



PERPETUAL
EQUITY
INVESTMENT
COMPANY
LIMITED

INVESTOR UPDATE

September 2018

IMPORTANT TO NOTE

This investor presentation (Presentation) has been prepared by Perpetual Investment Management Limited (PIML) ABN 18 000 866 535, AFSL 234426 and issued by Perpetual Trustee Company Limited (PTCo) ABN 42 000 001 007, AFSL 236643. PIML is the Manager for the Perpetual Equity Investment Company Limited (PIC) ACN 601 406 419. This Presentation has been prepared in connection with the offer of new PIC ordinary shares (New Shares) via a non-renounceable pro rata entitlement offer to eligible shareholders, an offer of the shortfall under the Entitlement Offer to eligible shareholders who wish to subscribe for New Shares in excess of their entitlement and to eligible investors and a general offer to eligible investors (collectively, the Offer).

This Presentation contains summary information about the current activities of PIC as at the date of this Presentation. The information in this Presentation is of a general nature and does not purport to be complete. References to securities in this publication are for illustrative purposes only, and are not recommendations and the securities may or may not be currently held by the Company. Past performance is not indicative of future performance.

NOT A PROSPECTUS: This Presentation is not a prospectus, product disclosure statement or disclosure document for the purposes of the Corporations Act 2001 (Cth) and has not been lodged with the Australian Securities and Investments Commission. Accordingly, this Presentation does not contain the information which would be contained in a prospectus and does not purport to contain all of the information that may be necessary or desirable to enable a potential investor to properly evaluate and consider an investment in PIC. This Presentation does not purport to be complete, nor does it contain all the information which may be material to a recipient of this Presentation. It should be read in conjunction with PIC's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (ASX), which are available at www.asx.com.au.

NOT AN OFFER: The Presentation is not and should not be considered an offer or an invitation to acquire entitlements or New Shares or any other financial products. The Offer will be made on the basis of the information to be contained in the prospectus to be prepared for eligible shareholders and eligible investors in Australia and New Zealand (Prospectus), and made available following its lodgement with ASX. Any eligible investor in Australia and New Zealand who wishes to participate in the Offer should consider the Prospectus before deciding whether to participate in the Offer. Anyone who wishes to apply for New Shares under the Offer will need to apply in accordance with the instructions contained in the Prospectus and the accompanying entitlement and acceptance form and/or general offer application form (as applicable). The distribution of this Presentation in other jurisdictions outside Australia and New Zealand may also be restricted by law and any such restrictions should be observed. By accepting this Presentation you represent and warrant that you are entitled to receive such Presentation in accordance with the above restrictions and agree to be bound by the limitations contained herein.

NOT INVESTMENT ADVICE: The information contained in this Presentation is not and should not be considered as financial product advice, investment advice or a recommendation to acquire New Shares and does not and will not form any part of any contract for the acquisition of entitlements or New Shares. Nothing in this Presentation constitutes legal, financial, tax or other advice. The information in this Presentation does not take into account the particular investment objectives, financial situation or needs of any person. You should make your own assessment of the information provided in this Presentation and should not rely on this Presentation. In all cases, you should conduct your own investigations and analysis of the financial condition, performance, prospects and business of PIC, and the contents of this Presentation. Cooling off rights do not apply to the acquisition of New Shares.

IMPORTANT TO NOTE (CONTINUED)

FORWARD LOOKING STATEMENTS: This Presentation may contain forward looking statements and comments about future events, including in relation to PIC's business. Forward looking statements can generally be identified by the use of words such as "anticipated", "expected", "projections", "forecast", "estimates", "could", "may", "target", "consider", "believes", "intends" and "will" and their negative or other variations or similar expressions. Forward looking statements involve inherent risks (both known and unknown) and uncertainties, both general and specific, and there is a risk that those predictions, forecasts, projections and other forward looking statements will not be achieved. A number of factors, that may be beyond PIC's ability to control or predict, could cause PIC's actual results or performance to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward looking statements.

