

INVESTMENT UPDATE AND NTA REPORT

AUGUST 2023

PORTFOLIO SNAPSHOT

NET TANGIBLE ASSET (NTA) BACKING PER SHARE

AS AT 31 AUGUST 2023	AMOUNT
NTA after tax (cum dividend)	\$1.275
NTA before tax (cum dividend)	\$1.287

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. As at 31 August 2023, the NTA after tax (ex dividend) was \$1.235 and the NTA before tax (ex dividend) was \$1.247. The ex dividend NTA figures are reduced by a provision for the 4.0 cents per share final dividend that was declared on 23 August 2023. The ex date for the final dividend is 26 September 2023 and payment date 18 October 2023.

NTA figures are calculated as at the end of day on the last business day of the month.

KEY ASX INFORMATION

AS AT 31 AUGUST 2023

ASX Code:	PIC
Structure:	Listed Investment Company
Listing Date:	18 December 2014
Market Capitalisation:	\$475 million
Share Price:	\$1.255
Shares on Issue:	378,388,340
Dividends:	Half-yearly
Management Fee	1.00% p.a.*
Manager	Perpetual Investment Management Limited

* exclusive of GST

INVESTMENT PERFORMANCE

AS AT 31 AUGUST 2023	1 MTH	3 MTHS	6 MTHS	1 YR	2 YRS p.a.	3 YRS p.a.	5 YRS p.a.	7 YRS p.a.	SINCE INCEP p.a.
PIC Investment Portfolio <small>Net of fees, expenses and before tax paid</small>	-1.9%	1.9%	1.7%	7.6%	1.8%	13.2%	9.3%	9.9%	9.5%
S&P/ASX 300 Acc Index	-0.8%	3.9%	2.9%	9.0%	2.5%	10.5%	7.0%	8.5%	8.4%
Excess Returns	-1.1%	-1.9%	-1.1%	-1.4%	-0.7%	2.7%	2.3%	1.4%	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 5 AUSTRALIAN LISTED SECURITIES

COMPANY	PORTFOLIO WEIGHT
BHP Group Ltd	7.9%
National Australia Bank Limited	7.4%
Insurance Australia Group Ltd	7.4%
Commonwealth Bank of Australia	6.4%
Goodman Group	5.3%

TOP 3 GLOBAL LISTED SECURITIES

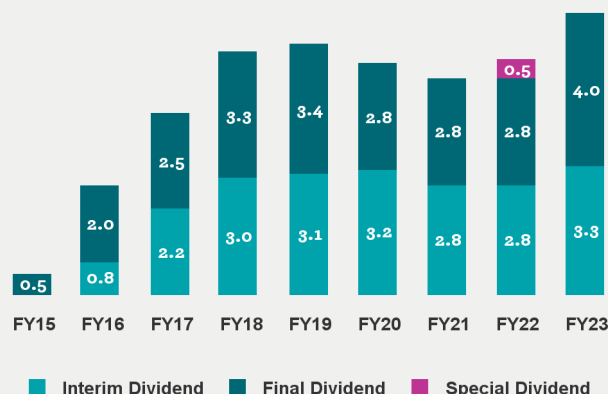
COMPANY	PORTFOLIO WEIGHT
Flutter Entertainment Plc	5.8%
La Francaise des Jeux SA	3.3%
Light & Wonder, Inc.	1.8%

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

DIVIDENDS IN CENTS PER SHARE

Annual dividend yield: 5.8%

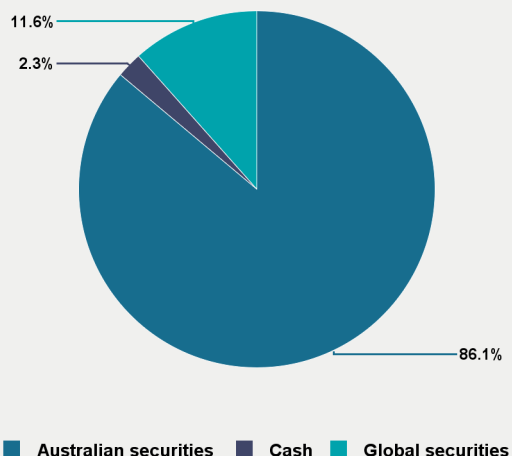
Grossed up annual dividend yield: 8.3%



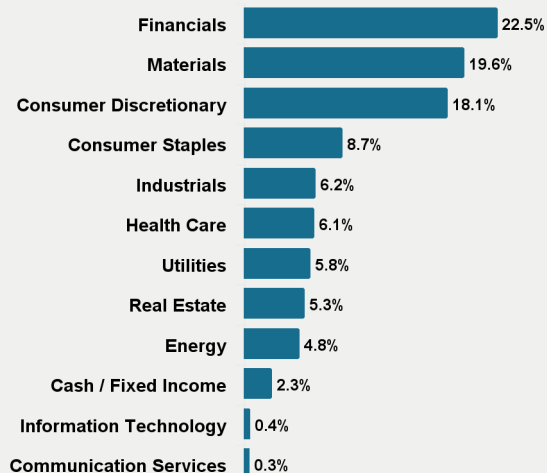
Yield is calculated based on the total dividends of 7.3 cents per share and the closing share price of \$1.255 as at 31 August 2023. Grossed up yield takes into account franking credits at a tax rate of 30%.

