

INVESTMENT UPDATE AND NTA REPORT

OCTOBER 2024

PORTFOLIO SNAPSHOT

NET TANGIBLE ASSET (NTA) BACKING PER SHARE

AS AT 31 OCTOBER 2024	AMOUNT
NTA after tax	\$1.243
NTA before tax	\$1.266

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.

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

KEY ASX INFORMATION

AS AT 31 OCTOBER 2024

ASX Code:	PIC
Structure:	Listed Investment Company
Listing Date:	18 December 2014
Market Capitalisation:	\$449 million
Share Price:	\$1.175
Shares on Issue:	381,867,088
Dividends:	Half-yearly
Management Fee:	1.00% p.a.*
Manager:	Perpetual Investment Management Limited

* exclusive of GST

INVESTMENT PERFORMANCE

AS AT 31 OCTOBER 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>	-2.7%	-1.6%	3.5%	18.8%	8.6%	3.9%	10.5%	9.0%	9.3%
S&P/ASX 300 Acc Index	-1.3%	2.2%	8.3%	24.9%	13.1%	7.6%	8.1%	8.9%	9.0%
Excess Returns	-1.4%	-3.8%	-4.8%	-6.0%	-4.5%	-3.8%	2.4%	0.1%	0.3%

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

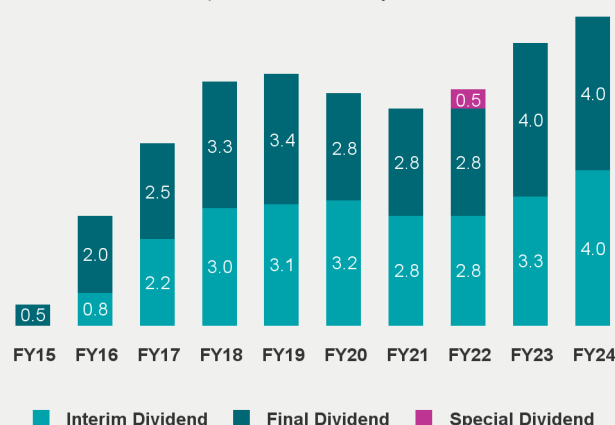
COMPANY	PORTFOLIO WEIGHT
BHP Group Ltd	9.8%
Flutter Entertainment Plc	6.4%
Whitehaven Coal Limited	4.4%
Macquarie Group, Ltd.	3.6%
GWA Group Limited	3.6%
Westpac Banking Corporation	3.4%
ANZ Group Holdings Limited	3.1%
Premier Investments Limited	3.1%
Iluka Resources Limited	3.1%
Healius Limited	2.8%

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

DIVIDENDS IN CENTS PER SHARE

Annual dividend yield: 6.8%

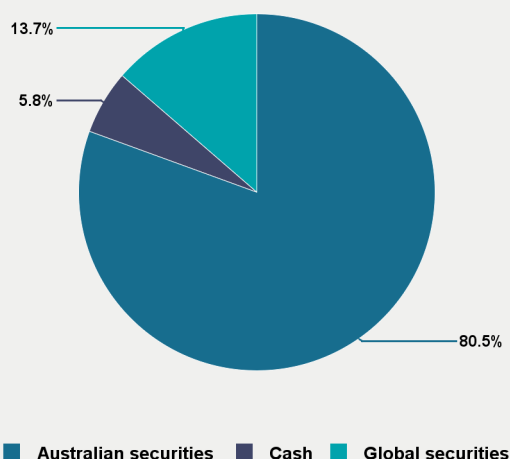
Grossed up annual dividend yield: 9.7%



Yield is calculated based on the total dividends of 8.0 cents per share and the closing share price of \$1.175 as at 31 October 2024. Grossed up yield takes into account franking credits at a tax rate of 30%.

