

INVESTMENT UPDATE AND NTA REPORT

April 2019

PORTFOLIO SNAPSHOT

NET TANGIBLE ASSET (NTA) BACKING PER SHARE

AS AT 30 APRIL 2019	AMOUNT
NTA after tax	\$1.083
NTA before tax	\$1.088

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 set-up costs and on unrealised gains and losses in the Company's investment portfolio.

A tax rate of 27.5% (previously 30%) is now applied.

KEY ASX INFORMATION

AS AT 30 APRIL 2019

ASX Code:	PIC
Listing Date:	18 December 2014
Market Capitalisation:	\$351 million
Share Price:	\$ 1.015
Shares on Issue:	345,693,045

INVESTMENT PERFORMANCE

AS AT 30 APRIL 2019	1 MTH	3 MTHS	6 MTHS	1 YR P.A.	2 YRS P.A.	3 YRS P.A.	SINCE INCEP P.A.
PIC Investment Portfolio Net of fees, expenses and before tax paid	2.3%	5.5%	3.2%	2.9%	5.8%	9.0%	7.9%
S&P/ASX 300 Acc Index	2.5%	9.4%	10.9%	10.3%	8.0%	11.1%	9.3%
Excess Returns	-0.2%	-3.9%	-7.7%	-7.4%	-2.2%	-2.1%	-1.4%

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 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. Portfolio and Index return may not sum to Excess Return due to rounding.

TOP SECURITIES

TOP 5 AUSTRALIAN LISTED SECURITIES

COMPANY	PORTFOLIO WEIGHT
Commonwealth Bank of Australia	9.4%
Westpac Banking Corporation	8.3%
Suncorp Group Limited	6.3%
Woolworths Group Ltd	6.1%
Telstra Corporation Limited	4.7%

TOP 3 GLOBAL LISTED SECURITIES

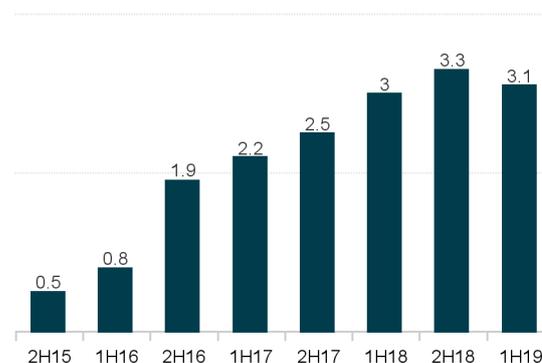
COMPANY	PORTFOLIO WEIGHT
Takeda Pharmaceutical Co. Ltd.	1.4%
Siemens AG	0.8%
Paddy Power Betfair plc	0.7%

DIVIDEND PER SHARE, CPS

Interim dividend for FY19: 3.1 cents per share

Annual dividend yield: 6.3%

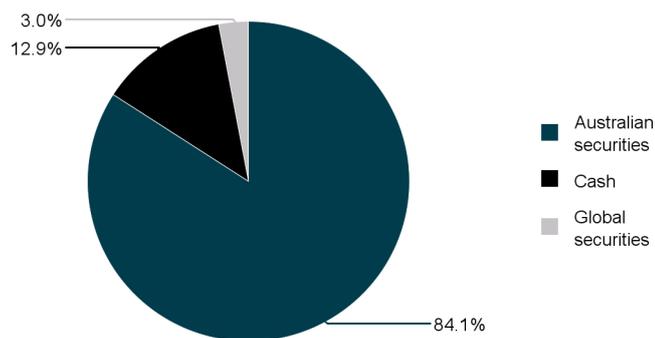
Grossed up annual dividend yield: 8.7%



Yield is calculated using the 30 April 2019 share price of \$1.015. Grossed up yield takes franking credits into account.

