

INVESTMENT UPDATE AND NTA REPORT

November 2020

PORTFOLIO SNAPSHOT

NET TANGIBLE ASSET (NTA) BACKING PER SHARE

AS AT 30 NOVEMBER 2020	AMOUNT
NTA after tax	\$1.158
NTA before tax	\$1.205

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 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 30 NOVEMBER 2020

ASX Code:	PIC
Structure:	Listed Investment Company
Listing Date:	18 December 2014
Market Capitalisation:	\$384 million
Share Price:	\$1.10
Shares on Issue:	348,685,708
Dividends:	Half-yearly
Management Fee	1.00% p.a.*
Manager	Perpetual Investment Management Limited

* exclusive of GST

INVESTMENT PERFORMANCE

AS AT 30 NOVEMBER 2020	1 MTH	3 MTHS	6 MTHS	1 YR	2 YRS P.A.	3 YRS P.A.	5 YRS P.A.	SINCE INCEP P.A.
PIC Investment Portfolio Net of fees, expenses and before tax paid	11.4%	12.2%	18.2%	12.6%	14.3%	8.3%	9.3%	9.4%
S&P/ASX 300 Acc Index	10.2%	8.3%	15.0%	-1.6%	11.4%	7.1%	9.1%	8.4%
Excess Returns	1.2%	3.9%	3.2%	14.2%	2.9%	1.3%	0.2%	1.1%

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.

TOP SECURITIES

TOP 5 AUSTRALIAN LISTED SECURITIES

COMPANY	PORTFOLIO WEIGHT
Crown Resorts Limited	5.2%
Suncorp Group Limited	4.5%
Aristocrat Leisure Limited	3.6%
PWR Holdings Ltd.	3.6%
National Australia Bank Limited	3.6%

TOP 3 GLOBAL LISTED SECURITIES

COMPANY	PORTFOLIO WEIGHT
Flutter Entertainment Plc	7.2%
La Francaise des Jeux SA	6.6%
Amadeus IT Group SA Class A	3.2%

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

DIVIDENDS IN CENTS PER SHARE

Annual dividend yield: 5.5%

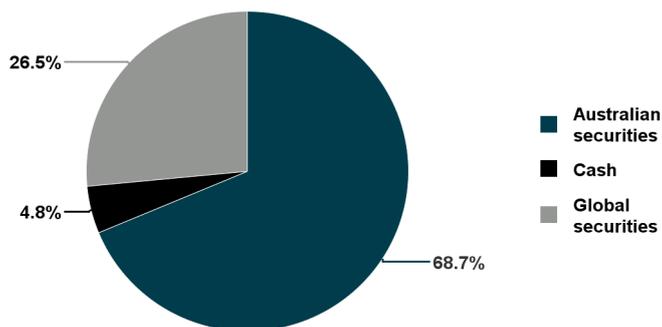
Grossed up annual dividend yield: 7.8%



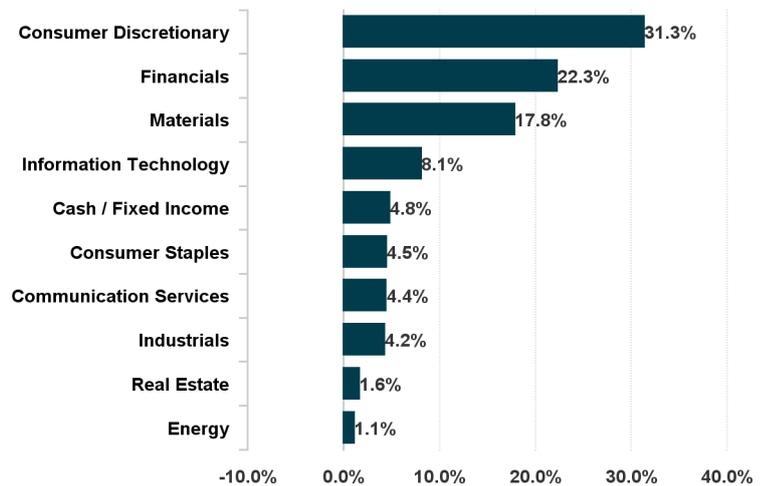
Yield is calculated based on the total dividends of 6.0 cents per share and the closing share price of \$1.10 as at 30 November 2020. Grossed up yield takes into account franking credits at a tax rate of 30%.