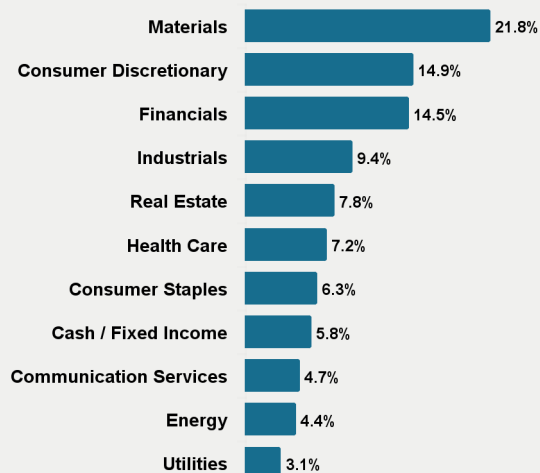
ALLOCATION OF INVESTMENTS[^]

94.2% of capital invested in securities



[^]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 SECTORS[^]



PORTFOLIO COMMENTARY

Market Commentary

The S&P/ASX 300 Accumulation Index declined by -1.3% in October. While the market reached new all-time highs at the beginning of the month, it pulled back as October came to a close. Investor sentiment was initially buoyed by ongoing Chinese stimulus efforts and generally positive economic data. However, as the month progressed, enthusiasm waned regarding China's recovery due to limited details and concerns over potential tariffs, which dampened the rotation trade. Financials were a notable outperformer, with 3.3% for the month, approaching within 2.2% of its all-time high. In contrast, Consumer Staples underperformed due to the ongoing ACCC inquiry into supermarkets and disappointing updates from Woolworths, Coles, and Metcash. The Energy and Resources sectors also lagged. Meanwhile, the S&P/ASX Small Ordinaries indexes posted modest gains, reflecting early signs of a shift from large caps.

Portfolio

The portfolio's largest overweight positions include Flutter Entertainment Plc, Whitehaven Coal Limited and GWA Group Limited. Conversely, the portfolio's largest relative underweight positions include Commonwealth Bank of Australia, CSL Limited and National Australia Bank Limited, all of which are not held in the portfolio.

Contributors

Sigma Healthcare strongly contributed to performance over October (+36.5%) after offering major concessions to ensure the facilitation of the Chemist Warehouse reverse listing creating a new listed retail giant. The acquisition creates a larger high-quality company which operates in a favourable oligopolistic wholesale market and has an industry leading distribution network. We believe that the quality of the combined business will improve as the group moves to become an integrated wholesaler as well as a pharmacy franchisor with dominant market share and a pipeline of pharmacists to continue to expand their franchise network. We have admired Chemist Warehouse for a long time and believe that it is probably the best franchisor/retailer in Australia. Chemist Warehouse brings with it a high-quality management team to be instilled into the new combined board through founders Mario Verrocchi and Jack Gance as well as further long-term synergies to be realised by the group.

Premier Investments strongly contributed to performance in October (+9.6%) after announcing the combination of Premier's apparel brands with Myer late in the month. This comes after some share price weakness in September where the company reported a -2.9% drop in total retail sales to \$1.6 billion. This was still the second highest result for the business, however, and markedly up on pre COVID levels (25.5%). Sales at high margin growth brands like Peter Alexander rose 6.2% whilst Smiggle fell -6.4%. Chairman Solomon Lew, who will now join the board of Myer, will now be focusing on the high quality retail businesses Peter Alexander and Smiggle, each of which have significant local and international growth opportunities. The company also has a strategic investment in Breville as well as a portfolio of property assets. Premier Investments remains a cornerstone of our core retail investments, renowned for its quality business model, fortified by a robust net cash balance, investments, bank of franking credits and overseen by engaged and experienced executive leadership.