ALLOCATION OF INVESTMENTS[^]

97.7% 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. Allocations may not sum to 100% due to rounding.

COMPANY NEWS

FY23 ANNUAL RESULTS AND FINAL DIVIDEND

The Company announced its full year results on Wednesday, 23 August 2023 including a fully franked dividend of 4.0 cents per share. Please see below important dates for the final dividend:

Ex Date: Tuesday 26 September 2023

Record Date: Wednesday 27 September 2022

DRP Election Date: Thursday 28 September 2022

Payment date: Wednesday 18 October 2023

The Company's dividend reinvestment plan (DRP) is available to shareholders for the final dividend. To participate in the DRP or to change your level of participation, a DRP Participation Form must be received by no later than 5.00pm (Sydney time) on DRP Election Date.

For more information on the FY23 results and dividend, please visit our website at www.perpetualequity.com.au

ANNUAL GENERAL MEETING & INVESTMENT MANAGER UPDATE

The AGM & Investment Manager Update will be held on Thursday, 19 October 2023 at 3:00pm (Sydney time) online and in-person at the Blaxland Ballroom, Swissotel Sydney, 68 Market Street Sydney, NSW 2000.

The Notice of Meeting is available [here](#)

Shareholders and interested parties can register for the Investment Manager Update now by clicking [here](#)

APPOINTMENT OF NON-EXECUTIVE DIRECTOR – MR MICHAEL CLARKE

The Company welcomes the appointment of Mr Michael Clarke as a Non-executive Director, effective 1 September 2023. Michael brings over 30 years' experience in Australian and global asset management having previously held roles at Challenger Funds Management, Russell Investments, AMP Capital Investors, Goldman Sachs JBWere Asset Management, EquitiLink and Macquarie Bank. His extensive industry knowledge and expertise will be invaluable as the Company grows and evolves as a listed investment company.

Market overview

The S&P/ASX300 Accumulation Index fell -0.8% in August. The RBA left the official cash rate unchanged at 4.1% on the first day of the month, triggering a series of downgrades to future rate hike expectations as inflation fell and hopes of a soft landing grew. A renewed surge in longer dated bonds during August, alongside concerns about the growing US budget deficit and a downgrade in Fitch's US credit rating (from AAA to AA+), added to some volatility in equity markets. Concern also grew about the Chinese economy; the return of deflation sparking comparisons with Japanese stagnation in the 1990s whilst Country Garden was just the latest property giant to teeter on the edge of bankruptcy. Policy stimulus from the People's Bank of China had mixed results and the Australian dollar softened significantly. Somewhat surprisingly, iron ore prices remained firm.

Despite the central bank news, corporate reporting season dominated the month, especially towards the end. After a fairly lacklustre start, the number of stocks disappointing the market grew as the month went on. Companies reporting full year results saw revenue rise, however expenses typically rose even more contributing to a sharp decline in profitability. It was a case of resilient companies with pricing power faring well versus those caught by rising costs, especially rising interest bills. Some companies forced to cut dividends were heavily punished. In terms of sectors consumer discretionary fared the best despite the challenges facing consumers, whilst Utilities, Consumer Staples, Industrials and Materials fared the worst.

Portfolio overview

The top contributors to absolute performance for the PIC portfolio in August were Goodman Group, Bapcor Limited and Premier Investments Limited. The PIC portfolio's overweight position in Goodman Group contributed strongly to performance as the company reported a solid FY23 result and provided an upbeat update highlighting their current and potential investments into datacentre development. Bapcor rose +8.3% for the month following a solid FY23 result in line with guidance. The key positive was a significant improvement in cash flow conversion through the second half as Bapcor was able to reduce inventory whilst maintaining strong gross margins. Management provided additional detail around their Better than Before program and remain committed to the associated return targets. We believe the market is sceptical and appears to be pricing in very little.

