

APRIL 2015
MONTHLY INVESTMENT UPDATE AND NTA REPORT

MONTH IN REVIEW

The Australian equity market, as measured by the S&P/ASX 300 Accumulation Index, fell 1.7% during April. Global markets delivered mixed results during the month, with particularly strong gains in Chinese stocks as new investors continued to enter the market. US markets moved higher on the back of positive 1Q15 earnings results before retreating late in the month after quarterly GDP growth for December (+0.2%) came in well below expectations. The Euro rallied against the US dollar in response, which together with mixed earnings results and ongoing concerns over Greece, saw European stocks lose ground. The Peoples Bank of China, as the central bank of the PRC, cut the required capital reserve requirement for Chinese banks by 100bps to 18.5%, in an effort to increase liquidity and combat slowing growth. Rebounds in the price of iron ore (+9.4%) and oil (+24.8%) saw Australian mining and energy stocks post strong gains, however the Australian market was dragged down by the major banks which sold off over concerns over potential increases in capital requirements.

PORTFOLIO COMMENTARY

The Portfolio rose 0.6% over the month, outperforming the S&P/ASX 300 Accumulation Index by 2.3%. The Manager continued to add stock holdings to the Portfolio during April and has now deployed 25% of our capital.

As you may recall, in late January 2015 we invested in Nine Entertainment. Nine is a leading Australian media company that generates the majority of its revenues and earnings from selling advertising time during broadcasts to its national free-to-air TV audience. For our investment manager Perpetual, this demonstrated a classic value investment opportunity. Nine, like much of the media sector, was deeply out of favour and trading on a single digit price to earnings ratio. It was paying a 6.5% dividend.

As often happens the market was extrapolating forward extremely bearish scenarios for this company. The reality is that this business enjoys a good audience share, has a strong balance sheet and when we initiated the position, Nine owned other businesses like Ticketek, in addition to its core media assets.

In April, Nine announced the sale of Ticketek for \$640 million to a private equity firm, not only enabling it to boost its dividend and raise its share buyback program but also allowing Nine to eliminate the last of its modest debt. This put Nine into a net cash position. Nine is also set to raise cash from a sale and leaseback of its valuable Willoughby headquarters which should further bolster a cash war-chest ahead of any changes to media laws.

Our Manager's original investment thesis that Nine has a strong balance sheet, good cost control and will see revenue growth convert to earnings when the market cycle improves, still holds true and we remain invested in the company.

During April the Australian stock market paused for breath after a very strong start to the year. Perpetual's large investment team continue to meet with companies and undertake extensive research as we seek out attractive investment opportunities, like Nine, for the Portfolio.

**PERPETUAL EQUITY INVESTMENT
COMPANY LIMITED**

As at 30 April 2015

ASX code: PIC

Listing date: 18 December 2014

Market capitalisation: \$245.72million

Share price: \$0.98

Shares on issue: 250,732,278

Options on issue: 250,056,277

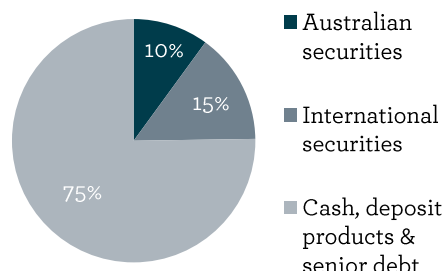
Options ASX Code: PICO

Options expiry date: 10 June 2016

Options Share price: \$0.031

PORTFOLIO PROFILE

ALLOCATION OF INVESTMENTS



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.

TOP SECURITIES

The Manager may take up to approximately three to six months from listing date to fully invest the Portfolio to within the investment guidelines. When the Portfolio is fully invested, the Company will disclose the top 10 Australian securities and the top 5 International securities and their weightings in the monthly report.

NET TANGIBLE ASSET (NTA) BACKING PER ORDINARY SHARE¹

	AMOUNT
NTA before tax ²	\$1.00
NTA after tax	\$1.00

Daily NTA is available on the website.

¹All figures are unaudited and approximate.

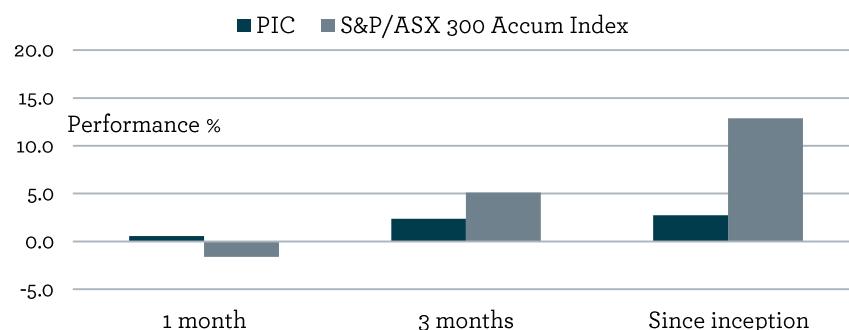
²The before and after tax numbers relate to the provision for deferred tax on the unrealised gains in the Company's investment portfolio.

PERFORMANCE - NET OF FEES, EXPENSES AND TAX PAID

PERFORMANCE AS AT 31 APRIL 2015	1 MONTH	3 MONTHS	SINCE INCEPTION
PIC	0.6%	2.4%	2.8%
S&P/ASX 300 Accumulation Index	-1.7%	5.1%	12.9%
Performance Relative to benchmark	+2.3%	-2.7%	-10.1%

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, any income tax and any realised capital gains tax) and assuming reinvestment of dividends. Past performance is not indicative of future performance.

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