

# INVESTMENT UPDATE AND NTA REPORT

December 2019

## PORTFOLIO SNAPSHOT

### NET TANGIBLE ASSET (NTA) BACKING PER SHARE

AS AT 31 DECEMBER 2019	AMOUNT
NTA after tax	\$1.110
NTA before tax	\$1.121

Daily NTA is available at [www.perpetualequity.com.au](http://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.

NTA figures are calculated as at the end of day on the last business day of the month.

### KEY ASX INFORMATION

#### AS AT 31 DECEMBER 2019

ASX Code:	PIC
Listing Date:	18 December 2014
Market Capitalisation:	\$369 million
Share Price:	\$1.065
Shares on Issue:	346,631,433

## INVESTMENT PERFORMANCE

AS AT 31 DECEMBER 2019	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	-1.0%	2.9%	3.6%	15.6%	4.7%	8.1%	8.5%	8.4%
Net of fees, expenses and before tax paid								
S&P/ASX 300 Acc Index	-2.0%	0.7%	3.3%	23.8%	9.5%	10.3%	9.1%	9.9%
Excess Returns	1.1%	2.2%	0.3%	-8.2%	-4.8%	-2.2%	-0.6%	-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 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	5.3%
Iluka Resources Limited	4.4%
Link Administration Holdings Ltd.	4.3%
Suncorp Group Limited	3.8%
Medibank Private Ltd.	3.6%

### TOP 3 GLOBAL LISTED SECURITIES

COMPANY	PORTFOLIO WEIGHT
Flutter Entertainment Plc	5.6%
La Francaise des Jeux SA	5.3%
Lloyds Banking Group plc	3.6%

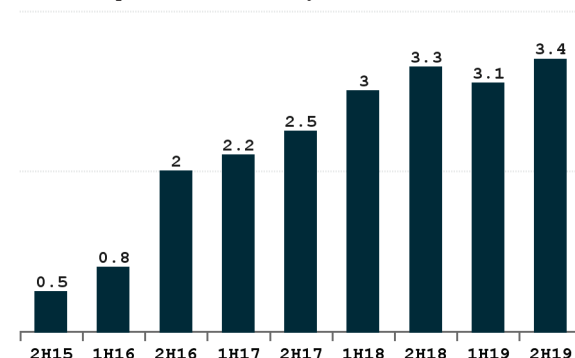
Portfolio weight based on direct investments in securities and does not include any derivative exposure

## DIVIDEND PER SHARE, CPS

Final dividend for FY19: 3.4 cents per share

Annual dividend yield: 6.1%

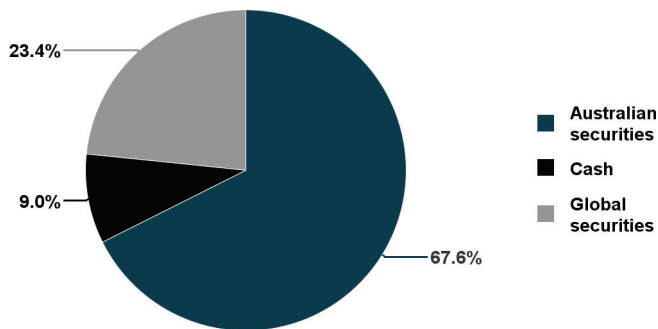
Grossed up annual dividend yield: 8.6%



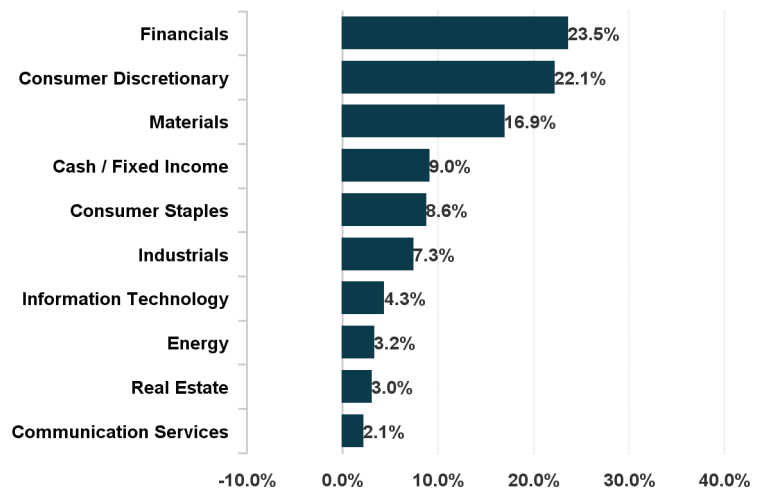
Yield is calculated using the 31 December 2019 share price of \$1.065. Grossed up yield takes into account franking credits at a tax rate of 30% for the final dividend 2H19 and 27.5% for the interim dividend 1H19.

## ALLOCATION OF INVESTMENTS<sup>^</sup>

91.0% of capital invested in securities



## PORTFOLIO SECTORS<sup>^</sup>



<sup>^</sup>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

Top contributors to absolute performance this month were PIC's holdings in La Francaise des Jeux SAEM (PAR: FDJ) and Select Harvests (SHV: ASX). The largest detractors to absolute performance were Smartgroup Corporation Ltd (SIQ: ASX) and Crown Resorts Limited (CWN: ASX).

The PIC portfolio is actively managed by the Portfolio Manager to take advantage of market opportunities as they arise. This includes taking new positions and selling down positions with the objective of crystallising gains. The Manager has continued to increase the exposure to global securities (representing 23.4% of the portfolio as at 31 December 2019), whilst selling down some Australian securities and reducing cash held.

Woolworths (WOW: ASX) had been a significant holding in the PIC portfolio in 2019. While the Manager continues to maintain a positive view on WOW the position has recently been sold down in the PIC portfolio. On a prima facie level, the shares appear fully priced with the wages underpayment scandal yet to be remediated and the complicated separation, merger and demerger of Endeavour Drinks Group likely to fully occupy the company over the next year. Nonetheless over time the Manager considers there are several clear pathways to ongoing value uplift given WOW's strong incumbent market position, simplifying business model, strengthening balance sheet and committed management. As such, the Manager remains favourably disposed to the company.

The Manager maintained the portfolio position in Ferguson Plc (FERG: LON) which represented 3.3% of the PIC portfolio as at 31 December 2019. FERG is primarily engaged in the distribution of plumbing and heating products. Although it is listed in London, around 90% of its business is in the US. The company has announced plans to demerge their UK business in the first half of calendar year 2020 and are exploring a US listing post the demerger of their UK business. FERG's first quarter results for financial year 2020 ending 31 October 2019 showed continued US outperformance relative to a flat overall market, with total revenue growing 6.2% and organic growth of 3.1%.

## COMPANY NEWS

### KEY DATES 2020

The Company's indicative key dates for 2020 are now available on the PIC [website](#). The Company's half year results for financial year 2020, including any dividend announcement, will be announced on 17 February 2020.

### 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.

### 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 20 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

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