deferred tax on unrealised gains and losses are excluded. Past performance is not indicative of future performance. Inception date is 18 December 2014. Portfolio and Index return may not sum to Excess Return due to rounding.

### TOP 5 AUSTRALIAN LISTED SECURITIES

COMPANY	PORTFOLIO WEIGHT
Westpac Banking Corporation	9.8%
Insurance Australia Group Limited	8.6%
Santos Limited	6.9%
BHP Group Ltd	5.7%
Brambles Limited	5.4%

### TOP 3 GLOBAL LISTED SECURITIES

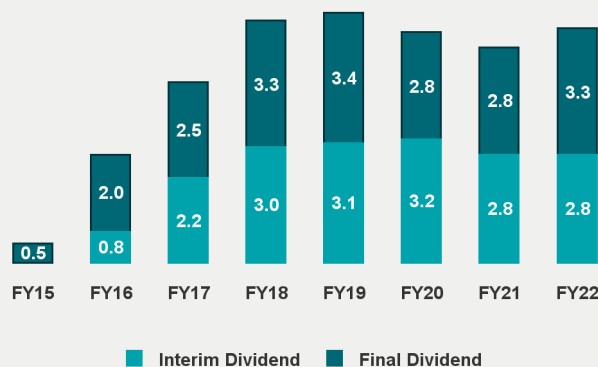
COMPANY	PORTFOLIO WEIGHT
Flutter Entertainment Plc	7.4%
La Francaise des Jeux SA	3.9%
De'Longhi S.p.A.	1.6%

Portfolio weight based on direct investments in securities and does not include any derivative exposure

### DIVIDENDS IN CENTS PER SHARE

Annual dividend yield: 5.2%

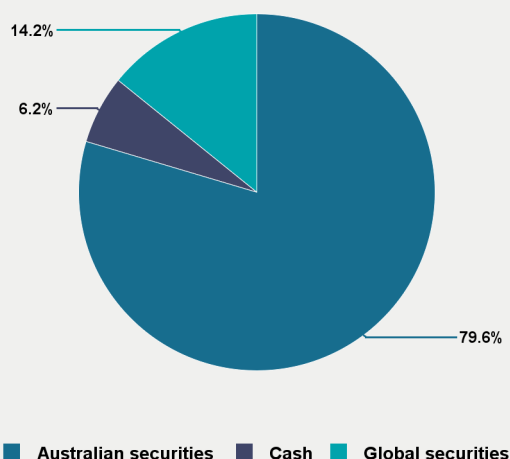
Grossed up annual dividend yield: 7.4%



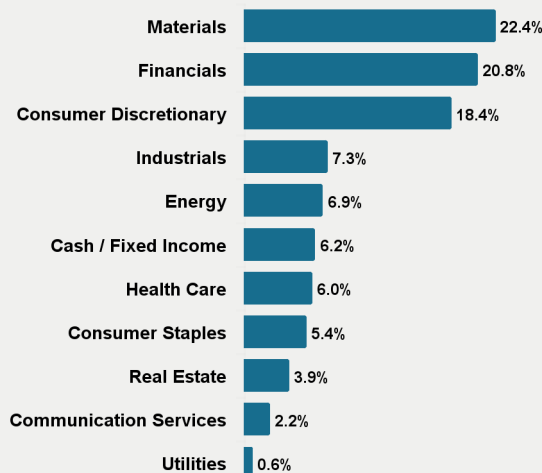
Yield is calculated based on the total dividends of 6.1 cents per share and the closing share price of \$1.175 as at 30 September 2022. Grossed up yield takes into account franking credits at a tax rate of 30%.

## ALLOCATION OF INVESTMENTS<sup>^</sup>

93.8% of capital invested in securities



## PORTFOLIO SECTORS<sup>^</sup>



<sup>^</sup>Weightings calculated based on direct investments in securities and any indirect exposure via S&P /ASX 200 related derivatives. All figures are unaudited and approximate. Allocations may not sum to 100% due to rounding.

## PORTFOLIO COMMENTARY

After rallying through most of July and August on hopes that the worst was over for the global and Australian economy, markets swooned again in September, buffeted by worse than expected inflation in the US, aggressive new rhetoric from the US Federal Reserve and rising fears of financial instability. This culminated in a panic late in September after the mini budget in the UK sparked a dramatic sell-off in the pound and gilts that reverberated globally.

Employment and consumer spending remained robust with Australian retail sales well ahead of expectations (up 1.3% in July vs 0.3% expected) and unemployment staying near record lows. Focus remains on the speed of the rate hike cycle, which takes several months to work its way into the economy and whether the rate hikes will hit households hard as Christmas approaches. With the US Federal Reserve (the Fed) also doubling Quantitative Tightening from US\$47.5 billion per month to US\$90 billion per month in September, fears remain that the equity market has not yet fully appreciated emerging risks.

The bond market, which has driven so much of the volatility felt in equities over the past year, continued to shake market sentiment. Yields in the US hit new multiyear highs with the US 10 year yield rising to 3.96%, the highest since 2008. Several currencies were also under severe strain. The US dollar against the UK pound was at its lowest since 1985, whilst the Yen hit its lowest levels since 1998, raising concerns that financials markets were anticipating a larger financial crisis.

For the Manager it reinforces the need to maintain a well balanced portfolio of quality companies as it continues to navigate one of the most unpredictable markets in history.

In terms of the S&P/ASX 300 Accumulation Index (benchmark), the Utilities (-13.8%), Real Estate (-13.5%) and IT (-10.4%) sectors suffered the bulk of the market correction over September. Materials (-2.6%), Energy (3.9%) and Healthcare (-4.6%) were all down but delivered better than market returns.

