

PERPETUAL
EQUITY
INVESTMENT
COMPANY
LIMITED

Perpetual Equity Investment
Company Limited
ABN 68 601 406 419

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14 January 2021

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

Perpetual Equity Investment Company Limited
Monthly Investment Update and NTA Report

Perpetual Equity Investment Company Limited (the Company) (ASX: PIC) advises that it has released the Monthly Investment Update and NTA Report (the Report) for the period ending 31 December 2020 (as attached).

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

Karen Davis
Senior Manager, Listed Products and Projects
Perpetual Investment Management Limited
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Yours faithfully



Sylvie Dimarco
Company Secretary
(Authorising Officer)

INVESTMENT UPDATE AND NTA REPORT

December 2020

PORTFOLIO SNAPSHOT

NET TANGIBLE ASSET (NTA) BACKING PER SHARE

AS AT 31 DECEMBER 2020	AMOUNT
NTA after tax	\$1.176
NTA before tax	\$1.225

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 DECEMBER 2020

ASX Code:	PIC
Structure:	Listed Investment Company
Listing Date:	18 December 2014
Market Capitalisation:	\$408 million
Share Price:	\$1.17
Shares on Issue:	348,685,708
Dividends:	Half-yearly
Management Fee	1.00% p.a.*
Manager	Perpetual Investment Management Limited

* exclusive of GST

INVESTMENT PERFORMANCE

AS AT 31 DECEMBER 2020	1 MTH	3 MTHS	6 MTHS	1 YR	2 YRS P.A.	3 YRS P.A.	5 YRS P.A.	SINCE INCEP P.A.
PIC Investment Portfolio Net of fees, expenses and before tax paid	2.1%	15.4%	21.7%	16.1%	15.8%	8.4%	9.8%	9.7%
S&P/ASX 300 Acc Index	1.3%	13.8%	13.7%	1.7%	12.2%	6.9%	8.8%	8.5%
Excess Returns	0.8%	1.6%	8.0%	14.4%	3.6%	1.5%	0.9%	1.2%

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 SECURITIES

TOP 5 AUSTRALIAN LISTED SECURITIES

COMPANY	PORTFOLIO WEIGHT
Crown Resorts Limited	4.3%
Suncorp Group Limited	4.3%
Bluescope Steel Limited	4.0%
HT&E Ltd	3.7%
National Australia Bank Limited	3.5%

TOP 3 GLOBAL LISTED SECURITIES

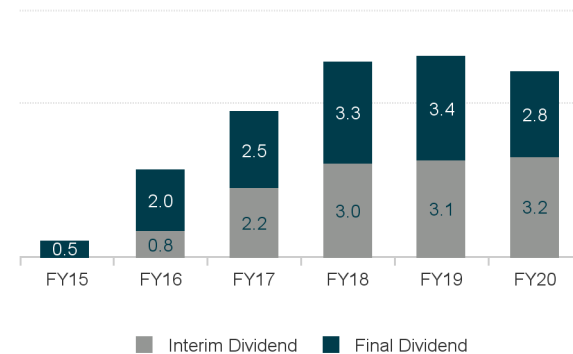
COMPANY	PORTFOLIO WEIGHT
Flutter Entertainment Plc	9.7%
La Francaise des Jeux SA	6.7%
Persimmon Plc	2.7%

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

DIVIDENDS IN CENTS PER SHARE

Annual dividend yield: 5.1%

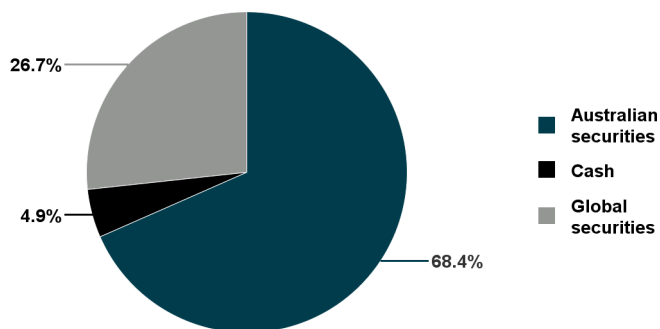
Grossed up annual dividend yield: 7.3%



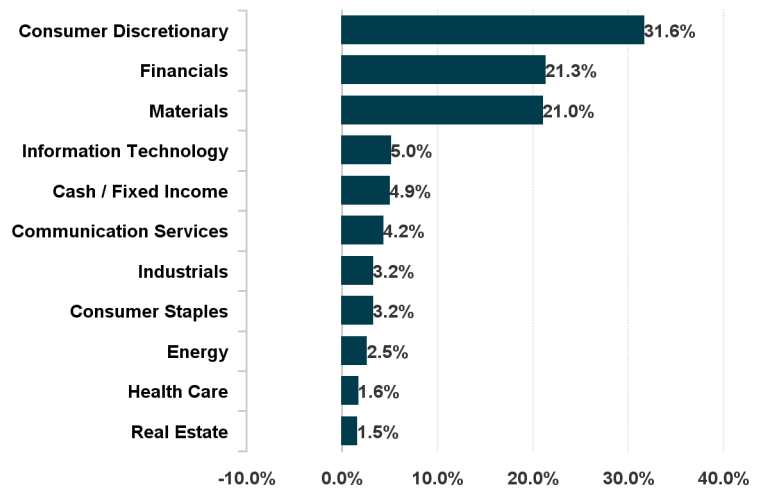
Yield is calculated based on the total dividends of 6.0 cents per share and the closing share price of \$1.17 as at 31 December 2020. Grossed up yield takes into account franking credits at a tax rate of 30%.