ALLOCATION OF INVESTMENTS[^]

95.2% of capital invested in securities



PORTFOLIO SECTORS[^]



[^]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

November marked an extraordinary turn in markets. Firstly, the Reserve Bank of Australia (RBA) announced a long-anticipated interest rate cut from 0.25% to a new record low of 0.10% with expectations of no rate hikes for at least three years. Combined with a quantitative easing program, this boosted domestic markets on Melbourne Cup Day. The results of the US Presidential election then filtered through, with global markets rising steadily as it became clear that Biden would be the likely victor but also that his policy agenda would be restrained by a Congress split between the Republican and Democratic parties. This has traditionally provided a good outcome for markets as it generally means little or no new taxes or regulations for business.

But the big news was the announcement that Pfizer's COVID-19 vaccine was 90% effective. This sent global markets up even further, but also triggered a massive style rotation in stocks as the prospect of complete economic reopening in 2021 came into view. Value stocks that are generally more sensitive to the upswing in the economic cycle, had suffered for much of 2020 as the shutdown took its toll. However, they rebounded dramatically as the market became more bullish on the business cycle. This translated into positive returns for stocks in the PIC portfolio with financials National Australia Bank Limited (ASX: NAB) up 24.8%, Suncorp Group Ltd (ASX: SUN) up 23.7% and ANZ Banking Group (ASX: ANZ) up 22.6%. Qantas Airways Limited (ASX: QAN) which the Manager recently established a position, rose 28.6%. Global stocks Amadeus IT Group S.A. (MCE: AMS) and Euronet Worldwide Inc (NASDAQ: EEFT) rose 37.2% and 43.8% respectively, making them the top contributors to absolute performance for the PIC Portfolio in November. Overall, the PIC portfolio returned 11.4 %, outperforming the benchmark by 1.2% in November.

A key driver of the Manager's ability to navigate through continued volatile markets has been PIC's flexible investment strategy. In particular, the ability to allocate up to 35% in global listed securities. The opportunistic allocation to global listed securities has benefited the portfolio amidst the market volatility and over the last 12 months. As at 30 November 2020, 26.5% of the PIC portfolio is allocated to global listed securities with companies across the US, UK, Europe and New Zealand. This includes AMS, which is a new position discussed in more detail below. The investment in AMS has now become the third largest global security in the PIC portfolio as the Manager also trimmed the portfolio exposure to Ferguson Plc (LON: FERG). Flutter Entertainment Plc (LON: FLTR) and La Francaise Des Jeux (PAR: FDJ) remain the largest holdings in the PIC portfolio and were also the top contributors to absolute performance over the 12 months to 30 November 2020.

Given the increased allowance to global listed securities, the Manager has heightened awareness of currency risk for the portfolio and considers currency valuations at the entity level when analysing securities. The Manager typically expects the PIC portfolio to be unhedged. Currency exposures may be hedged defensively where the Manager sees significant risk of currency weakness, but no attempt is made to add value to the Portfolio by actively managing currency. A breakdown of the portfolio's currency exposure as at 30 November 2020 is below.

Currency	Portfolio Weight
AUD	72.9%
EUR	9.7%
GBP	12.0%
NZD	0.8%
USD	4.6%

Source: Factset

As at 30 November 2020, the portfolio was not hedged for currency exposure.

AMADEUS IT GROUP S.A. (MCE: AMS) (ANALYST: ROSEMARY TAN)

Amadeus IT Group S.A. is a leading provider of technology solutions for the travel industry and is listed on Bolsa de Madrid under the ticker symbol AMS. Global Equities Analyst, Rosemary Tan discusses her views on AMS and why PIC Portfolio Manager Vince Pezzullo considered it a compelling investment opportunity for the PIC portfolio.

