

INVESTMENT UPDATE AND NTA REPORT

October 2017

PORTFOLIO SNAPSHOT

NET TANGIBLE ASSET (NTA) BACKING PER SHARE¹

AS AT 31 OCTOBER 2017	AMOUNT
NTA before tax ²	\$1.146
NTA after tax ²	\$1.124

Daily NTA is available at www.perpetualequity.com.au

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.

KEY ASX INFORMATION

AS AT 31 OCTOBER 2017

ASX code: PIC

Listing date: 18 December 2014

Market capitalisation: \$281.769 million

Share price: \$1.11

Shares on issue: 253,845,980

INVESTMENT PERFORMANCE

AS AT 31 OCTOBER 2017	1 MTH	3 MTHS	6 MTHS	1 YR P.A.	2 YRS P.A.	SINCE INCEP P.A.
PIC Investment Portfolio ³ Net of fees, expenses and before tax paid	3.51%	6.63%	6.16%	18.30%	10.42%	10.24%
S&P/ASX 300 Acc Index	4.02%	4.83%	2.20%	15.92%	11.01%	9.34%
Excess Returns	-0.50%	+1.80%	+3.97%	+2.38%	-0.59%	+0.90%

³Returns 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.

TOP SECURITIES

TOP 5 AUSTRALIAN LISTED SECURITIES

COMPANY	PORTFOLIO WEIGHT
Woolworths Ltd	8.06%
Star Entertainment Group Ltd	6.43%
CYBG PLC	5.73%
Westpac Banking Corp	5.15%
Oil Search	4.44%

TOP 3 GLOBAL LISTED SECURITIES

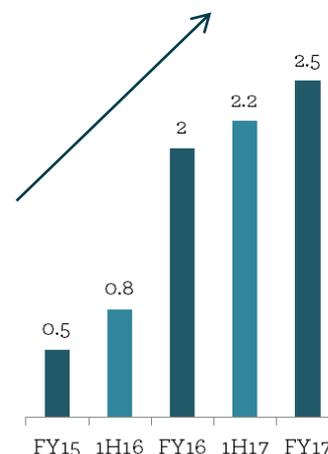
COMPANY	PORTFOLIO WEIGHT
Shire PLC	7.76%
AXA SA	4.84%
Bank of America Corp	3.21%

DIVIDEND PER SHARE, CPS

FY17 final dividend: 2.5 cents per share

Annual dividend yield: 4.23%⁴

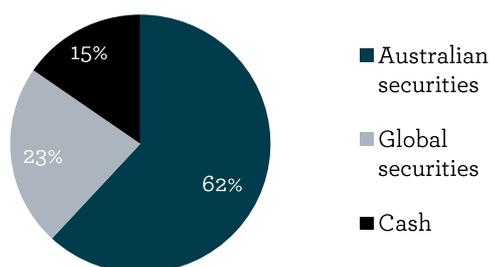
Grossed up annual dividend yield: 6.04%⁴



⁴Yield is calculated using the 31 October 2017 share price of \$1.11. Grossed up yield takes franking credits into account.

ALLOCATION OF INVESTMENTS

85% of capital invested in securities.



THIRD ANNUAL AGM & INVESTOR UPDATE PRESENTATIONS

Thank you to shareholders who attended our AGM and Investor Update in Sydney on November 2nd. AGM results, the Chairman's Address and the Investor Update presentation slides are available at www.perpetualequity.com.au.

We value the opportunity to meet with shareholders and will be continuing the national Investor Update presentations during November.

The events offer an excellent opportunity to hear directly from the Portfolio Manager, Vince Pezzullo, on current market conditions, performance and profile some of the individual Australian and global securities held in the portfolio.

The dates and locations are in the table below. To register to attend one of the sessions, please [REGISTER HERE](#) or visit www.perpetualequity.com.au

DATE	LOCATION
15 November 10.15am for 10.30am, to conclude by 11.30am	ADELAIDE Perpetual Offices Level 11, 101 Grenfell Street, Adelaide
16 November 10.15am for 10.30am, to conclude by 11.30am	PERTH Perpetual Offices, Exchange Tower Level 29, 2 The Esplanade, Perth
21 November 10.15am for 10.30am, to conclude by 11.30am	BRISBANE Perpetual Offices, Central Plaza 1 Level 15, 345 Queen Street, Brisbane
29 November 10.15am for 10.30am, to conclude by 11.30am	MELBOURNE Perpetual Offices, Rialto South Tower Level 35, 525 Collins Street, Melbourne

PORTFOLIO COMMENTARY

The portfolio performance net of fees and expenses was 3.51% in October. The portfolio underperformed the benchmark S&P/ASX300 Accumulation Index, which returned 4.02%. Since listing, the Perpetual Equity Investment Company Limited's (PIC) portfolio has returned 10.24% per annum net of fees and expenses.

