

PERPETUAL EQUITY INVESTMENT COMPANY LIMITED

ACN 601 406 419

KEY ASX INFORMATION

As at 30 June 2017

ASX code: PIC

Listing date: 18 December 2014

Market capitalisation: \$262.234 million

Share price: \$1.035

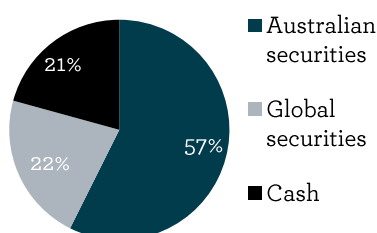
Shares on issue: 253,366,220

JUNE 2017 MONTHLY INVESTMENT UPDATE AND NTA REPORT

PORTFOLIO PROFILE

ALLOCATION OF INVESTMENTS

78% of capital invested in securities.



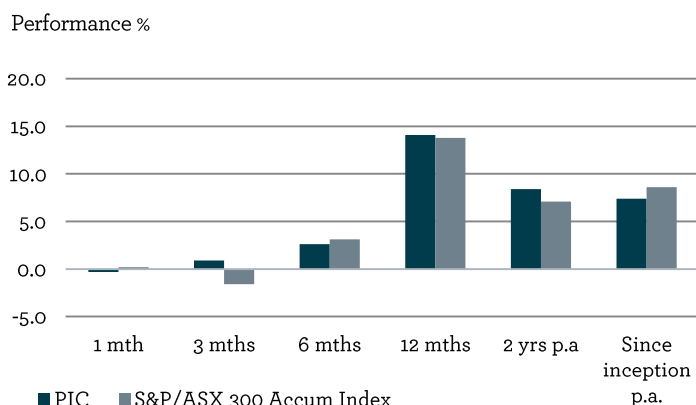
PERFORMANCE

Net of fees, expenses and tax paid

AS AT 30 JUNE 2017	1 MTH	3 MTHS	6 MTHS	1 YRS P.A.	2 YRS P.A.	SINCE INCEP P.A.
PIC	-0.3%	0.9%	2.6%	14.1%	8.4%	7.4%
S&P/ASX 300 Acc Index	0.2%	-1.6%	3.1%	13.8%	7.1%	8.6%
Excess	-0.5%	+2.5%	-0.5%	+0.3%	+1.3%	-1.2%

Inception date is 18 December 2014.

PERFORMANCE - PIC VS BENCHMARK



Returns shown for the Company have been calculated on the growth of Net Tangible Assets (NTA) after taking into account all operating expenses (including management fees and any income tax on realised gains) and assuming reinvestment of dividends. 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 COMMENTARY

The Portfolio performance, as measured by the growth in net assets per share, was -0.3% in June. The portfolio underperformed the benchmark S&P/ASX300, which rose by 0.2%. Since listing, the Perpetual Equity Investment Company Limited's (PIC) portfolio has returned 7.4% per annum.

During the month, the Australian Energy sector experienced a large decline, but since PIC only has a small exposure (2.1% average over the month), this assisted PIC's relative performance. The Australian Healthcare sector was the strongest performer, which negatively impacted relative performance of the portfolio given it had no exposure. The portfolio continued to hold elevated levels of cash, which also detracted from performance.

A recent addition to the portfolio is Australian dairy and foods business Bega Cheese (ASX:BGA) – the largest single contributor to performance of the portfolio for the month of June. The company was formed more than 115 years ago and operated as a dairy farmer co-operative up until listing on the ASX in 2011. Over the past 6 months, Bega has seen transformational change in its business through the completion of three major transactions. In January 2017, Bega announced the \$460m acquisition of the Mondelez Australia grocery business, including the iconic and valuable Vegemite brand. Subsequently, Bega partially funded the acquisition through the sale of two infant formula assets to long-term customer Mead Johnson for \$200m, whilst also maintaining access to the assets under a 10-year service & access agreement that will enable Bega to continue to supply its broader customer base. Finally, Bega recently completed a \$160m capital raise to finalize the funding of the Mondelez acquisition and restore the strength of the balance sheet. The Manager sees merit in the strategy of diversifying the business and moving further up the value chain through gaining exposure to branded products.

