

PERPETUAL
EQUITY
INVESTMENT
COMPANY

INVESTOR UPDATE PRESENTATION

May 2021

Perpetual 

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PERPETUAL EQUITY INVESTMENT COMPANY LIMITED (ASX: PIC)

CORE TO OUR INVESTMENT PHILOSOPHY IS THE FOCUS ON VALUE AND QUALITY



Investment Objective

- Deliver an income stream
- Provide long-term capital growth
- Exceed the S&P/ASX 300 Accumulation Index over minimum 5 year investment periods



Investment Guidelines

	Typically 20 – 40 securities
50% - 100%	Australian listed securities
0% - 35%	Global listed securities
0% - 25%	Cash



Investment Process

1

Quality business

2

Conservative debt

3

Sound management

4

Recurring earnings

Supported by a large and experienced investment team of portfolio managers and analysts

GENERATING INCOME

WE ACTIVELY MANAGE PIC'S FRANKING CREDIT BALANCE



The Company aims to deliver fully franked dividends twice a year



Annual dividend yield: 4.5%^
Grossed up annual dividend yield: 6.4%^



Active management style provides diversification and ability to generate income across investments in Australian and global listed securities

How PIC generates franking credits

1

Tax paid on realised gains in the portfolio

2

Franked dividends received from underlying Australian listed companies in the portfolio

3

Tax paid on unfranked dividends, dividends received from global listed securities and other income

Source: Perpetual Investment Management Limited

^ Yield is calculated based on the total dividends of 5.6 cents per share and the closing share price of \$1.255 as at 31 March 2021. Grossed up yield takes into account franking credits at a tax rate of 30%.

MACROECONOMIC BACKDROP

REGIME CHANGE IN POLICY COMING



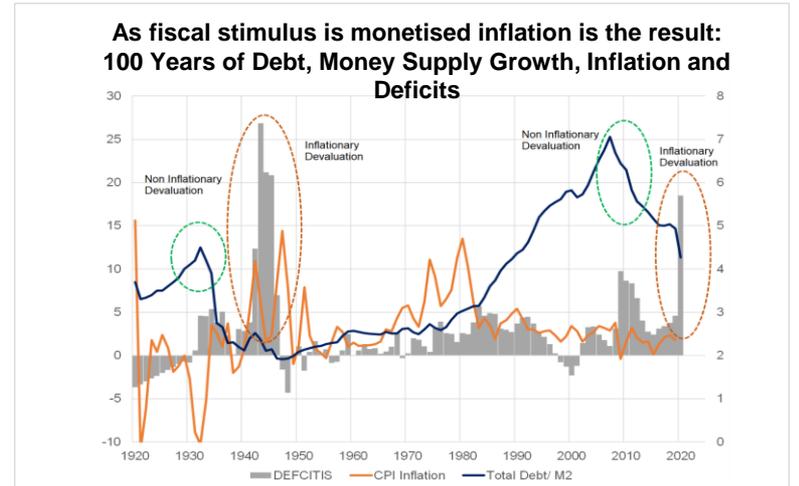
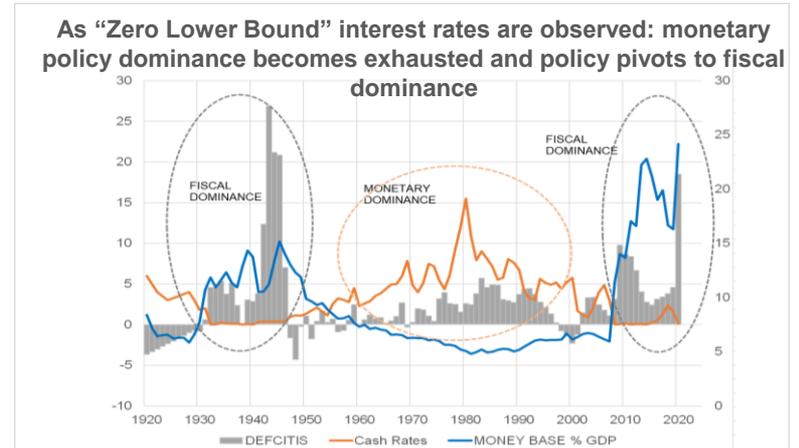
While quantitative easing (QE) recapitalises reserves of banks to offset deflationary shock (or the “Prop-up” Phase), eventually monetary policy runs out of potency and policymakers switch to fiscal