Forward looking statements are based on assumptions and are not guarantees of future performance. No representation is made that any of these statements or forecasts will come to pass or that any forecast result will be achieved. Past performance is not necessarily a guide to future performance. Nothing contained in this Presentation is, or shall be relied upon as, a promise, representation, warranty or guarantee, whether as to the past, present or future.

FINANCIAL DATA: All dollar values are in Australian dollars ("A\$") and references to a financial year (FY) relate to PIC's year-end which is 30 June unless stated otherwise.

PAST PERFORMANCE: Past performance information given in this Presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

EFFECT OF ROUNDING: A number of figures, amounts, percentages, estimates, calculations of value and fractions in this Presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Presentation.

INVESTMENT RISK: An investment in PIC shares is subject to investment and other known and unknown risks, some of which are beyond the control of PIC including possible loss of income and principal invested. PIC does not guarantee any particular rate of return or the performance of PIC, nor does it guarantee the repayment of capital from PIC or any particular tax treatment. In considering an investment in PIC shares, investors should have regard to (amongst other things) the risks outlined in this Presentation.

NO REPRESENTATIONS OR WARRANTIES: To the maximum extent permitted by law, PIC, the Joint Lead Managers, PIML or any company in the Perpetual Group and their respective directors, officers, employees and agents accept no responsibility or liability for the contents of the is Presentation and make no recommendation or warranties, express or implied, concerning PIC or any investment in PIC. No representation or warranty, express or implied, is made by any person as to the fairness, accuracy, reliability, adequacy, validity, correctness or completeness of the information, opinions and conclusions contained in this Presentation. To the maximum extent permitted by law, PIC, the Joint Lead Managers, PIML, PTCO or any company in the Perpetual Group and their respective directors, officers, employees and agents do not accept any responsibility or liability including, without limitation, any liability arising from fault or negligence on the part of any person, for any loss arising from the use of this Presentation or its contents or otherwise arising in connection with it. Perpetual Group means Perpetual Limited ABN 86 000 431 827 and its subsidiaries.

YOUR PRESENTERS



NANCY FOX

Chairman,
Perpetual Equity Investment
Company Limited



VINCE PEZZULLO

Deputy Head of Equities,
Portfolio Manager
Perpetual Investments

AGENDA

- | Company Update
- | Markets, Process And Performance
- | Capital Raising
- | Questions



PERPETUAL
EQUITY
INVESTMENT
COMPANY
LIMITED

COMPANY UPDATE

FULL YEAR 2018 RESULT HIGHLIGHTS



INVESTING FOR REGULAR INCOME AND LONG-TERM CAPITAL GROWTH MANAGER WITH PROVEN TRACK RECORD



Immediate exposure
to an actively
managed portfolio of
stocks



Flexibility to invest
25% in global listed
securities and
25% in cash



A regular fully
franked
dividend stream and long
term capital growth



Committed to
transparency and
keeping investors
informed

INVESTMENT OBJECTIVES

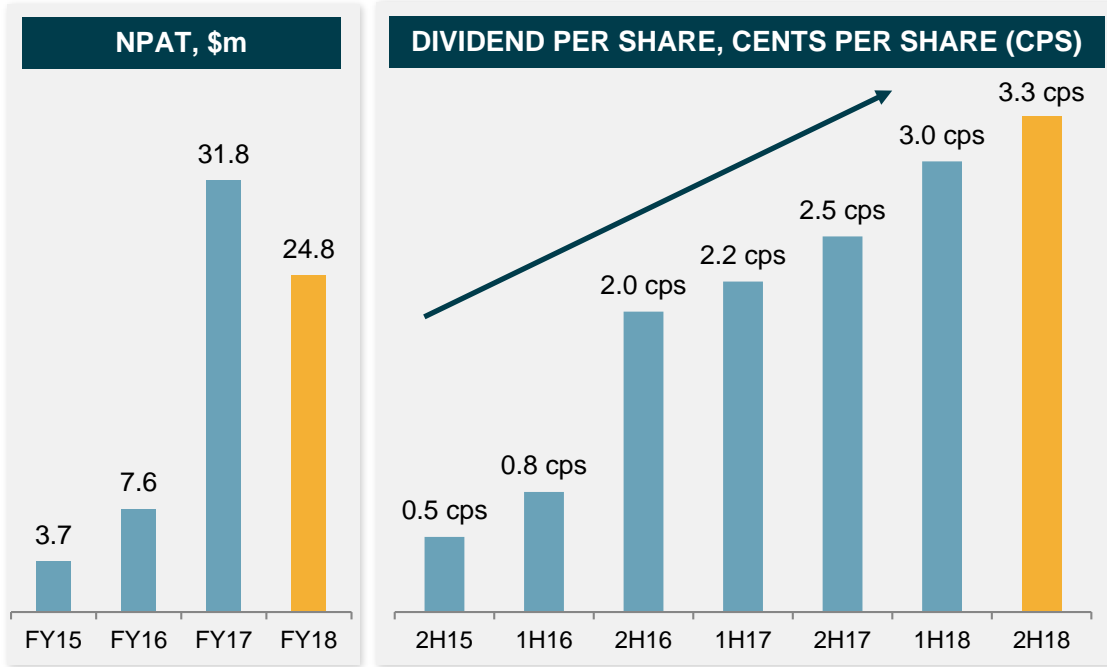
- Deliver a growing income stream
- Provide long term capital growth
- Exceed its benchmark

