

# PERPETUAL EQUITY INVESTMENT COMPANY LIMITED

ACN 601 406 419

Friday 19 February 2016

## Media Release

### Perpetual Equity Investment Company announces strong profit growth

*PIC portfolio navigates market volatility to deliver strong returns*

#### 1H16 Highlights:

- Operating profit before tax of \$17.3m
- Fully franked interim dividend of 0.80 cents per share
- Portfolio performance for the six months to 31 December 2015 was 6.7% outperforming the benchmark by 7.1%<sup>1</sup>

Perpetual Equity Investment Company Limited (ASX:PIC) has announced a strong result for the six months to 31 December 2015 with operating profit before tax of \$17.3 million and operating profit after tax of \$12.9 million.

The PIC portfolio delivered investors regular income and strong growth in the face of low interest rates and increased market volatility. Portfolio performance for the six months to 31 December 2015 was 6.7%, outperforming the benchmark by 7.1%<sup>1</sup>.

The PIC Board announced an interim fully franked dividend of 0.80 cents per share, in line with the Board's objective to pay a regular and growing dividend to shareholders, fully franked wherever possible.

As at 31 January 2016, the portfolio has returned 5.6% per annum since inception, outperforming the S&P/ASX300 Accumulation Index by 4.6%<sup>1</sup>.

Vince Pezzullo, PIC's Portfolio Manager, said the strong performance highlighted the benefits of combining Perpetual's investment track record with a transparent, liquid investment vehicle, and reinforced the relevance of PIC's investment philosophy in today's challenging market.

"We are pleased to be delivering strong results in spite of the challenges characterising the current market including persistent low growth and increased volatility.

"While Australian listed securities with a typically mid-cap focus are the core of the portfolio, PIC has up to 25% opportunistic allocation to global listed securities, providing much needed diversification to Australian investors. Our portfolio's unique structure also offers the flexibility to manage potential equity market risk by moving up to 25% of the portfolio's net asset value into cash," Mr Pezzullo said.

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<sup>1</sup> 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. The benchmark is the S&P/ASX 300 Accumulation Index. Inception date is 18 December 2014. Past performance is not indicative of future performance.

PIC, Perpetual's first LIC, commenced trading on the ASX on 18 December 2014, having successfully raised more than \$250 million.

### **A disciplined approach to capital deployment**

PIC's capital deployment has been guided by its investment philosophy, which targets quality companies that must exhibit four characteristics: quality business, conservative debt levels, sound management and recurring earnings.

"We kept our powder dry and this was the right decision with PIC able to buy into a falling market at attractive prices – protecting our investors' capital when the market looked overvalued," Mr Pezzullo said.

Mr Pezzullo said quality LICs would continue to attract strong demand because of their transparency and liquidity, features which investors are seeking in the current market.

"Many investors are seeking transparent, liquid investments as part of a diversified portfolio and this is what we are delivering through PIC. PIC reports net tangible assets (NTA) each business day and was the first LIC in the market to do this. This offers enhanced transparency for investors."

"Market volatility can also create a number of opportunities for prudent investors. PIC's investment philosophy ensures we will continue to take advantage of quality businesses trading at attractive prices."

For further information please visit [www.perpetualequity.com.au](http://www.perpetualequity.com.au)

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