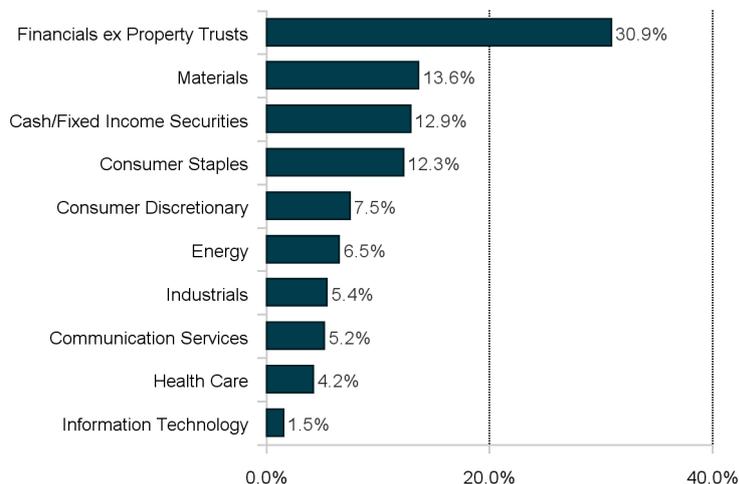
ALLOCATION OF INVESTMENTS

87.1% of capital invested in securities



All figures are unaudited and approximate.

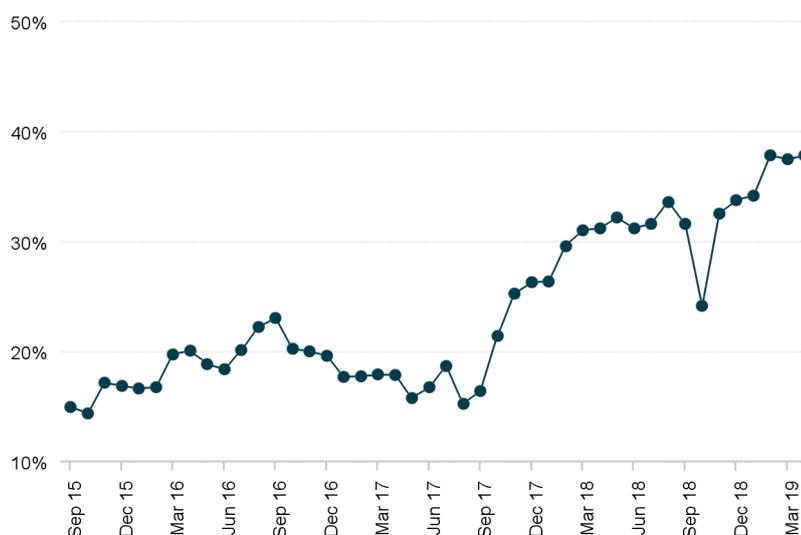
PORTFOLIO SECTORS



PORTFOLIO COMMENTARY

PIC's investment strategy is to create a concentrated portfolio of Australian securities with typically a mid-cap focus and global listed securities. The PIC portfolio is actively managed following the Manager's disciplined investment approach based on fundamental, in-depth, bottom-up research. This active approach means that since the time PIC was fully invested (around September 2015), the exposure of the portfolio has varied based on the market cycle and relative value of individual stocks. Over the past 18 months the PIC portfolio has demonstrated a higher allocation to large cap Australian securities, as shown in the chart below. This is in line with the Manager's view that in many cases large cap stocks currently represent better value relative to small or mid cap stocks. Small and mid-cap stocks have rallied considerably, and the Manager believes that large caps, such as the banks have been left behind.

PIC LARGE CAP (S&P/ASX20) ALLOCATION



Source: FactSet

The major banks have recently upgraded provisions for remediation costs relating to their advice businesses and the Manager is of the view that the provisioning has been based on a worst-case scenario. The Manager considers that the banking sector has reached the peak of its regulatory oversight and while there is a risk that a change in government may see renewed focus on the sector, this is likely to be tempered by a need to maintain appropriate access to credit. The Manager also believes that Telstra represents good value with its focus on simplifying the business and removing cost.

PIC has a 6.0% exposure to Woolworths Group Limited (WOW), with the Manager retaining conviction around the investment. The core supermarkets business remains dominant within the Australian and New Zealand operating environment with both countries characterised by a largely duopolistic and increasingly rational marketplace dynamic. Latest quarterly sales outcomes have WOW back in ascendancy after a weak start to FY19 and together with good cost management should allow meaningful bottom line profit growth going forward.