AMS provides the leading Global Distribution System responsible for processing airline bookings. It is one of three providers in the world and is the leading airline IT provider with various technology solutions such as reservations, ticketing, inventory management, departure control, disruption management and finance. In our view, AMS' competitive advantage is that it owns infrastructure that is hard to replicate, has a strong management team and continues to invest in research and development to build out its product suite. AMS continues to invest in new products ahead of competitors and this is evidenced by its leading market share.

We believe AMS has a healthy balance sheet and sufficient liquidity. When travel bookings return to normalised levels (in a post pandemic world), we believe we will have acquired a great business for around 13x the price to earnings (P/E) multiple. We think that the airlines' push towards New Distribution Capability (NDC) will not be successful without the involvement of AMS. NDC is a program launched by the International Air Transport Association (IATA) for the development and market adoption of a new XML-based data transmission standard between airlines and travel agencies. As part of our in-depth research, we spoke to various industry experts such as competitors, corporate travel management companies, and airline executives about how the NDC landscape may look in a few years' time. Our findings suggested that AMS' own NDC offering will continue to be important to the airline and travel industry. Further, we see potential upside for additional revenue from AMS' new business of hospitality IT. This is a large growth area for AMS as it utilises its platform to offer capabilities such as distribution and marketing, hotel and guest management and business intelligence.

When we initiated a position in AMS, it was trading at €42 per share and Europe was entering into a second lockdown. The market's view on travel has been grim despite travel in other parts of the world recovering at different levels. For example, countries in Asia Pacific have recovered a little faster than Europe and USA. With the news of three effective vaccines from Pfizer, Moderna and AstraZeneca, the market bid up the price of AMS. At current levels, we continue to see upside to what we consider to be fair value of AMS which is around €68-75 per share. Our view is that the level of leisure and business travel will normalise in a post pandemic world and AMS will see its market share and competitive position maintained.

As at 30 November 2020, AMS comprised 3.2% of the PIC portfolio.

COMPANY NEWS

KEY DATES

The Company's half year results for financial year 2021, including any dividend announcement, will be announced on 17 February 2021.

SHAREHOLDER COMMUNICATIONS

The [Company website](#) hosts a range of information including Monthly Investment Updates, Portfolio Manager insights, dividend history and educational resources. The [News and Insights section](#) of the website also includes the ability for you to subscribe to receive regular updates via email.

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 25 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

INVESTOR RELATIONS

Karen Davis
P: 02 9229 9114
E: karen.davis@perpetual.com.au

NSW

Mark Williams
Key Account Manager, Perpetual Investments
P: 0405 385 960
E: mark.williams@perpetual.com.au

VIC/SA/NT/TAS

Daniel Moore
Regional Manager, Perpetual Investments
P: 0400 032 819
E: daniel.moore@perpetual.com.au

QLD

Tony Harte
Regional Manager, Perpetual Investments
P: 0407 708 109
E: tony.harte@perpetual.com.au

WA

Tim McCallum
Regional Manager, Perpetual Investments
P: 0411 209 403
E: tim.mccallum@perpetual.com.au

www.perpetualequity.com.au

This monthly report has been prepared by Perpetual Investment Management Limited (PIML) ABN 18 000 866 535, AFSL 234426. PIML is the investment manager of the Perpetual Equity Investment Company Limited (Company) ACN 601 406 419. 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. 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 the Company. 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. No company in the Perpetual Group (Perpetual Group means Perpetual Limited ABN 86 000 431 827 and its subsidiaries) nor the Company guarantees the performance of the Company or the return of an investor's capital.

CONTACT DETAILS

Investor queries: Telephone: +61 1800 421 712
Mailing address: Link Market Services,
Locked Bag A14, Sydney South, NSW 1235
Email: pic@linkmarketservices.com.au

