

INVESTMENT UPDATE AND NTA REPORT

April 2020

PORTFOLIO SNAPSHOT

NET TANGIBLE ASSET (NTA) BACKING PER SHARE

AS AT 30 APRIL 2020	AMOUNT
NTA after tax	\$0.994
NTA before tax	\$0.984

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.

KEY ASX INFORMATION

AS AT 30 APRIL 2020

ASX Code:	PIC
Listing Date:	18 December 2014
Market Capitalisation:	\$296 million
Share Price:	\$0.85
Shares on Issue:	347,830,810

INVESTMENT PERFORMANCE

AS AT 30 APRIL 2020	1 MTH	3 MTHS	6 MTHS	1 YR P.A.	2 YRS P.A.	3 YRS P.A.	5 YRS P.A.	SINCE INCEP P.A.
PIC Investment Portfolio Net of fees, expenses and before tax paid	14.1%	-12.3%	-8.9%	-4.6%	-0.9%	2.2%	5.3%	5.5%
S&P/ASX 300 Acc Index	9.0%	-20.4%	-15.6%	-9.1%	0.2%	2.0%	3.5%	5.6%
Excess Returns	5.1%	8.1%	6.7%	4.5%	-1.1%	0.3%	1.8%	-0.1%

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 SECURITIES

TOP 5 AUSTRALIAN LISTED SECURITIES

COMPANY	PORTFOLIO WEIGHT
Crown Resorts Limited	6.1%
AUB Group Limited	5.7%
Iluka Resources Limited	4.9%
ANZ Banking Group Ltd.	4.1%
OZ Minerals Limited	3.7%

TOP 3 GLOBAL LISTED SECURITIES

COMPANY	PORTFOLIO WEIGHT
Flutter Entertainment Plc	9.0%
La Francaise des Jeux SA	7.5%
Auto Trader Group PLC	3.6%

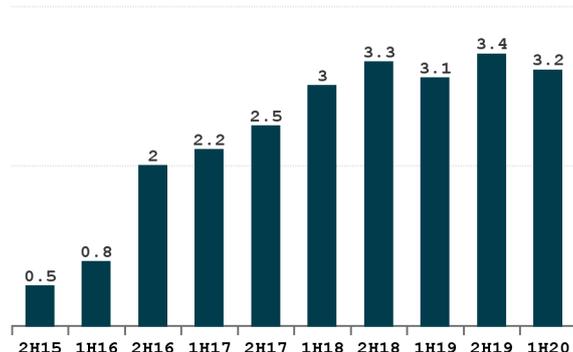
Portfolio weight based on direct investments in securities and does not include any derivative exposure

DIVIDEND PER SHARE, CPS

Interim dividend for FY20: 3.2 cents per share

Annual dividend yield: 7.8%

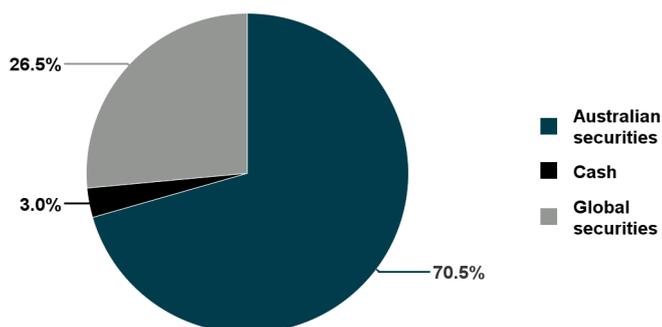
Grossed up annual dividend yield: 11.1%



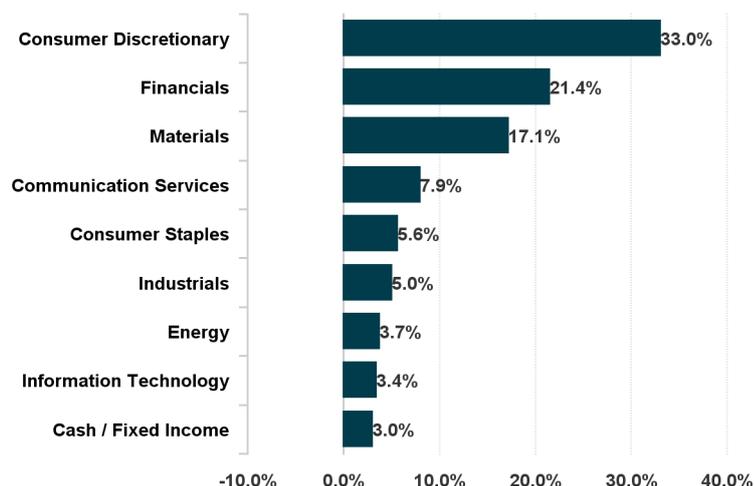
Yield is calculated based on the closing share price of \$0.85 as at 30 April 2020. Grossed up yield takes into account franking credits at a tax rate of 30%.

ALLOCATION OF INVESTMENTS[^]

97.0% 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.