More generally WOW continues to refashion its portfolio of businesses. Under this current management team, the Masters misadventure has been closed down and the petrol business sold with proceeds to be distributed to shareholders via an off-market buyback over coming weeks - in itself significant at around 4% of issued capital. Other actions are yet to transpire, most notably resolution of Big W's future (where the Manager notes 3Q19 sales growth of +2.6%) and new undertakings into convenience and online are yet to hit the bottom line.

Moreover, WOW's balance sheet remains in a healthy and robust state at around 15% net debt/equity. While WOW market valuation has improved some 15% over past year, the Manager nonetheless believes there is more to come principally through the additional profit from improved operating leverage. Presently WOW is trading around market multiples far better than market growth in a stable staple duopoly.

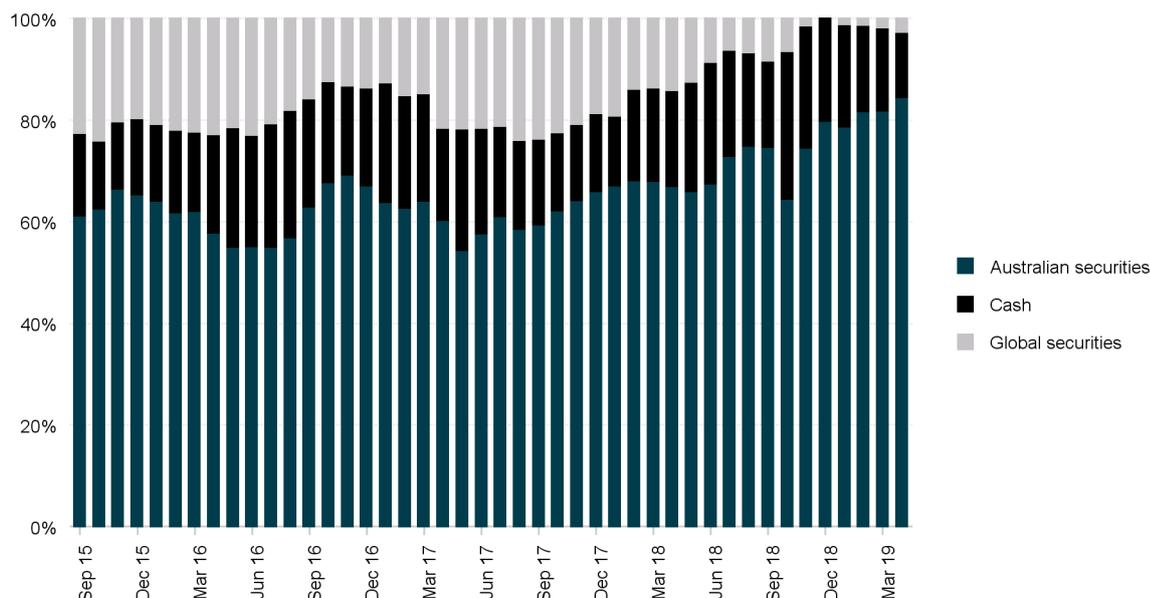
PIC continues to hold mid-cap exposures including Select Harvest, DuluxGroup, Iluka Resources and Smart Group.

As at 30 April 2019 the breakdown of the PIC portfolio by market capitalisation was:

MARKET CAP ALLOCATION	PORTFOLIO WEIGHTING AS AT 30 APRIL 2019
S&P/ASX20	37.9%
S&P/ASX mid 50	20.1%
Other ASX exposure	26.1%
Global	3.0%
Cash	12.9%
Total	100%

PIC's exposure of the portfolio to global securities has varied over time based on global economic conditions and the availability of global securities that meet the Manager's investment criteria and represent compelling value. Global exposure reached a peak of around 24% at several points since PIC was fully invested and has declined over the last 12 months as the Manager sold down key positions including Shire PLC. Global exposure has increased slightly, now representing 3% of the portfolio, with the Manager taking new positions in Siemens AG, a diversified global business and Paddy Power Betfair Plc a UK based international sports betting and gaming operator.

