

PERPETUAL EQUITY INVESTMENT COMPANY LIMITED

ACN 601 406 419

26 August 2020

Perpetual Equity Investment Company Limited reports investment portfolio outperformance and fully franked dividend

FY20 Summary:

- A fully franked final dividend of 2.8 cents per share, bringing the total dividends for FY20 to 6.0 cents per share fully franked
- Annual dividend yield of 6.6% and a grossed up dividend yield of 9.5%¹
- Net operating loss after tax of \$0.4 million and an operating loss before tax of \$3.8 million
- Investment portfolio outperformance of 6.4% above the benchmark for the 12 months to 30 June 2020²
- Net Tangible Assets (NTA) after tax per share of \$1.046 as of 30 June 2020³

The Perpetual Equity Investment Company Limited (ASX:PIC; the Company) has announced its 2020 financial year (FY20) results, declaring a fully franked final dividend of 2.8 cents per share, bringing the total dividends declared for FY20 to 6.0 cents per share fully franked. This is reflective of the Company's commitment to deliver consistent and reliable income to shareholders. The result equates to an annual dividend yield of 6.6% and a grossed up dividend yield of 9.5%.

Chairman Nancy Fox said, "Despite this year being particularly challenging for equity markets due to the COVID-19 pandemic, we have continued to deliver a sustainable dividend stream to our shareholders in FY20. We believe that prudent management of the Company combined with our agility to respond in this unique environment has allowed us to achieve this outcome."

The final dividend will be paid on 23 October 2020. The dividend reinvestment plan (DRP) is available to shareholders for the final dividend. The last election date for the DRP is 2 October 2020.

The Company has posted an operating loss after tax of \$0.4 million and an operating loss before tax of \$3.8 million for the 12 months to 30 June 2020. The operating loss is largely a result of unrealised losses attributed to the market volatility led by COVID-19 in the second half of the financial year (2H20).

PIC performance and market conditions

The PIC portfolio delivered a return of -1.2% for the 12 months to 30 June 2020, outperforming its benchmark by 6.4%². As at 30 June 2020, the portfolio held 65.1% in Australian listed securities, 27.9% in global listed securities and 7.0% in cash.

While the Board acknowledges the COVID-19 pandemic impact on equity markets had a flow-on effect to the Company, it is pleased to report performance above the benchmark and remains confident of the Manager's ability to deliver for shareholders over the long-term. The Manager was presented with numerous opportunities during the market sell-off in March. At that time, it considered there were many

¹ Yield is calculated based on the total grossed up dividends of 8.6 cents per share (taking franking credits into account) and the closing share price of \$0.905 as at 30 June 2020.

² The benchmark is the S&P/ASX 300 Accumulation Index. Returns have been calculated on the growth of 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.

³ 'After tax' refers to tax paid and provisions for deferred tax on unrealised gains and losses in the Company's investment portfolio.

high-quality companies trading at discounted valuations which met its investment criteria. This allowed the Manager to take advantage of opportunities to invest and the recovery in markets has translated to strong relative performance in the portfolio.

In March 2020, the Board announced the decision to amend the Company's investment strategy to increase the global securities allocation from 25% to 35%. This provided the Manager with greater flexibility to invest in global businesses that from its perspective, were very compelling and attractively valued.

Ms Fox commented, "We believe that the increase in global allocation, combined with the Manager's deep expertise and disciplined investment approach, has contributed to portfolio outperformance of 6.4% for the year. The Company's performance over FY20 is demonstrative of the Manager's ability to actively navigate difficult markets and take opportunities as they arise."

PIC Portfolio Manager Vince Pezzullo said, "The extreme volatility over late February and March provided us with the ultimate test as an active manager. While challenging, this presented us with tremendous opportunity as we were able to take positions in companies that we considered to be of quality, but previously overvalued. The Board's decision to increase the exposure to global securities has enabled us to take more high conviction positions in companies we believe meet our quality and value investment criteria and are compelling offshore opportunities. Despite the market uncertainty over the last 12 months, we have remained true-to-label and believe that our disciplined investment approach, active management and focus on quality continues to serve PIC's shareholders well".

Investment Manager Update

The Board would like to extend an invitation to all shareholders and interested parties to attend the Investment Manager Update by PIC Portfolio Manager, Vince Pezzullo on 15 October 2020, via a live online event. For more information, please visit our website www.perpetualequity.com.au.

- Ends -

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The issuer of the securities referred to in this publication is Perpetual Equity Investment Company Limited ACN 601 406 419. Further information on PIC is available at www.perpetualequity.com.au.