PORTFOLIO MANAGER – VINCE PEZZULLO

- 20+ years in financial services industry
- Extensive domestic and global equity experience

FULL YEAR 2018 OVERVIEW

STRONG RESULTS AND INCREASED DIVIDEND



\$24.8m Operating profit after tax

6.3 cents Per share fully franked dividend

18.8%^ Total shareholder return (dividends and share price appreciation) 1 year to 30 June 2018

7.55%* Gross dividend yield taking franking credits into account

Source: Perpetual Equity Investment Company Limited (PIC) as at 30 June 2018.

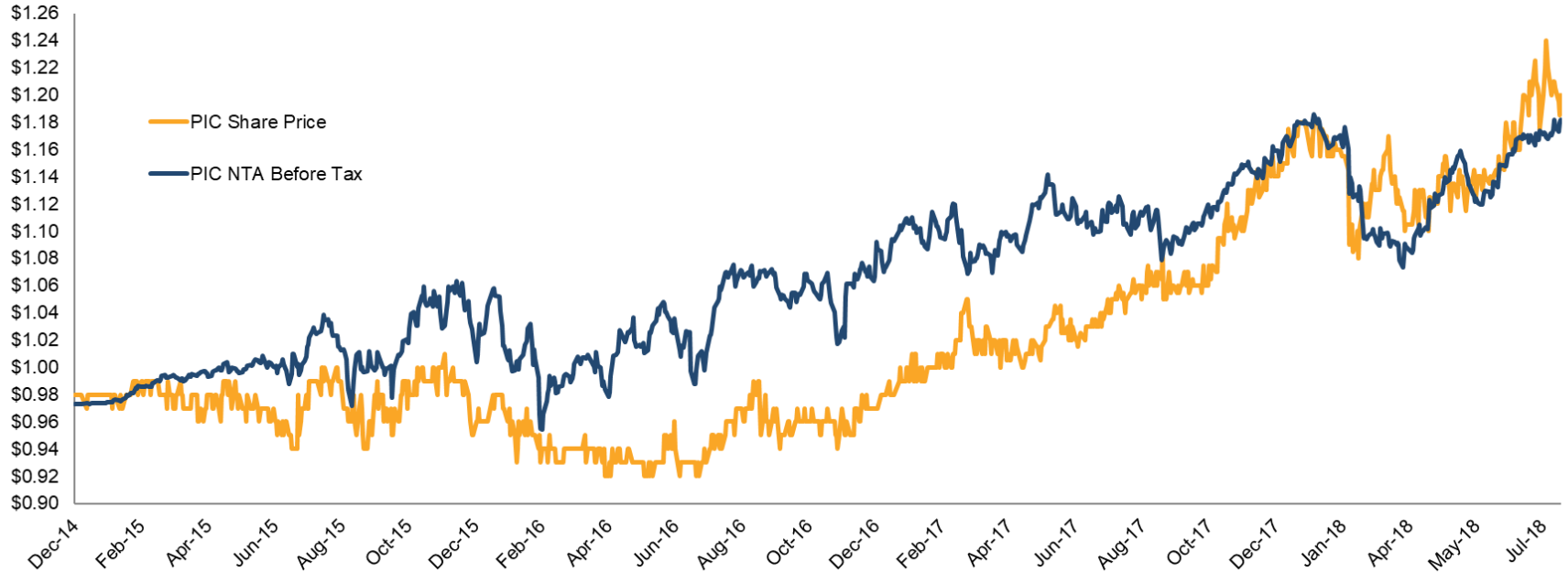
*Based on a grossed up dividend of 8.8 cents per share, and the closing share price of \$1.17 on 30 June 2018.

