

25 March 2020

ASX Limited
ASX Market Announcements Office
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Perpetual Equity Investment Company Limited Investor Notice – Increase in global allocation limit

Dear shareholders,

The Board of Perpetual Equity Investment Company Limited (ASX: PIC) (Company) hope you, and your family and friends, are keeping well in this challenging period.

The uncertainty surrounding the impact of the COVID-19 pandemic has resulted in significant global market volatility over the last month. The Board has been monitoring developments and receiving regular updates from the Manager, Perpetual Investment Management Limited, regarding the portfolio position and performance during these challenging times.

As part of ongoing governance activities, the Board continues to monitor the Company's investment strategy. This includes consideration of whether the investment strategy allows for enough flexibility in periods of such significant volatility, and enables efficient execution of the Company's strategy including opportunistic allocation to compelling investments in global securities.

Under the Replacement Prospectus, dated 14 October 2014 (Replacement Prospectus)¹, PIC's investment strategy allows the Manager to invest up to 25% of the portfolio in global securities. After careful consideration, the Board has decided to amend the Company's investment strategy to allow for a global securities allocation of up to 35% of the PIC portfolio.

Changes to the investment strategy are contemplated under section 3.8 of the Replacement Prospectus. The Board is permitted to amend the investment strategy after consultation with the Manager. Notification to shareholders is via this ASX release, which is available on the Company's website.

The allocations for Australian securities and cash will remain unchanged. Importantly, while the portfolio may be subject to additional currency risk with the increased global allocation, the investment strategy will continue to allow the Manager to hedge the Company's portfolio defensively if the Manager believes there is a significant risk of currency weakness associated with

¹ The same global allocation was set out in the investment strategy disclosed in the Prospectus, dated 20 August 2018.

its global investments.

These changes to the investment strategy are effective immediately and details of the amendments are set out in the table below.

Allocation	Current Investment Strategy	New Investment Strategy
Australian securities	50% - 100%	50% - 100%
Global securities	0% – 25%	0% - 35%
Cash	0% - 25%	0% - 25%

In considering this change, the Board and Manager remain of the view that the Company's Benchmark (S&P/ASX 300 Accumulation Index) remains appropriate. The Benchmark has been intended to focus the Manager on global investment opportunities that add value above the Australian equity market return and on assessing global securities on a risk adjusted return basis from an Australian investor's perspective. With this focus remaining important, the Board is of the view that no changes are required to the Benchmark as result of increasing the global allocation.

The Board considers that the increase in allocation to global securities is in the best interests of the Company. The change will provide the Manager with the operational flexibility to be able to continue to actively manage the portfolio and take high conviction positions in compelling offshore opportunities that meet the Manager's stringent investment criteria of quality businesses, with sound management, conservative debt and recurring earnings. The Board and Manager are very aware of the importance of franking credits to PIC shareholders and maximising the franking credit balance will remain an area of focus for the Company.

We understand the recent market volatility and, in particular, the large downward movements in equity markets, would be concerning to investors. However, the volatility has also created opportunities. For the first time in many years, the Manager is identifying numerous companies that are now trading at very attractive valuations, particularly offshore.

Importantly, they are companies that the Manager considers well placed to ride out the current crisis – strong balance sheets are critical for this reason. One of the benefits of active management, is that the Manager seeks out these opportunities and is able to invest when market conditions provide an attractive entry point.

The Board considers that the changes to PIC's investment strategy will allow for operational flexibility to enable opportunities to be pursued in the interests of shareholders and the Company over the long-term.

If shareholders or other interested parties have any queries regarding this notice, they can contact:

Karen Davis
Senior Manager, Listed Products and Projects
Perpetual Investment Management Limited
P: 02 9229 9114
E: karen.davis@perpetual.com.au

Yours faithfully



Nancy Fox
Chairman

This notice has been prepared by Perpetual Investment Management Limited ABN 18 000 866 535, AFSL 234426 (PIML or Perpetual Investments) and issued by Perpetual Equity Invest Company Limited ACN 601 406 419 (Company or PIC). PIML is the manager for PIC. 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. Past performance is not indicative of future performance.

The information in this notice is believed to be accurate at the time of compilation and is provided in good faith. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. The Company, PIML nor any company in the Perpetual Group (Perpetual Group means Perpetual Limited ABN 86 000 431 827 and its subsidiaries) warrants or guarantees the performance of, or any return on an investment made in the Company, or the return of an investor's capital.