PORTFOLIO COMMENTARY

A TALE OF TWO MONTHS

The COVID-19 pandemic has provided active fund manager's (like PIC's Manager, Perpetual Investment Management Limited) with the ultimate test over the last two months with some of the most volatile market swings the Manager has ever seen. Over the period, investors witnessed the fastest crash ever, large government monetary and fiscal stimulus packages, negative oil prices, record supermarket sales and a rise in unemployment. This was followed by a sharp recovery in equity markets in April. Over the two months, it was important to be invested in companies that would be resilient in down markets like we experienced in March as well as companies that would perform well in a market recovery. In addition, timing was critical to determine the right time when to buy and have the portfolio invested in the right assets, rather than sitting on a large cash position when markets rallied.

In a relative sense, the PIC portfolio performed well during both March and April outperforming the benchmark through the sharp sell-off in March and then again as markets recovered in April. The portfolio's pre-tax (ex-dividend) net tangible assets (NTA) recovered during April to be just -3.2% below February's close. By comparison the S&P/ASX 300 Accumulation Index returned -13.7% over the same period.

The performance over March and April was achieved through careful stock selection underpinned by the Manager's disciplined investment process and active management style. Going into the period, the portfolio was already positioned in a select suite of quality and value stocks that could withstand a correction in markets. During March, La Francaise des Jeux SAEM (PAR: FDJ) declined -12.1% and Flutter Entertainment Plc (LON: FLTR) declined -10% (in Australian dollar terms), but this was much better than the S&P/ASX 300 Accumulation Index which declined -20.8%. The Manager was confident in the defensive qualities of these business which together comprised an average of 13.4% of the portfolio in March and were a core line of defence as markets deteriorated. The portfolio's positions in GrainCorp Ltd (ASX: GNC) (declined -7.2%), Elders Ltd (ASX: ELD) (declined -2.9%) and Medibank Private Ltd (ASX: MPL) (declined -4.0%) in March also assisted the portfolio's relative performance. As markets continued to fall in March, the Manager took advantage by deploying most of the portfolio's cash, increasing existing positions and looking for new companies that were suddenly selling at multi-year low valuations.

April marked a sharp reversal in equity markets and by the end of the month, the Manager had deployed most of the portfolio's cash with the cash position reducing from 16.6% at the beginning of March to 3.0% at the end of April. The Manager also had the opportunity to buy companies that were forced by the market conditions caused by COVID-19 to issue equity at very reasonable prices. For example, the Manager participated in capital raisings by Flight Centre Travel Group Ltd (ASX: FLT) at \$7.20 per share. FLT has not traded as low as \$7.20 per share since just after the Global Financial Crisis (GFC) and has previously traded as high as \$60 per share in 2018. FLT's share price closed at \$10.99 on 30 April 2020 and the portfolio's position in Flight Centre was up 53.5% in the April recovery. The Manager's position in Crown Resorts Limited (CWN) was also rewarded as The Blackstone Group Inc purchased a 9.99% stake in CWN. This validated the Manager's investment thesis that CWN is a high-quality business with world class assets, solid annuity type earnings streams in normal circumstances and virtually no debt. FLTR also performed well during these market conditions, delivering a solid 27.5% return in April. In fact, FLTR's share price has recently traded at above the highs of earlier this year.

The last two months have been a period of very active trading by the Manager, supported by a large team of equity analysts. During this period, the Manager has continued to remain focused on investing discipline and the four quality filters underpinning the investment process: quality business, conservative debt, sound management and recurring earnings. These characteristics remain as important as ever in these periods of market volatility and have assisted in providing some of the defensive qualities the portfolio has benefited from over the last two months.

COMPANY NEWS

INVESTMENT INSIGHTS WEBINAR

The Company would like to extend an invitation to all shareholders and interested parties to register for our Investment Insights Webinar on Friday 15 May 2020 at 11am (AEDT). Portfolio Manager, Vince Pezzullo will provide an update on markets, how the PIC portfolio has been managed in the recent volatile conditions and the opportunities he is seeing in Australia and globally.

Register now or visit <http://www.perpetualequity.com.au> for more details.

SHAREHOLDER COMMUNICATIONS

The Company website hosts a range of information aimed at keeping shareholders and other interested parties up to date with the latest Company news. Via the website, you can also update your communication preferences to receive various Company alerts via email at <https://www.perpetualequity.com.au/tools-and-resources/email-alerts>. We encourage to ensure your communication preferences are up to date so that you have access to all the information you need.

The PIC [website](#) also includes a link to information about the Manager's response to the COVID-19 pandemic.

REMINDER: TAX CERTIFICATION COMPLETION

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

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

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 25 years' experience in the financial services industry, 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

INVESTOR RELATIONS

Karen Davis
P: 02 9229 9114
E: karen.davis@perpetual.com.au

NSW

Nathan Boroughs
State Manager, Perpetual Investments
P: 0466 775 961
E: nathan.boroughs@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

www.perpetualequity.com.au

This monthly report 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. 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