^ Total shareholder return assumes reinvestment of dividends.

Past performance is not indicative of future performance.

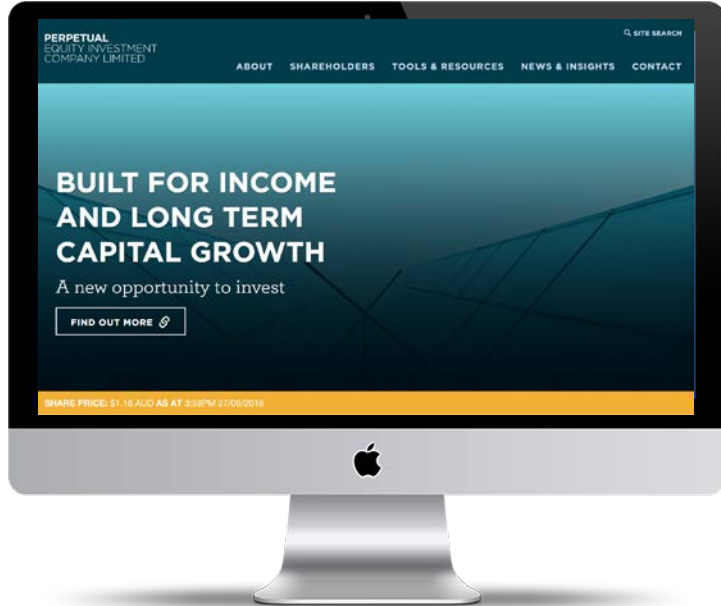
HISTORY AND TRACK RECORD

SHARE PRICE VERSUS NTA BEFORE TAX



Source: FactSet and Perpetual Equity Investment Company Limited as at 15 August 2018.
Past performance is not indicative of future performance. Inception date is 18 December 2014.

KEEPING YOU INFORMED WITH EXCELLENT SERVICE



www.perpetualequity.com.au



Monthly emails
including market updates



Daily NTA
announcement



Half year and
full year
financial results



Half yearly national
investor presentations
and broker roundtables

PERPETUAL INVESTMENT MANAGEMENT LIMITED

PROVEN TRACK RECORD



Established in 1886, Perpetual is one of Australia's **most respected** fund managers, with a passion for **protecting** and **growing** our clients' wealth



Perpetual is an **active, value** manager, with a bottom-up investment process



One of the largest investment teams in Australia that conducts **more than 1,000 company meetings** each year



\$30.8bn funds under management (at 30 June 2018)



Perpetual Investments is part of Perpetual Limited (ASX:PPT)



Provider of **market-leading** equities, fixed income, cash and multi asset solutions



