

PERPETUAL EQUITY INVESTMENT COMPANY LIMITED

ACN 601 406 419

Dear Fellow Shareholders,

In February, the Board declared a record fully franked interim dividend of 4.0 cents per share. The dividend was an increase from the 1H23 interim dividend of 3.3 cents per share and is consistent with the FY23 final dividend. In an environment where our shareholders are placing a greater emphasis on income, we are delighted that the interim dividend equates to an attractive annual dividend yield of 7.1%¹ and a grossed up dividend yield of 10.2%¹.

Over the last couple of years, the Board has been strategically monitoring the Company's profit reserve and balance sheet to be well positioned to deliver a sustainable income stream, particularly against the volatile market conditions we have seen of late. The increased interim fully franked dividend was achieved through the profit reserves available and after this payment, the company still has \$97.7 million or 25.7 cents per share in the profit reserve which provides for 3.2 years dividend coverage².

We are also very conscious of how Vince Pezzullo and the team at Perpetual Investment Management Limited manage the portfolio to deliver returns, including franking credits. Franking credits are generated through realised gains in the trading portfolio, which are taxed at the company tax rate and dividends received from underlying companies in the portfolio. For global listed securities, the Company also generates franking credits from the tax paid on the dividends received from those securities. We believe the continued active and prudent management of the Company's franking account will assist us in delivering an attractive sustainable fully franked dividend in future years.

Thank you for your ongoing support in PIC and I look forward to updating you in the future.

Yours sincerely,



Nancy Fox AM
Chairman

1H24 Dividend

4.0 cps fully franked

7.1%¹ annual dividend yield

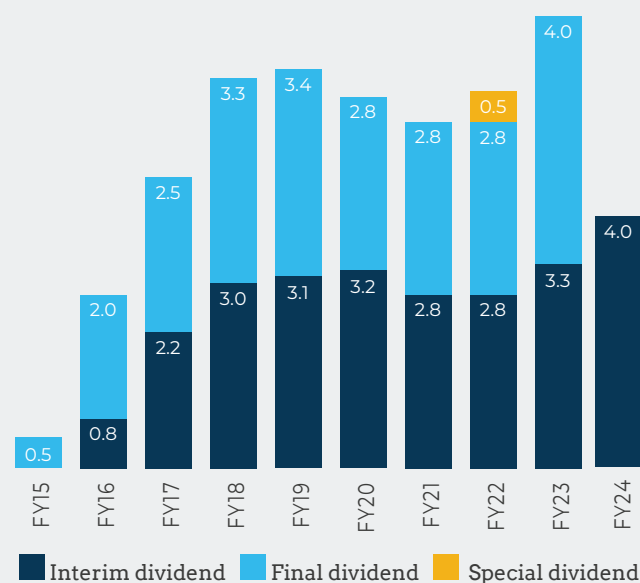
10.2%¹ grossed up dividend yield

Sustainable income

\$153.2 million or 45.8 cents per share paid in dividends to shareholders since listing in 2014

Profit reserve of 25.7 cents per share after the payment of the interim dividend which provides for 3.2 years dividend coverage²

Fully franked dividends since inception in cents per share (cps)



Portfolio Manager's update

While investment performance over 1H24 was not where we'd like it to be, we have seen improvements in January and February 2024. The Portfolio performed strongly through the February reporting season with consumers showing remarkable resilience in the face of sharply higher interest rates. Quality companies (those who meet our criteria of sound management, conservative debt, quality of business and recurring earnings) proved very important in delivering for our investors in a period in which value has been a bit challenged and growth stocks are back in vogue.

We believe a great deal of uncertainty lies ahead for the economy and markets. Inflation, which seemed beaten in the US, is showing signs of life again and could be a leading indicator of further price pressure in Australia. This in turn further 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. This has spilled over into a weaker resource sector with the iron ore price falling significantly since the start of the year. Geopolitical and policy risks abound.

In this environment we continue to ensure our investors are positioned in a range of quality businesses with good balance sheets and good prospects trading at reasonable valuations.

Thank you for your ongoing support in PIC. Please visit our website, www.perpetualequity.com.au, to access our Monthly Investment Update that provides an update on markets and the portfolio.

Top 10 holdings³

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%

Yours sincerely,



Vince Pezzullo

PIC Portfolio Manager

Head of Equities, Perpetual Asset Management Australia

- ¹ Yield is calculated based on the total dividends of 8.0 cents per share and the closing share price of \$1.125 as at 31 December 2023. Grossed up yield takes into account franking credits at a tax rate of 30%.
- ² Profit reserve of \$97.7 million as at 31 December 2023 after taking into account the estimated payment of the interim dividend. This equates to 25.7 cents per share and provides for 3.2 years dividend coverage based on a total dividend payment of 8.0 cents per share per annum. This does not take into account any changes to share capital. No representation is made in relation to the payment of future dividends, which will be at the discretion of the Company's Board
- ³ As at 29 February 2024. Portfolio weight based on direct investments in securities and does not include any derivative exposure.

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