The PIC Portfolio returned -5.6%<sup>^</sup>, outperforming the benchmark by 0.7% during the month of September 2022. Good stock selection in Financials and Real Estate drove outperformance, including Insurance Australia Group Limited (IAG). In the Manager's view, IAG remains a significantly undervalued company with the potential to release excess capital as well as the prospect of rising margins once the current high level of claims subsides. Santos remains the Manager's preferred energy exposure, although it was down -10.1% in September. Investors also benefited from no exposure to Macquarie Group (-13.8%), Goodman Group (-19.8%) and Transurban Group (-11.6%) which were all thumped by the rising interest rate theme.

<sup>^</sup> Returns have been calculated on the growth of Net Tangible Assets (NTA) after taking into account all operating expenses (including management fees) and assuming reinvestment of dividends and excluding tax paid. Any provisions for deferred tax on unrealised gains and losses are excluded. Past performance is not indicative of future performance.

## COMPANY NEWS

### FY22 ANNUAL RESULTS AND FINAL DIVIDEND

The Company announced its full year results on Wednesday, 24 August 2022 including an ordinary dividend of 2.8 cents per share and a special dividend of 0.5 cents per share, both fully franked. The full results are available on the Company's [website](#) for FY22. The FY22 Final dividend will be paid to eligible shareholders on Wednesday 19 October 2022.

### ANNUAL GENERAL MEETING (AGM) AND INVESTMENT MANAGER UPDATE

The AGM and Investment Manager Update will be held on Thursday 20 October 2022 online and in-person. The Notice of Meeting will be available shortly. Shareholders and interested parties can register for the Investment Manager Update now by visiting the [Company's website](#).

### SHAREHOLDER COMMUNICATIONS

The [PIC website](#) hosts a range of information including Monthly Investment Updates, Portfolio Manager insights, dividend history and educational resources. The [News & Insights section](#) of the website also includes the ability for you to subscribe to receive regular updates via email. You can also elect to receive electronic communications by logging into the Link investor portal [here](#).

### REMINDER: TAX CERTIFICATION COMPLETION

Under the Australian Government's participation in Automatic Exchange of Information (AEOI) regimes, PIC is required to collect FATCA/CRS certification information and an investor's tax residency from shareholders. The information in certain circumstances may be reported to the Australian Taxation Office (ATO) which in turn reports to various global tax authorities.

Please check that you have completed your FATCA/CRS certification by logging into the Link investor portal [here](#).

From there, under the Payments & Tax tab you will find 'FATCA/CRS', where you can fill in the Self Certification. Completing this information online is straightforward as the questions will guide you, and in some instances, it is only a couple of steps.

If you do not certify, PIC may be required to provide information about your account to the ATO. For more information on the self-certification process via Link please click [here](#). For further information on FATCA and CRS, please visit [here](#).

## WHY CHOOSE THE PERPETUAL EQUITY INVESTMENT COMPANY?

- Designed to deliver investors an income stream of **fully franked dividends**.
- **Active management** to vary the portfolio's exposure to equity market risk, and to enhance the value of the portfolio when opportunities arise both domestically and globally.
- **Flexibility** to invest up to 35% in global securities and up to 25% in cash for diversification with the intention to add returns above the benchmark, or to manage downside risk.
- Access to Perpetual's tried and tested **quality and value** investment process that assesses companies on 4 key quality criteria: quality of business, conservative debt, sound management and recurring earnings.
- **Depth and breadth** of Perpetual's investment team enables it to conduct extensive company visits each year and make decisions to invest in high quality and attractively valued securities based on fundamental, in-depth, bottom-up research.
- **Ease of access** as you can buy and sell PIC on the ASX.
- **Daily NTA published on the ASX** to provide transparency of the portfolio.

## KEY FEATURES

**INVESTMENT OBJECTIVE** The investment objective of the Company is to provide investors with an 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 typically hold 20 to 40 securities.

50% - 100%	Australian listed securities
0% - 35%	Global listed securities
0% - 25%	Cash

The Manager typically expects that the portfolio will be unhedged. Currency exposures may be hedged defensively where the Manager sees significant risk of currency weakness, but no attempt is made to add value to the portfolio by actively managing currency. Derivatives are permitted.

**ABOUT THE MANAGER** The Company's investment portfolio is managed by Perpetual Investment Management Limited, part of the Perpetual Group, whose has a longstanding commitment to deliver superior outcomes over the long-term for clients. This is underpinned by its proven investment process that focuses on value and quality.

**PORTFOLIO MANAGER** Vince Pezzullo  
Perpetual Asset Management Australia  
Vince has over 25 years' experience in the financial services industry, and has prior global experience as both an analyst and a portfolio manager. Vince leverages the expertise of Perpetual Asset Management Australia's Equity team, one of the largest investment teams in Australia.

All investments are subject to risk which means the value of investments may rise or fall, which means that you may receive back less than your original investment or you may not receive income over a given time frame. Refer to announcements and other information for the Company lodged with the ASX, which is available at [www.asx.com.au](http://www.asx.com.au). A financial adviser can assist you in determining whether an investment in the Company is suited to your objectives, financial situation or needs.

## CONTACT DETAILS

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Mailing address: Link Market Services,  
Locked Bag A14, Sydney South, NSW 1235  
Email: [pic@linkmarketservices.com.au](mailto:pic@linkmarketservices.com.au)

## FIND OUT MORE

Visit our website [www.perpetual.com.au/equity](http://www.perpetual.com.au/equity) to access a range of information including Monthly Investment Updates, Portfolio Manager insights, dividend history and educational resources.

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