

PERPETUAL
EQUITY
INVESTMENT
COMPANY
LIMITED

Perpetual Equity Investment
Company Limited
ABN 68 601 406 419

Angel Place,
Level 18, 123 Pitt Street
Sydney NSW 2000
Australia
GPO Box 4172
SYDNEY NSW 2001
Australia

Phone 02 9229 9000
Fax 02 9229 9009
www.perpetualequity.com.au

29 July 2020

ASX Limited
ASX Market Announcements Office
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

**Perpetual Equity Investment Company Limited
Investment Update Presentation**

Perpetual Equity Investment Company Limited (the Company) (ASX: PIC) advises that it has released the Investment Update presentation (as attached).

If shareholders or other interested parties have any queries regarding the presentation, they can contact:

Karen Davis
Senior Manager, Listed Products and Projects
Perpetual Investment Management Limited
P: 02 9229 9114
E: karen.davis@perpetual.com.au

Yours faithfully



Sylvie Dimarco
Company Secretary
(Authorising Officer)

**PERPETUAL
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INVESTMENT UPDATE

July 2020

IMPORTANT NOTE

This information 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 or PIC) ACN 601 406 419. This information is general information only and is not intended to provide you with financial advice or take into account your objectives, financial situation or needs. You should consider, with a financial adviser, whether the information is suitable for your circumstances. This information does not constitute an offer, invitation, solicitation or recommendation with respect to the purchase or sale of the Company's securities. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information.

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INVESTMENT PHILOSOPHY

QUALITY AND VALUE FOCUS



Investment Objective

- Deliver a growing income stream
- Provide long-term capital growth
- Exceed the S&P/ASX 300 Accumulation Index over minimum 5 year investment periods



Investment Guidelines

Typically 20 – 40 securities

50% - 100% Australian listed securities

0% - 35% Global listed securities

0% - 25% Cash



Investment Process

1

Quality business

2

Conservative debt

3

Sound management

4

Recurring earnings

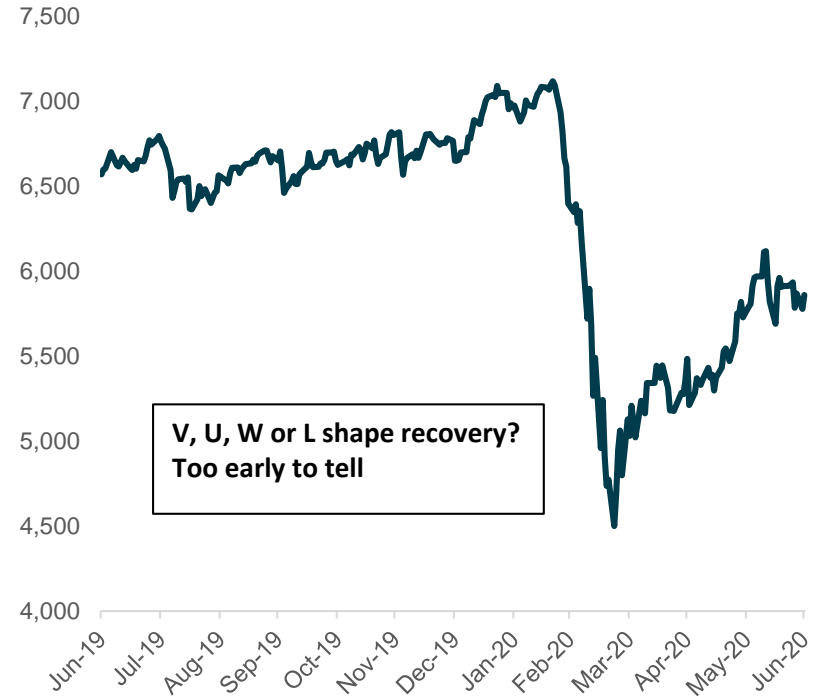
Supported by a large and experienced investment team of portfolio managers and analysts

MARKET UPDATE

THE PANDEMIC AND BEYOND

- **Extremes:** Events in Q1 2020 were extreme but it provided opportunities to invest in stocks trading at heavily discounted valuations
- **Recovery:** Markets have been relatively flat since June, as investors wait for guidance from macroeconomic indicators. Whilst strong fiscal and monetary stimulus has driven a sharp V shape recovery in equities, we believe it is prudent to diversify the portfolio until the real shape of the path ahead becomes clearer.
- **Trading through crisis:** Bought companies we believe are high quality such as Nick Scali, Baby Bunting and Flight Centre. These stocks were then sold, realising profits due to the sheer speed of their recovery from the original purchase price.