PIC's investment portfolio is managed by Perpetual Investment Management Limited (ACN 000 866 535 AFSL 234426) (PIML), part of the Perpetual Group (Perpetual Limited ABN 86 000 431 827 and its subsidiaries). This information has been prepared by PIML. 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 PIC'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 PIC. Past performance is not indicative of future performance.

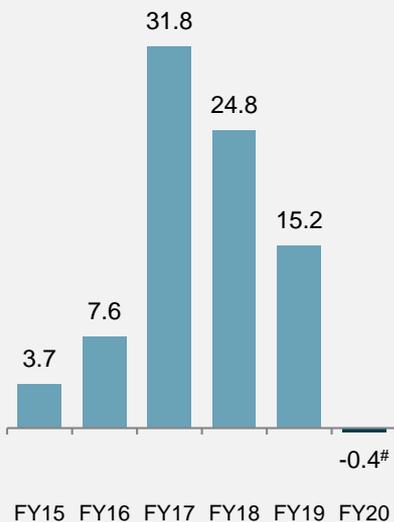
This information is believed to be accurate at the time of compilation and is provided in good faith. Neither PIC, PIML, nor any company in the Perpetual Group guarantees the performance of or any return on an investment made in PIC.

FULL YEAR 2020 RESULTS OVERVIEW

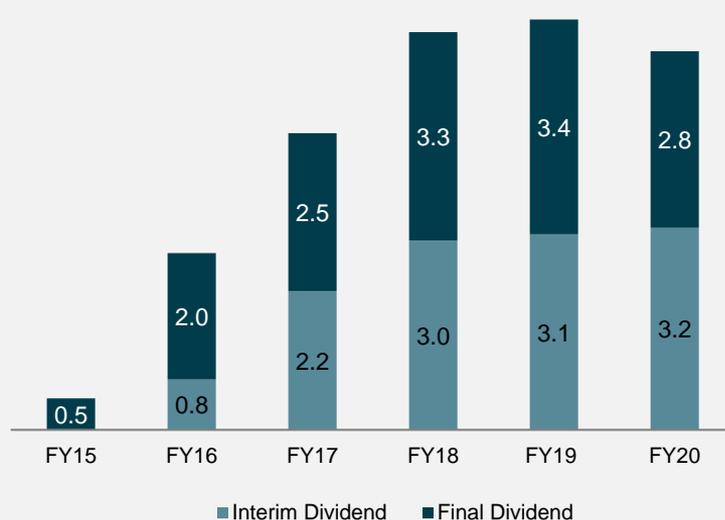
DELIVERING A REGULAR FULLY FRANKED DIVIDEND STREAM

PERPETUAL
EQUITY
INVESTMENT
COMPANY

NPAT, \$m



DIVIDENDS IN CENTS PER SHARE (CPS)



2.8 cps

Fully
franked final
dividend

9.5%*

Grossed up
dividend
yield

6.4%**

Investment portfolio
outperformance 12
months to 30 June 2020

\$1.046[^]

Net tangible assets (NTA)
after tax
per share

Source: Perpetual Equity Investment Company Limited (PIC) as at 30 June 2020.

[#] Reflects predominantly unrealised losses attributed to market volatility led by COVID-19 in the second half of the financial year

*Based on the total grossed up dividends of 8.6 cents per share (taking franking credits into account), and the closing share price of \$0.905 on 30 June 2020.

**Outperformance of the benchmark (S&P/ASX 300 Accumulation Index). Returns have been calculated on the growth of 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.

[^] 'After tax' refers to tax paid and provisions for deferred tax on unrealised gains and losses in the Company's investment portfolio as at 30 June 2020.

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INVESTMENT PERFORMANCE

AS AT 30 JUNE 2020

PERPETUAL
EQUITY
INVESTMENT
COMPANY

	1 MTH	3 MTHS	6 MTHS	1 YEAR P.A.	2 YEARS P.A.	3 YEARS P.A.	5 YEARS P.A.	SINCE INCEPTION P.A.
PIC Investment Portfolio ¹ Net of fees, expenses and <u>before tax paid</u>	-0.9%	22.8%	-4.6%	-1.2%	1.5%	4.9%	7.0%	6.7%
S&P/ASX 300 Accumulation Index	2.4%	16.8%	-10.5%	-7.6%	1.5%	5.2%	6.0%	6.8%
Excess Returns	-3.3%	6.0%	5.9%	6.4%	0.1%	-0.3%	1.0%	0.0%

Source: Perpetual Equity Investment Company Limited

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.