PERPETUAL
EQUITY
INVESTMENT
COMPANY
LIMITED

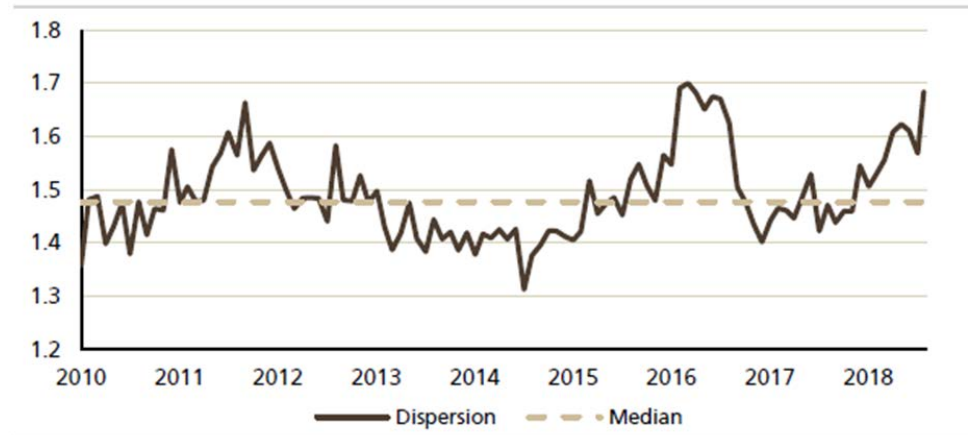
MARKETS, PROCESS & PERFORMANCE

REPORTING SEASON INSIGHTS

MOMENTUM DRIVING THE MARKET

- The market's most expensive names have got more expensive.
- Investors are chancing their hands on hot stocks like Afterpay Touch and WiseTech Global.
- In favour stocks are becoming increasingly creative in how they present their financial state.
- Not wanting to disappoint the market has seen many stocks reaching for results.
- **End of the cycle behaviour?**





Figure 4: P/E Dispersion of ASX100 ex-resources – 80th percentile PE divided by 20th percentile PE



Source: FactSet, UBS

POSITIVE CONTRIBUTORS TO PERFORMANCE

WHAT WORKED

COMPANY	RATIONALE	WHATS HAPPENED?
 Oil Search	Expandable resource at low cost	LNG glut overstated
 ALUMINA LIMITED	Lowest cost operator, supply rationalisation	Supply rationalised, demand up
 CYBG	Undervalued British bank, biggest challenger bank	Merger with Virgin Money, quality business, largest challenger
 Shire	Extremely undervalued and out of favour	Takeda validated appeal with takeover bid

DETRACTORS FROM PERFORMANCE

STAR ENTERTAINMENT GROUP (ASX:SGR)

- SGR underperformed the market by 12.6% as a result of operational underperformance.

THE OPPORTUNITY

- SGR is completing a multi-year capital investment program that will result in them having 3 high quality casinos in attractive locations that are exposed to the ongoing growth of in-bound tourism
- The business has a very strong balance sheet and generates stable cash-flows
- The drivers of underperformance are short term in nature
- Maintained our positive long-term view on the business
- We used the share price weakness to add to the position.

TODAY

- Capital investments beginning to pay dividends
- The performance of the Gold Coast property has been a highlight as SGR begin to leverage the recently completed 6-star hotel and expanded gaming area
- We expect ongoing earnings growth from this asset and the other properties as the capital investments complete.

THE STAR
ENTERTAINMENT GROUP





OUR INVESTMENT PHILOSOPHY

QUALITY & VALUE FOCUS

OUR FOCUS

1

Quality business

2

Conservative debt

3

Sound management

4

Recurring earnings

THIS MEANS:



We seek quality companies
at attractive valuations



We cautiously
deploy your capital

SOLID EARNINGS: TABCORP (ASX:TAH)

DIVERSIFIED, HIGH QUALITY BUSINESS WITH A STRONG GROWTH OUTLOOK

THE OPPORTUNITY

- TAH completed a merger with lotteries and wagering provider Tattersalls in December 2017 to create a diversified and high quality business:
 - the monopoly lottery licenses in all AUS states ex WA
 - the largest wagering provider in the country
 - owns the monopoly Keno licenses in AUS states ex NT/WA and a large gaming services business.

WHAT WE SAW

- Stable cash-flows with a strong growth outlook driven by:
 - Realisation of merger synergies
 - Digital growth – potential margin uplift
 - Regulatory changes to benefit TAH as the incumbent operator.

TODAY

- Strong FY18 result supports our investment thesis
- Synergy targets maintained
- Digital growth strong across the business with digital wagering and lotteries +28%.