The overweight to News Corporation contributed to portfolio performance over the month of October, rallying 10.0%. Despite the lack of company specific news, positive property listings data supporting stronger than expected listing volumes for the group's 61% owned digital real estate company REA contributed to the rally in the share price. News Corporation is a high quality global media and publishing company known for its diverse portfolio spanning newspapers, digital real estate, and book publishing. Founded by Rupert Murdoch, it operates major brands such as The Wall Street Journal, The New York Post, and HarperCollins Publishers. News Corp has a significant presence in digital real estate through Realtor.com and Move, Inc., serving a vast audience in the United States. Although not all businesses within the portfolio post the same growth opportunities, on a sum of the parts basis we view the Dow Jones Professional Information and Data business as underappreciated by the market.

Detractors

The overweight position in Iluka Resources detracted from performance over October as the stock fell 15.8%. This came after a substantial rise post PBOC announcing stimulus to revive the Chinese economy leading to broad based gains amongst resource companies. The stimulus measures, though substantial, have been deemed by the market to likely not be enough and hence much of this has reversed. Iluka is a major producer of rutile and synthetic rutile that is used to produce pigment (paint) and the largest producer of zircon that is used to produce ceramics (tiles) and a recovery in these markets can be met by releasing excess inventory and reducing working capital before production is restarted. Iluka has a very strong balance sheet (net cash) and also owns a valuable stake in Deterra Royalties, which was spun-off in an IPO so is able to buffer these periods of demand distortion that is a feature of these markets. The next catalyst for the company is the update on the funding for the increased capex of the fully integrated rare earths refinery being built in WA to break China's stronghold on these markets. The project is largely funded from a non-recourse loan of more than \$1 billion from the Federal Government that has a \$200 million overrun facility.

BlueScope Steel Limited detracted from performance in October (-8.5%) following an unexpected downgrade from the company and further cyclical weakness. In the update, management was able to identify \$200 million in cost savings which would help offset the downgrade which favorably offset the news. While short-term steel spread dynamics remain challenging, we believe the share price movement aligns with the longer-term opportunity. Steel pricing has reached a level where there is an asymmetric upside potential, and we are observing positive competitive trends with hot-rolled coil steel prices increasing. BlueScope remains one of the highest quality steel producers globally, with a capable management team, a significant asset in Port Kembla, and the Colorbond brand, which not only boosts margins but also represents a substantial overseas opportunity.

The portfolio's overweight to Orora Limited detracted from performance over the month of October (-11.7%). This follows weaker-than-expected trading updates from some of its key Saverglass-customers. However, it also comes after significant outperformance during the prior couple of months attributed to news that Orora had signed an agreement to sell its North American business to CD&R owned, Veritiv. We built an overweight position in Orora when we felt analysts' forecasts better reflected the risks associated with the controversial Saverglass acquisition. At that point, we thought prospective investors were paying fair value for both the Australasian and North American businesses but getting Saverglass at a substantial discount. Assuming the sale of the North American business completes shortly, then we believe investors will own a high-quality global packaging company, with a relatively under-gearred balance sheet, providing the Board with considerable scope to consider shareholder capital management initiatives.

In the current environment, we are finding more compelling investments in Australia but continue to be opportunistic in global listed securities and seek value across the spectrum. In recent years we have typically been unhedged with the Australian dollar (AUD) drifting to lower levels, particularly against a resurgent US dollar. However, given the AUD has now fallen to multi year lows, we have been hedging the majority of our global exposures to protect against any appreciation in AUD.

Outlook

Market confidence remains mixed in markets at the beginning of November. The election of Donald Trump has been met with excitement in some quarters as markets embrace the idea of tax cuts, lower regulations and higher energy production, all of which will help boost US and global growth. However there are concerns about Trump's plans for higher tariffs and whether these are merely a negotiating tool or will be broadly applied to the detriment of world growth and spur inflation. U.S. 10-year bond yields have been rising in anticipation of higher economic growth and the potential return of inflation, with Australian bond yields climbing in tandem. Whilst Australia has avoided an outright recession so far rising costs and regulation have weighted on the outlook and the RBA has expressed renewed concern about the persistence of home grown inflation. Futures markets indicate that rates may not be cut until the middle of 2025.

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, who 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.

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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.