ALLOCATION OF INVESTMENTS[^]

95.1% 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.

PORTFOLIO COMMENTARY

The Australian market steadily advanced in December, although at a much more modest pace than the sharp bounce in November. This was despite a deterioration in diplomatic relations between Australia and China early in December and progressive announcements about new trade restrictions through the month. The release of gross domestic product (GDP) data for the September quarter 2020 surprised on the upside and COVID-19 vaccine news remained positive. Consumer confidence hit 10-year highs and iron ore prices continued to surge, rising from US\$131 a tonne on the 1st of December and reaching US\$156 a tonne by the last day of the year. Rising demand from China's recovery and continued problems with supply from Vale in Brazil combined to drive the price spike. Expectations of a new ~US\$900 billion stimulus package in the US buoyed the Australian market in the lead up to Christmas, although concerns about an outbreak of COVID-19 on the Northern Beaches in Sydney caused some jitters. Whilst this outbreak seemed contained it was still causing concerns right up until the close of the month, especially with new and more infectious strains of COVID-19 appearing in other parts of the world. Looking ahead, while the end to Donald Trump's Presidency does not seem to have caused too much market concern so far, it may result in US fiscal and monetary authorities erring on the side of more stimulus. This comes especially after the surprise election results in Georgia just after month end which strengthen the incoming administration's ability to deliver this.

The PIC portfolio performed well during the month with top contributors to absolute performance being Flutter Entertainment Plc (LON: FLTR) returning 10.1%, HT&E Limited (ASX: HT1) returning 20.1% and Iluka Resources Limited (ASX: ILU) returning 21.5%. As a result, the PIC portfolio generated a return of 2.1%** which compares to 1.3% for the S&P/ASX 300 Accumulation Index (benchmark). In the Manager's view, the rotation to recovery and pro cyclical value stocks remains firmly on track for later this year as we move towards society wide COVID-19 vaccination and economic re-opening in the second half of the year. As a result, the Manager continues to pre-emptively bulk up on stocks that it believes will benefit from any deflation coming out of this rotation, including stocks such as Bluescope Steel Limited (ASX: BSL) and Oil Search Limited (ASX: OSH). During the month, the Manager also added to its position in FLTR and took profit in Aristocrat Leisure Limited (ASX: ALL) by reducing its position.

The Manager believes the current environment is one of persisting volatility and opportunity, particularly given the impact of COVID-19 has not been uniform across all stocks and sectors. It is our view that active management and PIC's flexible investment strategy can be most beneficial in these times. The Manager has always been focused on building a portfolio of companies that it believes to be of high quality and trading at reasonable values. This active approach and the ability to invest in Australian and global stocks means the Manager can take advantage of opportunities as they arise with the aim of delivering returns for shareholders. We are pleased to report the PIC portfolio has returned 16.1%** and outperformed the benchmark by 14.4% in the 12 months to 31 December 2020.

**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.

COMPANY NEWS

HALF YEAR RESULTS 2021

The Company's half year results for financial year 2021, including any dividend announcement, will be announced on 17 February 2021.

[The PIC website](#) includes the Company's indicative key dates for 2021.

SHAREHOLDER COMMUNICATIONS

The [PIC website](#) hosts a range of information including Monthly Investment Updates, Portfolio Manager insights, dividend history and educational resources. The [News & Insights section](#) of the website also includes the ability for you to subscribe to receive regular updates via email.

REMINDER: TAX CERTIFICATION COMPLETION

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

From there, under the Payments & Tax tab you will find 'FATCA/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](#) .

INVESTMENT PHILOSOPHY

INVESTMENT OBJECTIVE

The investment objective of the Company is to provide investors with a growing 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 provide investors with the opportunity to invest in an actively managed portfolio and to gain access to the investment management experience and expertise of the Manager.

ABOUT THE MANAGER

The Company's investment portfolio is managed by Perpetual Investment Management Limited, part of the Perpetual Group, whose consistent track record of investing excellence is underpinned by its proven investment process that focuses on value and quality.

PORTFOLIO MANAGER

Vince Pezzullo - Perpetual Investments
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 leverages the expertise of the Perpetual Investments' Equity team, one of the largest investment teams in Australia.

PERPETUAL KEY CONTACTS

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This monthly report has been prepared by Perpetual Investment Management Limited (PIML) ABN 18 000 866 535, AFSL 234426. PIML is the investment manager of the Perpetual Equity Investment Company Limited (Company) ACN 601 406 419. It 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. 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. This information is believed to be accurate at the time of compilation and is provided in good faith. No company in the Perpetual Group (Perpetual Group means Perpetual Limited ABN 86 000 431 827 and its subsidiaries) nor the Company guarantees the performance of the Company or the return of an investor's capital.

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