S&P/ASX 300 Price Index



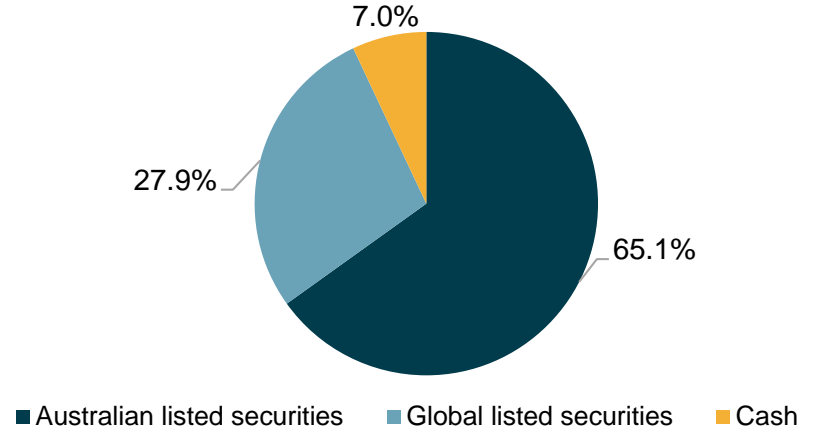
PORTFOLIO POSITIONING

ASSESSING QUALITY AND VALUE COMPANIES

Seeking two types of companies:

- **Quality at reasonable price** - Companies we believe are well positioned for realistic future growth and trading at reasonable valuations e.g. La Francaise Des Jeux (PAR: FDJ)
- **Deep cyclicals** – companies that rise and fall with the business cycle. We believe many cyclical companies are trading at steep discounts to mid cycle valuation despite being high quality, well managed market leaders in a good financial position e.g. Boral Ltd (ASX: BLD)

Allocation of investments as at 30 June 2020[^]



[^]All figures are unaudited and approximate

INVESTMENT PORTFOLIO PERFORMANCE AS AT 30 JUNE 2020

CONTINUE TO FOLLOW A DISCIPLINED INVESTMENT PROCESS

AS AT 30 JUNE 2020	1 MTH	3 MTHS	6 MTHS	1 YR P.A.	2 YR P.A.	3 YRS P.A.	5 YRS P.A.	SINCE INCEPTION P.A.
PIC Investment Portfolio ¹ Net of fees, expenses and before tax paid	-0.9%	22.8%	-4.6%	-1.2%	1.5%	4.9%	7.0%	6.7%
S&P/ASX 300 Accumulation Index	2.4%	16.8%	-10.5%	-7.6%	1.5%	5.2%	6.0%	6.8%
Excess Returns	-3.3%	6.0%	5.9%	6.4%	0.1%	-0.3%	1.0%	0.0%

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.

PORTFOLIO POSITIONING

A SELECTION OF AUSTRALIAN STOCKS IN THE PORTFOLIO



ASX:MGR



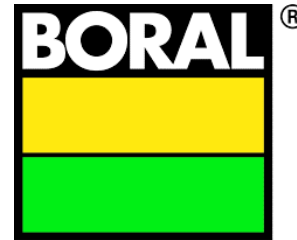
ASX: AUB



ASX: ILU



ASX: OZL



ASX: BLD

PORTFOLIO POSITIONING

A SELECTION OF GLOBAL STOCKS IN THE PORTFOLIO



LON: PSN



PAR: FDJ



LON: FERG

OUR INVESTMENT STRATEGY ALLOWS OPPORTUNISTIC ALLOCATIONS TO
GLOBAL SECURITIES

SUMMARY

Get time on your side

- Investing over the long term can give investors the time to ride out market woes and profit from market rises.
- PIC's investment objective aims to provide investors with a growing income stream and long-term capital growth in excess of its benchmark (S&P/ASX 300 Accumulation Index) over minimum 5 year periods.
- We are focused on companies we believe have quality assets and expect to perform well when the economy bounces back over the mid to long term.

Active management

- PIC's flexible investment strategy means we can actively manage the portfolio to adapt to changing market conditions and be opportunistic in the allocation to global securities.

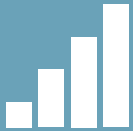
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Investor presentations and broker meetings



Monthly Investment Update



Manager insights

INVESTOR CONTACTS



Website:

www.perpetualequity.com.au



Link Market Services:

+61 1800 421 712 (within Australia)



Investor Relations:

+61 2 9229 9114

karen.davis@perpetual.com.au

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QUESTIONS