The Australian dairy industry has had a turbulent few years, with depressed global commodity prices and extreme competition domestically for milk supply resulting in lower returns for farmers and dairy processors. The Manager believes Bega's decision to support farmers during this period through maintaining its forecast milk price in the face of

farmer claw-backs from other processors was prudent and will support growth in the company's milk supply and earnings over the next 12-24 months.

The Manager is attracted to Bega's competitive position in the dairy industry, the increased stability and diversification of earnings provided by the Vegemite acquisition and a highly competent management team that have demonstrated an ability to make long term strategic decisions and effectively allocate shareholder capital. Further, with the balance sheet strength post-capital raise, Bega is well placed to capitalize on further opportunities that may arise in the dairy and food sector.

Despite the recent share price appreciation, the Manager maintains a positive view and continues to hold a position in the portfolio. As at 30 June 2017, 2.0% of the portfolio was invested in Bega.

MARKET REVIEW

The Australian equity market, as measured by the S&P/ASX 300 Accumulation Index, rose 0.2% over the month of June. A convergence of global events and local pressures led Australian shares to their biggest single-day decline of the year, shaving nearly \$27b from the market. Both discretionary and non-discretionary retail bounced back from last month lows, while the grocers took a tumble amidst further concerns regarding an Amazon entry. The banking sector shook off a mid-month dip to finish higher after the Federal Government's banking levy was pushed through parliament with the support of the Labor party. Concerns over a looming housing-market correction continued in June as Moody's downgraded the long-term credit ratings of twelve Australian lenders; including the big four banks over high household debt levels. Meanwhile, the OECD announced that a large decline in housing prices poses the single greatest domestic threat to the Australian economy.

Crude Oil tumbled on the back of an unexpected rise in US inventories, resulting in a sell-off in energy stocks. Strengthening iron ore and base metals prices, following positive sentiment in China, along with the release of better-than-expected employment figures provided a buffer for the Australian dollar, ending higher over most major currencies. The MSCI World Total Return Index ended the month flat (up 0.02% in Australian dollar terms) as international markets cautiously awaited Britain's election result; which saw the Conservative Party lose its majority. The US market finished higher, with the S&P 500 up 0.6%, despite a sell-off in the tech giants, triggering initial fears of a possible tech bubble, and the testimony from fired FBI boss James Comey on his probe into the Trump administration's Russia links.

The best performing sectors for the month were Health Care (+6.1%), Information Technology (+2.0%) and Financials ex Property (+1.7%). The worst performers were

Energy (-6.8%), Property Trusts (-4.1%) and Utilities (-2.7%). As a whole, industrial stocks (+0.7%) outperformed resource stocks (-2.1%) and large cap stocks (-0.2%) underperformed small cap stocks (+2.0%).

TOP SECURITIES

TOP 5 AUSTRALIAN SECURITIES AS AT 30 JUNE 2017

COMPANY	PORTFOLIO WEIGHT
Woolworths Ltd	7.7%
Westpac Banking Corp	6.9%
CYBG PLC	5.7%
Star Ent Group Ltd	5.5%
Medibank Private Ltd	4.6%

TOP 3 GLOBAL SECURITIES AS AT 30 JUNE 2017

COMPANY	PORTFOLIO WEIGHT
AXA SA	4.2%
ING Group NV	4.0%
Shire PLC	3.8%

NET TANGIBLE ASSET (NTA) BACKING PER ORDINARY SHARE¹

AS AT 30 JUNE 2017	AMOUNT
NTA before tax ²	\$1.107
NTA after tax ²	\$1.097

Daily NTA is available on the website.

¹All figures are unaudited and approximate.

²The before and after tax numbers relate to provisions for deferred tax on set-up costs and on unrealised gains and losses in the Company's investment portfolio.

COMPANY NEWS

ANNOUNCEMENT OF NEW CHAIRMAN

Perpetual Equity Investment Company Limited was pleased to announce the appointment of Nancy Fox as Non-Executive Director and Chairman, effective 1 July 2017. Ms Fox has more than 30 years' experience in financial services, securitisation and risk management gained in Australia, the US and across Asia. A lawyer by training, Ms Fox is currently a Non-Executive Director of Perpetual Limited, HCF Life and Kinetic Superannuation Ltd, and also sits on the Boards of the Taronga Conservation Society Australia and the Australian Theatre for Young People.

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 20 years' experience in the financial services industry, has outperformed consistently 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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