

INVESTMENT UPDATE AND NTA REPORT

FEBRUARY 2024

PORTFOLIO SNAPSHOT

NET TANGIBLE ASSET (NTA) BACKING PER SHARE

AS AT 29 FEBRUARY 2024	AMOUNT
NTA after tax (cum dividend)	\$1.284
NTA before tax (cum dividend)	\$1.318

Daily NTA is available at www.perpetualequity.com.au

All figures are unaudited and approximate.

The before and after tax numbers relate to provisions for deferred tax on unrealised gains and losses of the Company's investment portfolio. As at 29 February 2024, the NTA after tax (ex dividend) was \$1.244 and the NTA before tax (ex dividend) was \$1.278. The ex dividend NTA figures are reduced by a provision for the 4.0 cents per share interim dividend that was declared on 20 February 2024. The ex date for the interim dividend is 11 March 2024 and payment date 5 April 2024.

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

KEY ASX INFORMATION

AS AT 29 FEBRUARY 2024

ASX Code:	PIC
Structure:	Listed Investment Company
Listing Date:	18 December 2014
Market Capitalisation:	\$454 million
Share Price:	\$1.195
Shares on Issue:	379,548,351
Dividends:	Half-yearly
Management Fee	1.00% p.a.*
Manager	Perpetual Investment Management Limited

* exclusive of GST

INVESTMENT PERFORMANCE

AS AT 29 FEBRUARY 2024	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>	2.6%	11.4%	4.7%	6.6%	3.9%	8.8%	11.0%	10.0%	9.6%
S&P/ASX 300 Acc Index	1.0%	9.5%	7.4%	10.5%	8.5%	9.1%	8.6%	8.6%	8.7%
Excess Returns	1.7%	1.9%	-2.7%	-4.0%	-4.6%	-0.3%	2.4%	1.4%	0.8%

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 10 STOCK HOLDINGS

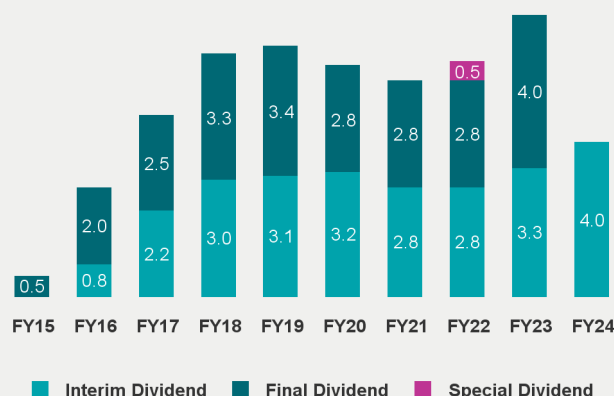
COMPANY	PORTFOLIO WEIGHT
National Australia Bank Limited	8.9%
Flutter Entertainment Plc	5.9%
BHP Group Ltd	5.2%
Goodman Group	4.8%
Origin Energy Limited	4.6%
GWA Group Limited	4.0%
La Francaise des Jeux SA	3.7%
Iluka Resources Limited	3.5%
Graincorp Limited	3.4%
Insurance Australia Group Ltd	3.4%

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

DIVIDENDS IN CENTS PER SHARE

Annual dividend yield: 6.7%

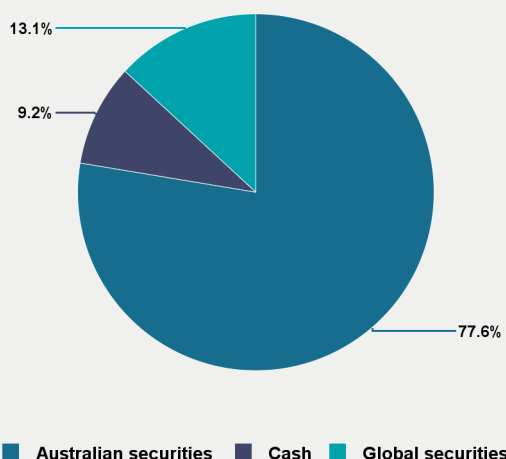
Grossed up annual dividend yield: 9.6%



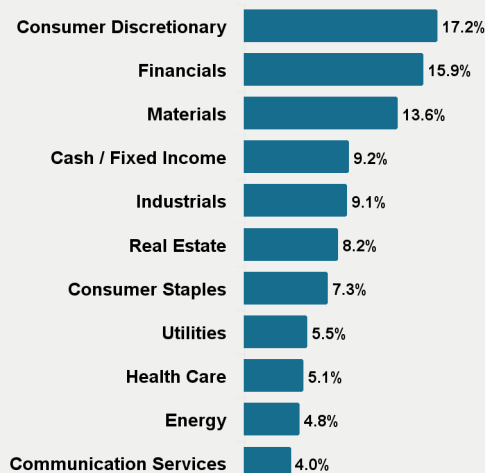
Yield is calculated based on the total dividends of 8.0 cents per share and the closing share price of \$1.195 as at 29 February 2024. Grossed up yield takes into account franking credits at a tax rate of 30%.