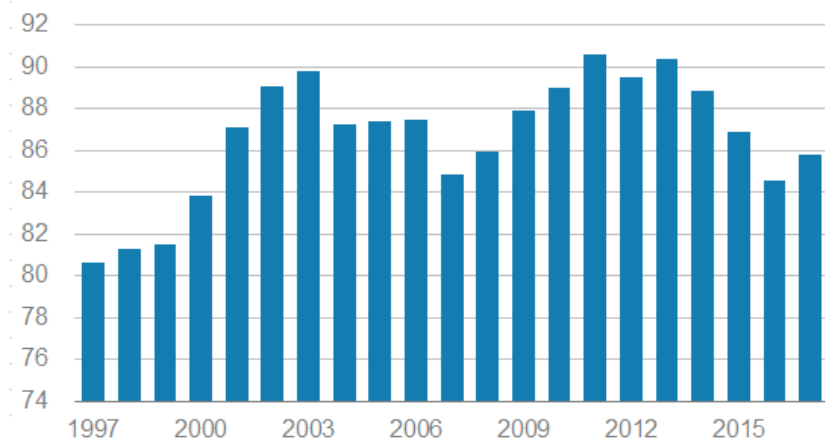


BOTTOM OF THE CYCLE: CAPEX

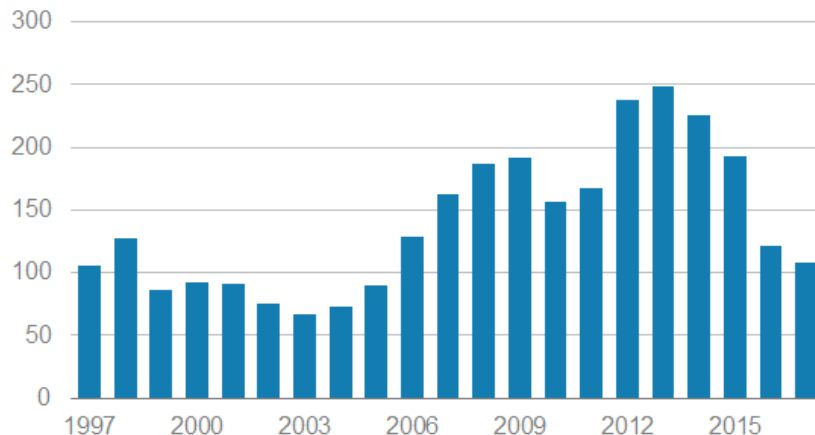
DEMAND ROLLS ON BUT SUPPLY CONSTRAINED

- The lack of investment in exploration has notably reduced conventional oil reserves to cyclical lows.
- This will be supportive of higher oil prices.

Oil and Gas reserves (Bln boe)



Exploration spending over reserves (\$ per kboe)



OPEN BANKING IS COMING

A REVOLUTION IN THE MAKING?

- It's coming to Australia in 2018/19 phased roll out
- Data-transferring regime to give consumers greater access to, and control over, their data
- The Big 4 Banks (ANZ, CBA, Westpac & NAB) are well positioned
- Smaller regional operators will be more exposed
- Westpac is our preferred Big 4 Bank play.

The products to be included in the open banking regime and the dates banks will be required to provide them.

Jul 1, 2019 Credit and debit card, deposit and transaction account data

Feb 1, 2020 Mortgages

Jul 1, 2020 Personal loans and all other data



“open banking will give banking customers greater access to the data their banks hold on them and the ability to direct that it be safely transferred to trusted and accredited service providers of their choice”.

MATURING THESIS: WOOLWORTHS & SHIRE PLC

HAVE REALISED MOST OF OUR GAINS

WOOLWORTHS (ASX:WOW)

- Turnaround well underway
- Held for 3 years
- Appreciated to levels we wanted
- Exercised sell disciplines and halved position.

SHIRE PLC (LON:SHP)

- Traded significantly below global peers
- Market overestimated earnings headwinds
- Successful bid by Takeda vindicates value we saw.