All Australian equity sectors posted positive returns during the month with the best performers being the Information Technology and Energy sectors.

The portfolio's cash exposure and stock positions within the Healthcare sector detracted from relative performance, whilst stock selection within the Financial sector assisted returns.

The PIC portfolio's overweight positions in Star and Bank of America assisted returns. Conversley, portfolio holdings in Shire and Fletcher Building contributed negatively to performance this month.

STOCK NEWS

Fletcher Building is a diversified building materials and construction company operating in over 40 countries. As at 31 October 2017 the portfolio's allocation to Fletcher Building was 1.76%.

Whilst extremely diversified, over half of its profitability comes from New Zealand. In New Zealand, the company enjoys strong positions in manufacturing & distribution of building & construction materials. In general, its offshore businesses have a weaker market position.

Despite a favourable macro backdrop in New Zealand, the past 12 months have been a difficult time for the company. Significant losses in the construction business have been reported & resulted in the departure of the CEO in July. Whilst risks of further significant project losses cannot be ruled out, the Manager sees the market as capitalizing these losses that are arguably more "one-off" in nature.

Given the diversity of the businesses that Fletcher Building operates both geographically and along the value chain, the Manager sees an opportunity for the incoming CEO to simplify the business and improve the balance sheet. The Manager believes simplifying the business to be more New Zealand centric with strong market positions should see significant upside realized over time.

MARKET COMMENTARY

The Australian equity market, as measured by the S&P/ASX 300 Accumulation Index, posted its highest monthly gain for the calendar year, finishing +4.02% ahead, boosted by rallying commodity prices and a weakening Australian dollar. Annual General Meetings and full year reporting by the banks were the focus of the month, distracting the market from political concerns as the Federal government lost majority following the 'dual-citizenship saga'.

The continued decline in iron ore prices, on the back of steel production cuts in China, saw the Australian dollar close lower against most major currencies, particular the US dollar, which rallied following solid economic data and anticipated tax reform. The oil price continued its run during October, driven by concerns of possible supply issues from the Kurdistan region, allowing energy stocks to close stronger. Speculation around the demand for base metals pushed commodity prices higher which assisted the miners in finishing ahead.

Employment figures released during October were positive despite retail sales falling and CPI data coming in weaker than

expected. The RBA left rates on hold at 1.5%, consumer confidence was up for a second consecutive month and the real estate market began to show signs of a slowdown.

Synchronised economic growth across the globe allowed most equity markets to close the month higher with the MSCI World index gaining 4.3% in Australian dollar terms. Emerging markets had another strong month, while the Nikkei was a standout performer following the release of solid Japanese manufacturing data.

All Australian equity sectors posted positive returns for the month, with the best performers being the Information Technology (+8.4%), Energy (+6.4%) and Health Care (+5.5%) sectors. The worst performers were Real Estate (+1.3%), Telecommunication Services (+2.4%) and Financials (+3.3%). As a whole, industrial stocks (+3.9%) underperformed resource stocks (+4.6%) and large cap stocks (+3.5%) underperformed small cap stocks (+6.0%).

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

NSW

Aaron Russell
Head of Wholesale Business, Perpetual Investments
P: 0403 473 327
E: aaron.russell@perpetual.com.au

VIC/SA/NT/TAS

Daniel Moore
State Manager, Perpetual Investments
P: 0400 032 819
E: daniel.moore@perpetual.com.au

QLD

Tony Harte
State Manager, Perpetual Investments
P: 0407 708 109
E: tony.harte@perpetual.com.au

WA

Tim McCallum
State Manager, Perpetual Investments
P: 0411 209 403
E: tim.mccallum@perpetual.com.au

INVESTOR RELATIONS

Anne Rozenauers
P: 02 9229 3528
E: anne.rozenauers@perpetual.com.au

www.perpetualequity.com.au

This monthly report has been prepared by Perpetual Investment Management Limited ABN 18 000 866 535, AFSL 234426 and Perpetual Trustee Company Limited ABN 42 000 001 007 AFSL 236643. 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. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information.

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.

CONTACT DETAILS

Investor queries: Telephone: +61 1800 421 712
Mailing address: Link Market Services,
Locked Bag A14, Sydney South, NSW 1235
Email: pic@linkmarketservices.com.au