PIC HISTORICAL PORTFOLIO ALLOCATION



PIC's cash holding is now sitting at 12.9% with the Manager recently increasing the number of holdings in the portfolio to 37 holdings, deliberately diversifying the portfolio into smaller positions in order to defensively position the portfolio.

Portfolio holdings in DuluxGroup Ltd, Commonwealth Bank of Australia and Westpac contributed positively to performance this month. The contribution by DuluxGroup was boosted by the announcement of their proposed acquisition by Nippon Paint Holdings Co. Conversely, the Company's positions in Evolution Mining Ltd, Viva Energy Group Limited and Suncorp Group Limited detracted from returns.

MARKET COMMENTARY

The Australian equity market, as measured by the S&P/ASX 300 Accumulation Index, ended 2.5% higher over the month of April. The market finished stronger despite softer-than-expected economic data releases. Headline inflation was flat over the March quarter, while the annual inflation rate dropped from 1.8% in the December quarter to 1.3%, leading to heightened speculation of an interest rate cut by the Reserve Bank as soon as May. The equity market reacted positively to the speculation, while short-term Australian government bonds saw a sharp rise as yields fell by ~19-20 basis points. The jobs market added 25.7k positions in March, exceeding an expected 15k increase, however, the unemployment rate nudged slightly higher to an expected 5.0% from 4.9% in February. The Reserve Bank was cautious over the growth outlook, noting that downside risks to the global economy had increased. Market data also indicated a continuation of a housing market slowdown, while business conditions reached a multi-year low.

The Federal Budget released by the Morrison government unveiled a \$302b package of tax cuts to be rolled out over the next decade, with an expectation of achieving a budget surplus for the first time in 12 years. Commodities were mixed, with most metals selling off. Crude oil prices reached a six-month high after the US threatened to impose sanctions on nations that continue to buy oil from Iran, with Iran retaliating with threats to disrupt global oil supplies. Supply-side constraints and robust demand from Chinese steel manufacturers boosted iron ore prices by ~9.2% over the month.

The best performing sectors for the month, as measured by the S&P/ASX 300 Accumulation Index, were Information Technology (+7.4%), Consumer Staples (+7.3%) and Consumer Discretionary (+5.5%). The worst performers were Materials (-2.1%), Real Estate (-1.7%) and Utilities (-0.5%). As a whole, industrial stocks (+3.8%) outperformed resource stocks (-2.5%) and large-cap stocks (+2.1%) underperformed small-cap stocks (+4.1%). Value stocks (+1.8%) underperformed growth stocks (+2.5%) as measured by the MSCI Australia Value and MSCI Australia Growth indices, respectively.

COMPANY NEWS

PIC SHAREHOLDER SURVEY

All PIC shareholders should have recently received a survey either via email or post depending on your communication preferences. We would very much appreciate you completing this brief survey which will help guide our effort to continuously improve the value we deliver to you. Please complete the survey by Friday 31 May 2019. We look forward to receiving your feedback.

REMINDER: TAX CERTIFICATION COMPLETION

Under the Australian Government's participation in Automatic Exchange of Information (AEOI) regimes FATCA/CRS certification is required to collect certain information and an investor's tax residency. 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 at <https://investorcentre.linkmarketservices.com.au/Login/Login>. 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 refer to <https://www.linkmarketservices.com.au/corporate/resources/faq.html#fatca>. For further information on FATCA and CRS, please visit www.ato.gov.au.

AUSTRALIAN SHAREHOLDERS ASSOCIATION

One of Australia's largest and most highly regarded conferences for individual investors, the Australian Shareholders Association Investing in the Age of Uncertainty Conference, is fast approaching. This years conference will be held in Melbourne on May 20-21.

Vince Pezzullo, Perpetual Investments Deputy Head of Equities and PIC Portfolio Manager will be presenting at a breakout session on 21 May 2019 at 9.30am. Take a look at the full program at https://www.australianshareholders.com.au/common/Uploaded%20files/Events/2019/2019_ASAConference_Brochure%20_web.pdf.

You can register online at the ASA website - <https://www.australianshareholders.com.au/Conference-2019/ASAConference2019/Registration.aspx> or call the ASA office on 1300 368 448.

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 20 years' experience in the financial services industry, has outperformed consistently 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

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