

PERPETUAL EQUITY INVESTMENT COMPANY LIMITED

ACN 601 406 419

Dear Fellow Shareholders,

The Company announced a net profit after tax of \$21.7 million for FY25 and a fully franked 2H25 dividend of 4.0 cents per share, bringing the total dividend payment for PIC shareholders in FY25 to 8.0 cents per share, consistent with the previous financial year. The full year fully franked dividend equates to an annual dividend yield of 6.6% and grossed up yield of 9.4%¹. This compares favourably to the dividend yield of the S&P/ASX 300 Accumulation Index which was 3.2% as at 30 June 2025³.

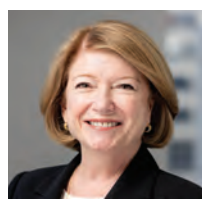
After the payment of the 2H25 dividend, the profit reserve for the Company sits at \$67.8 million which provides 2.2 years dividend coverage².

The Australian share market experienced significant volatility, in particular during April 2025 as a result of US President Donald Trump's 'Liberation Day' announcements. For the 12 months to 30 June 2025 the PIC portfolio returned 6.5% whereas the S&P/ASX 300 Accumulation Index (benchmark) returned 13.7%.

While PIC underperformed the benchmark in FY25, the Manager's focus remains solely on investing in high quality and attractively valued securities that it believes will deliver over the long-term. While this approach to value investing can often lead to softer performance in rallying markets, it's a philosophy that has stood the test of time and continues to underpin the Manager's approach. The Board believes this approach will continue to deliver positive outcomes for the Company, including generating dividend income and capital growth for PIC shareholders. Over five years to 30 June 2025, the PIC portfolio has returned 12.1% p.a., outperforming the benchmark by 0.3% p.a.

Thank you for your ongoing support in PIC and I look forward to updating you in the future.

Yours sincerely,



Nancy Fox AM
Chairman

Income for our shareholders

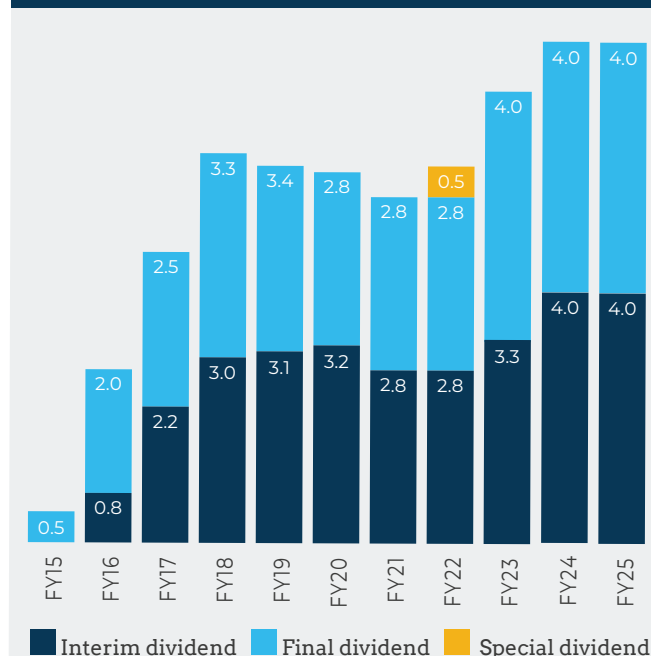
8.0 cps total FY25 fully franked dividend

6.6%¹ annual dividend yield

9.4%¹ grossed up dividend yield

\$67.8 million profit reserve providing
for 2.2 years dividend coverage²

Fully franked dividends since inception in cents per share (cps)



Portfolio Manager's update

Market dynamics have proven particularly challenging for fundamental value investors over the past 12 months, with global equity markets, including Australia, heavily influenced by momentum-driven investing. Companies with strong or stable earnings have seen significant share price rises, often irrespective of valuation, while those facing near-term earnings uncertainty have experienced sharp declines. This has created an extremely wide dispersion in share price performance across all sectors.

In Australia, bellwether examples of this are the banks, large-capitalisation industrials such as Wesfarmers and Telstra, and the technology sector which are trading at multiples completely detached from historical averages. Meanwhile, some cyclicals trade well below historical multiples despite under-earning relative to mid-cycle levels.

The current spread between growth and value Price/Earnings multiples is as wide as it has been in 35 years, with growth stock valuations near historical highs. Previous cycles have taught us that staying disciplined on valuation during such skewed market conditions can pay substantial dividends when cycles inevitably turn. Since year end, market conditions have swung more favourably to fundamental investing, and PIC performed strongly during the recent reporting season.

In constructing the portfolio, we continue to focus on quality and value – identifying companies that are quality businesses with conservative debt, sound management and recurring earnings, trading at prices below their intrinsic value. We were pleased to have identified three companies which returned over 100% for the portfolio over the past 12 months and were overall pleased with strong absolute performance from the portfolio returning 12.3% for the 12 months to 31 August 2025.

As at 31 August 2025, our largest position remains Flutter Entertainment, which has continued to perform strongly both operationally and in share price returns over the last twelve months. Flutter's 1H25 result released in August reaffirmed the company's global leadership in sports betting and I-gaming.

The performance of the valuable US business Fanduel remains a key attraction to the Flutter investment case, with the dominant market share position in a rapidly growing US market a very exciting proposition.

The company has a long runway for earnings growth and we believe current valuations remain highly attractive.

Sigma also contributed strongly to returns following completion of its merger with Chemist Warehouse, with trading updates over the past twelve months reflecting strong sales and earnings growth. The recent result in late August was further evidence that the Chemist Warehouse business is a dominant force within its category. We believe Sigma represents a unique investment proposition with the market underestimating the earnings growth potential of the combined entity. Recent share price appreciation sees the company fairly valued relative to the very strong earnings growth outlook over the medium-long term.

Looking ahead, while market dynamics remain challenging, they are presenting compelling investment opportunities. We have been using recent volatility to increase exposure to high-quality cyclical companies under pressure due to broader economic weakness.

The portfolio's flexibility to invest in offshore securities and lower market capitalisation stocks provides the ability to capitalise on compelling opportunities from a broader opportunity set. The portfolio has been increasingly utilising this optionality in the context of elevated valuations in pockets of the Australian large-cap market with capital preservation front of mind.

Thank you for your ongoing support in PIC.

Yours sincerely,



Vince Pezzullo
PIC Portfolio Manager
Head of Equities,
Perpetual Asset
Management Australia



Sean Roger
PIC Co-Portfolio Manager

-
- 1 Yield is calculated based on the total dividends of 8.0 cents per share and the closing share price of \$1.21 as at 30 June 2025. Grossed up yield takes into account franking credits at a tax rate of 30%.
 - 2 Profit reserve of \$67.8 million as at 30 June 2025 after taking into account the estimated payment of the final dividend. This equates to 17.7 cents per share and represents 2.2 years dividend coverage assuming a total dividend payment of 8.0 cents per share per annum. This does not take into account any changes to share capital. No representation is made in relation to the payment of future dividends, which will be at the discretion of the Company's Board.
 - 3 Source: Factset
-

This document 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. Any views expressed in this document are opinions of the author at the time of writing and do not constitute a recommendation to act. No company in the Perpetual Group (Perpetual Group means Perpetual Limited ABN 000 431 827 and its subsidiaries) nor the Company guarantees the performance of the Company or the return of an investor's capital. PL01885_0925