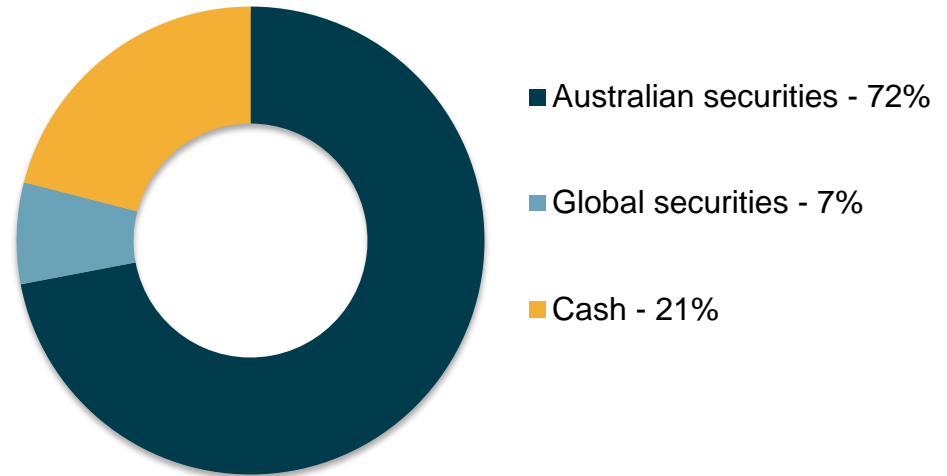
ALLOCATION OF INVESTMENTS

AS AT 31 JULY 2018

79% of the Portfolio's capital invested in securities

Cash is used to protect the portfolio and take advantage of attractive opportunities

Patient and prudent investment style has rewarded shareholders



PORTFOLIO POSITIONING

TOP 10 STOCKS AS AT 31 JULY 2018



ASX:WBC



ASX:WOW



B2QKY05



ASX:SUN



ASX:NAB



ASX:BHP



ASX:IPL



ASX:SGR



ASX:OSH



ASX:MPL

INVESTMENT PERFORMANCE

AS AT 31 JULY 2018

	1 MTH	3 MTHS	1 YR P.A.	2 YRS P.A	3 YRS P.A	SINCE INCEPTION P.A.
PIC Investment Portfolio ¹ Net of fees, expenses and before tax paid	1.4%	4.0%	13.7%	12.2%	9.8%	10.0%
S&P/ASX 300 Accumulation Index	1.3%	5.8%	14.7%	10.8%	8.1%	10.0%
Excess Returns	+0.1%	-1.8%	-1.0%	+1.4%	+1.7%	-0.1%

¹Returns 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 set up costs and on unrealised gains and losses are excluded.

Past performance is not indicative of future performance. Inception date is 18 December 2014.

Source: Perpetual Equity Investment Company Limited



PERPETUAL
EQUITY
INVESTMENT
COMPANY
LIMITED

CAPITAL RAISING

A NEW OPPORTUNITY TO INVEST

AN EXCLUSIVE OFFER

Raising up to approximately

\$101.24M

ENTITLEMENT OFFER

To raise up to

\$71.24M



GENERAL OFFER

To raise up to

\$30M

Issue Price

\$1.12

per share

ENTITLEMENT OFFER

Shareholders in the Company are entitled to acquire: 1 New Share for every 4 Existing Shares owned

GENERAL OFFER

The general public to subscribe for New Shares. An offer of the shortfall to existing Shareholders and general public

KEY DATES

Entitlement Offer to close

26 SEPTEMBER 2018

General Offer and
Shortfall Offer to close

28 SEPTEMBER 2018

The Company will not accept oversubscriptions.
The costs of the Offer will be paid by the Manager

APPLY ONLINE AT WWW.PERPETUALEQUITY.COM.AU

BENEFITS OF THE OFFER

A NEW OPPORTUNITY TO INVEST



Managed by Perpetual Investment Management Limited, one of Australia's most experienced fund managers.



Access to a high quality portfolio of Australian and global securities selected by the Manager.



The Manager is paying the costs of the Offer.



No brokerage is incurred.



A track record of paying a regular fully franked dividend (Annual dividend yield is 5.38%, grossed up to 7.55%)¹. All New Shares are eligible for the final dividend payment of 3.3 cents per share.

¹ Based on a grossed up dividend of 8.8 cents per share (grossed up to take franking credits into account), and the closing share price of \$1.17 on 30 June 2018.



PERPETUAL
EQUITY
INVESTMENT
COMPANY
LIMITED

QUESTIONS