Our overweight position in Premier Investments contributed significantly to the PIC portfolio return as it rose +19.8% in August. Premier Investments like most retail has struggled with its share-price since early May as pressures on the consumer increased, industry sales consequently turned negative and employers faced into very significant cost headwinds. All while cycling very strong comparative trading outcomes. Market analysts were very uncertain about just how bad FY23 & FY24 outcomes might be. Premier Investments has long been part of our core retail investments - we consider it to be a quality business, supported by a particularly strong net cash balance sheet and overseen by engaged and experienced executive leadership personnel. The business also has future growth potential across several offshore geographies with the retail sector normalising post the widespread 2020/2021 COVID-19 restrictions. On 21 August 2023, the company surprised the market with three separate announcements. Firstly with FY23 sales and profit guidance modestly ahead of market consensus but very reassuring nonetheless. Secondly that CEO Richard Murray has resigned effective 15 September 2023 with CFO John Bryce to act as interim CEO for the foreseeable future. Given Solomon Lew's executive chairmanship and exceedingly strong divisional leadership and Richard's relatively short tenure in the role, we believe there is little for the market to be concerned with here. And finally, the company announced a strategic review is to be initiated focussing on the corporate, operating and capital structure of the various brands and businesses held by the company. Future conclusions of this review are difficult to narrow down at this time and are potentially very wide ranging including that there may be no change at all.

The top detractors to absolute performance for the PIC portfolio in August were Iluka Resources Limited and Ramsay Health Care Limited. Iluka fell -16.5% in August due to growing concerns over the health of the Chinese property market and destocking from global pigment producers, although this comes after an exceptional rise in the share price over the past few years. Ramsay Health announced its FY Result at end of August and there has been material improvement in Revenue and NPAT. Revenue increased 11.6% and NPAT increased 8.8% for FY 2023. Looking ahead, the company expects a gradual recovery in margin in FY24. Activity levels in July indicate trends are normalising, however, nursing wage pressure is a headwind and the company is negotiating with the payors to achieve a net neutral outcome on this headwind. We feel that the company's balance sheet will look much better once we see the conclusion of sale of Sime Darby.

While the economic and market outlook remain uncertain, our broad investment universe across Australian equities, global equities and cash, and our investment philosophy of quality and value continue to point us towards a range of reasonably priced businesses with solid balance sheets and good prospects able to deliver long term returns.

[^] 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.

REMINDER: TAX CERTIFICATION COMPLETION

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

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

WHY CHOOSE THE PERPETUAL EQUITY INVESTMENT COMPANY?

- Designed to deliver investors an income stream of **fully franked dividends**.
- **Active management** to vary the portfolio's exposure to equity market risk, and to enhance the value of the portfolio when opportunities arise both domestically and globally.
- **Flexibility** to invest up to 35% in global securities and up to 25% in cash for diversification with the intention to add returns above the benchmark, or to manage downside risk.
- Access to Perpetual's tried and tested **quality and value** investment process that assesses companies on 4 key quality criteria: quality of business, conservative debt, sound management and recurring earnings.
- **Depth and breadth** of Perpetual's investment team enables it to conduct extensive company visits each year and make decisions to invest in high quality and attractively valued securities based on fundamental, in-depth, bottom-up research.
- **Ease of access** as you can buy and sell PIC on the ASX.
- **Daily NTA published on the ASX** to provide transparency of the portfolio.

KEY FEATURES

INVESTMENT OBJECTIVE The investment objective of the Company is to provide investors with an 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 typically hold 20 to 40 securities.

50% - 100%	Australian listed securities
0% - 35%	Global listed securities
0% - 25%	Cash

The Manager typically expects that the portfolio will be unhedged. Currency exposures may be hedged defensively where the Manager sees significant risk of currency weakness, but no attempt is made to add value to the portfolio by actively managing currency. Derivatives are permitted.

ABOUT THE MANAGER The Company's investment portfolio is managed by Perpetual Investment Management Limited, part of the Perpetual Group, whose has a longstanding commitment to deliver superior outcomes over the long-term for clients. This is underpinned by its proven investment process that focuses on value and quality.

PORTFOLIO MANAGER Vince Pezzullo
Perpetual Asset Management Australia
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 is Head of Equities and leverages the expertise of Perpetual Asset Management Australia's Equity team, one of the largest investment teams in Australia.

All investments are subject to risk which means the value of investments may rise or fall, which means that you may receive back less than your original investment or you may not receive income over a given time frame. Refer to announcements and other information for the Company lodged with the ASX, which is available at www.asx.com.au. A financial adviser can assist you in determining whether an investment in the Company is suited to your objectives, financial situation or needs.

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FIND OUT MORE

Visit our website www.perpetual.com.au/equity to access a range of information including Monthly Investment Updates, Portfolio Manager insights, dividend history and educational resources.

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