

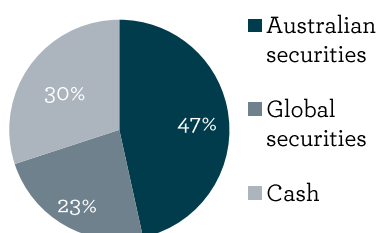
PERPETUAL EQUITY INVESTMENT COMPANY LIMITED

ACN 601 406 419

AUGUST 2015 MONTHLY INVESTMENT UPDATE AND NTA REPORT

PORTFOLIO PROFILE ALLOCATION OF INVESTMENTS

70% of capital invested in securities.



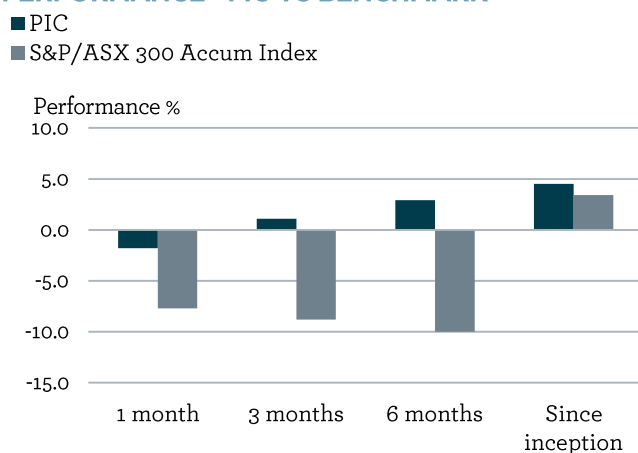
PERFORMANCE

Net of fees, expenses and tax paid

AS AT 31 AUGUST 2015	1 MTH	3 MTHS	6 MTHS	SINCE INCEPTION
PIC	-1.8%	1.1%	2.9%	4.5%
S&P/ASX 300 Accumulation Index	-7.7%	-8.8%	-10.0%	3.4%
Performance Relative to benchmark	5.9%	9.9%	12.9%	1.1%

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

KEY ASX INFORMATION

As at 31 August 2015

ASX code: PIC

Listing date: 18 December 2014

Market capitalisation: \$242.116 million

Share price: \$0.965

Shares on issue: 250,897,778

Options on issue: 249,890,777

Options ASX Code: PICO

Options expiry date: 10 June 2016

Options Share price: \$0.017

PORTFOLIO COMMENTARY

The Portfolio fell by 1.8% in August, exceeding the benchmark by an impressive 5.9%. Since listing, the Perpetual Equity Investment Company Limited (PIC) has outperformed the benchmark return by 1.1%, vindicating the patient approach taken by the Manager in waiting for quality companies to represent value. The recent volatility in markets has allowed the Manager to take advantage of better prices and 70% of PIC's capital has now been deployed. Forty seven percent of the portfolio is invested in Australian listed securities and 23% of the portfolio is invested in global companies. The Manager continues to undertake fundamental, in-depth, bottom-up research to identify high quality securities at attractive valuations and always remains focussed on delivering capital growth whilst minimising downside risk for PIC's shareholders.

It is the Manager's opinion that recent market volatility has been a "China-only" related issue. The United States is an inwardly focussed economy with domestic consumption responsible for 60% of the economy. Growth in the US continues to slowly improve and Europe's quantitative easing measures are starting to have an impact with Europe now following the US's lead. The Manager will deploy PIC's remaining capital as opportunities arise. Market volatility can often be fortuitous for an investor with a disciplined investment approach.

The Manager continues to build out the Portfolio waiting for more quality stocks to reach attractive valuations with the objective of growing capital and income.

Currently the largest position in the Portfolio is Caltex Australia Ltd. Caltex is a story of transition. The company is reinventing itself as a fuel distribution and marketing business and is moving away from its traditional oil refinery operations. The Manager believes that the company's strategic initiative to reduce their exposure to the highly volatile business of refining will generate long-term value for shareholders.

Perpetual

The key to this initiative is the decommissioning of the Kurnell refinery and its transformation into an oil storage plant. The Manager believes that this project continues to progress nicely, having met 90-95% of completion targets. The distribution and marketing units possess long-term defensive attributes as evident by their predictable, recurring earnings. It is the Manager's view that the transport marketing margins will continue to expand, industrial and commercial diesel demand will remain strong and barriers to entry will continue to exclude competition. Caltex has a strategic and unique asset base that is difficult for competitors to replicate.

From a valuation perspective the Manager believes that Caltex has upside to trade in line with companies like Z Energy and the recent Shell Petroleum Marketing business sale. Furthermore, Caltex has infrastructure qualities, an ability to pay dividends out of current earnings plus the scope to grow future dividends.

COMPANY UPDATE

During August PIC declared its annual results, reporting a net profit after tax of \$3.7 million for the period ending 30 June 2015. The Board also announced a fully franked dividend payment of 0.5 cents per share. The dividend will be paid on Thursday 10th September and the Dividend Reinvestment Plan (DRP) will be in operation for this dividend.

If you would like to participate in the DRP for future dividend payments please contact Link Market Services on +61 1800 421 712 to obtain a DRP election form.

MONTH IN REVIEW

The Australian equity market, as measured by the S&P/ASX 300 Accumulation Index, fell 7.70% during August. Global markets were relatively flat during the first half of the month before suffering heavy falls as the faltering Chinese economy and surprise devaluation of the Chinese Yuan impacted stock prices. The Australian market was one of the worst performers, delivering its largest fall since the Global Financial Crisis. Reporting season saw many companies deliver results in-line with forecasts, while outlooks for FY16 were pared back. The People's Bank of China (PBOC) shocked markets when it unexpectedly devalued the Yuan reference rate by 1.9% against the US dollar. Later in the month, weak economic data and a plummeting stock market prompted the PBOC to cut key interest rates and lower bank reserve requirements for the second time in two months. In the US, conflicting commentary and economic data led to increased uncertainty regarding the timing of future interest rate hikes, generating further volatility across equity and currency markets. European data remained mixed and Greece successfully secured a further bailout package prior to Prime Minister Alexis Tsipras' resignation. Commodity prices delivered mixed results, with iron ore gaining 5.3% while oil fell steadily to below US\$40 per barrel before rebounding over 28% to close up 4.4% for the month. In Australia the RBA kept rates on hold at 2.0% and the Australian dollar lost ground against most major currencies.

TOP SECURITIES

TOP 5 AUSTRALIAN SECURITIES AS AT 31 AUGUST 2015

COMPANY	PORTFOLIO WEIGHT
Caltex Australia Ltd	7.0%
BlueScope Steel Ltd	6.6%
Reckon Ltd	5.4%
Sky Network Television Ltd	5.4%
Suncorp Group Ltd	4.6%

TOP 3 GLOBAL SECURITIES AS AT 31 AUGUST 2015

COMPANY	PORTFOLIO WEIGHT
Bank of America Corp	6.5%
Banco Bilbao Vizcaya	5.8%
Viacom Inc	5.0%

NET TANGIBLE ASSET (NTA) BACKING PER ORDINARY SHARE^{1,3}

AS AT 31 AUGUST 2015	AMOUNT
NTA before tax ²	\$1.011
NTA after tax	\$1.010

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.

³All figures include an accounting provision for the final dividend that was declared on 19 August 2015 and will continue to be recognised until payment date of the dividend.

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.

This monthly report has been prepared by Perpetual Investment Management Limited (PIML) ABN 18 000 866 535, AFSL 234426. 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) guarantees the performance of the Company or the return of an investor's capital.

CONTACT DETAILS

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