ALLOCATION OF INVESTMENTS[^]

90.8% of capital invested in securities



PORTFOLIO SECTORS[^]



[^]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

Market Review

The S&P/ASX 300 Accumulation Index (benchmark) rose 1.0% in February. Reporting season dominated the month with core themes including rising costs as well as a resilient consumer. Traditional value sectors like Energy (-5.9%) and Materials (-4.8%) struggled in the face of questions around China's economic growth whilst the small but frothy IT sector surged (+19.7%), echoing the tech boom offshore. Big resource names like Fortescue (-9.6%), Woodside (-6.3%) and Rio (-6.9%) dragged on the benchmark. Meanwhile the Consumer Discretionary, Real Estate and Financial sectors were all outperformers.

Portfolio

The PIC portfolio returned 2.6%[^], outperforming the benchmark by 1.7% in February. Quality businesses did well in this environment with key PIC holdings such as Goodman Group, A2 Milk and Light & Wonder all showing strength and contributing to outperformance of the portfolio versus the growthier pull of the market.

The overweight position in GWA Group (+20.7%) contributed to performance over the month. The 1H24 result saw volume growth in the core Australian business for the first time in many years thanks to investment in re-engaging with the plumber. The company also benefitted from deflationary tailwinds from manufacturers in China. This, combined with the ability to further push prices saw gross margins expand almost 300bps. GWA Group's diverse product portfolio, encompassing bathroom and kitchen fixtures, along with its robust relationship with distributors, positions the company for sustained growth. The prevailing trend of mergers and acquisitions in the building suppliers sector is also a further potential source of upside.

Light & Wonder (+26.9%) substantially contributed to the portfolio's performance as it re-rated on the back of an impressive fourth quarter result. Light & Wonder delivered a result ahead of analyst expectations, driven primarily by outperformance in the core land-based gaming division. The strong performance of one of its new release games, Dragon Train, in the home Australian market is of particular note. Dragon Train is showing strong early signs of success with leading game performance translating to market share gains. The game is expected to be imminently released into the larger US market, providing a solid foundation for anticipated earnings growth in 2024.

Over the past few years, Light & Wonder has undergone a significant transformation, resulting in a repositioned company with a robust balance sheet, an exceptional management team, creative talent, and a clear strategic vision. Pleasingly, recent operational results suggest that the foundational changes made in the business are translating to better products for customers and ultimately better earnings and overall outcomes for shareholders. Despite the recent re-rate, we maintain that the company trades at an attractive valuation relative to its attainable growth prospects.

A2 Milk significantly contributed to the portfolio's returns in February, rising +19.9%. This can be attributed to a strong 1H24 result where sales and operating margin held despite the backdrop of a shrinking China IMF market. A2 upgraded full year FY24 forecast fuelled by robust sales in mother-baby stores and cross-border e-commerce. Moreover, Kantar market share data underscores A2's increasing market presence in both offline and online channels. A2 Milk has successfully evolved from a rapid-growth startup to a well-established, professionally managed entity with a brand that resonates with Chinese consumers. The company exhibits adept inventory and pricing management, and our confidence in the returns generated from its marketing investments is growing. With a robust balance sheet boasting over \$790 million in cash, we view A2 as being well-positioned for strategic manoeuvring in the face of the challenging macroeconomic landscape.

Outlook

We believe a great deal of uncertainty lies ahead. Inflation, which seemed beaten in the US, is showing signs of life again and could be a leading indicator of further inflation in Australia. This in turn is leading to questions about the timing and speed of Fed and RBA rate cuts. Australia is also more exposed to a very uncertain growth profile in China where policymakers are battling dour consumer sentiment and an ongoing property downturn. Geopolitical and policy risks abound. We continue to seek high quality businesses at reasonable valuations to navigate these choppy waters.

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REMINDER: TAX CERTIFICATION COMPLETION

Under the Australian Government's participation in Automatic Exchange of Information (AEOI) regimes, PIC is required to collect 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 CRS certification by logging into the Link investor portal [here](#).

From there, under the Payments & Tax tab you will find '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 is Head of Equities and 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. 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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FIND OUT MORE

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

This report was prepared by Perpetual Investment Management Limited (PIML) ABN 18 000 866 535, AFSL 234426. PIML is the Manager for the Perpetual Equity Investment Company Limited (Company) (ASX: PIC) ACN 601 406 419. This report is in summary form and is not necessarily complete. It should be read together with other announcements for the Company lodged with the ASX, which are available at www.asx.com.au.

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This report may contain information that is based on projected and/or estimated expectations, assumptions or outcomes. These forward-looking statements are subject to a range of risk factors. The Company and PIML caution against relying on any forward-looking statements. While PIML has prepared this information based on its current knowledge and understanding and in good faith, there are risks and uncertainties involved which could cause results to differ from the forward-looking statements. Neither the Company nor PIML will be liable for the correctness and/or accuracy of the information, nor any differences between the information provided and actual outcomes, and reserves the right to change its projections or other forward-looking statements from time to time. Neither the Company nor PIML undertake to update any forward-looking statement to reflect events or circumstances after the date of this report, subject to disclosure obligations under the applicable law and ASX listing rules.

Neither the Company, PIML nor any company in the Perpetual Group guarantees the performance of, or any return on an investment made in, the Company. Perpetual Group means Perpetual Limited ABN 86 000 431 827 and its subsidiaries.