Stage 1: Monetary devaluation which is non-inflationary

- Decade to 2018 may be like decade to 1939
- Zero Interest Rate Policy and QE Large Monetary Devaluation in 1932 & 2008
- Massive QE/money printing to reduce the debt burden with “painless” deleveraging which is not very inflationary

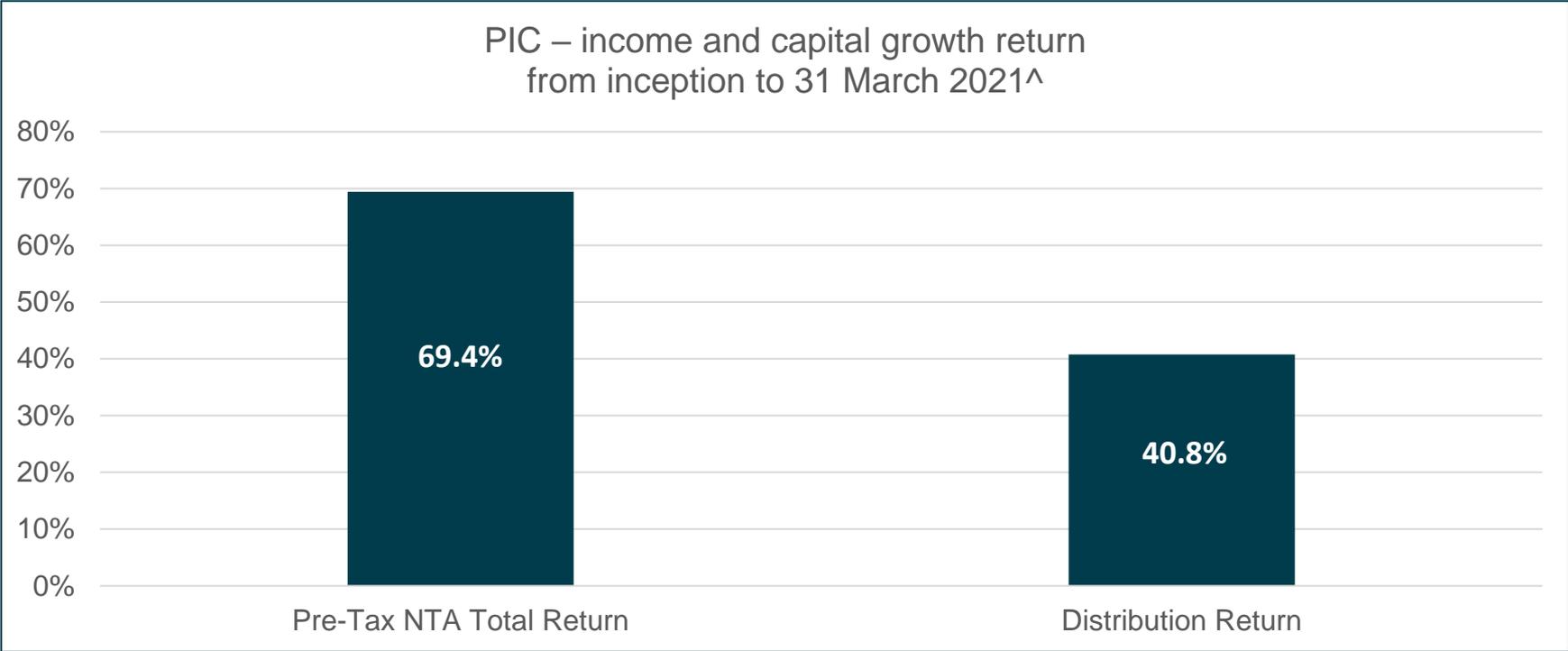
Stage 2: Fiscal monetisation/inflationary devaluation (1939/2020?)

- Next 5 years may be like 6 years to 1945
- After stagnation following the 1930s peak and the next recession/war the pivot towards fiscal policy commenced.
- When this fiscal expansion was monetised it becomes INFLATIONARY since money supply growth (M2) is more than two times larger at 20%+ pa for 3 years (WW2 & CV-19) than in the previous era at 10% pa (decade to 1939 & 2018)



PERPETUAL EQUITY INVESTMENT COMPANY (PIC)

INCOME AND CAPITAL GROWTH RETURN SINCE INCEPTION

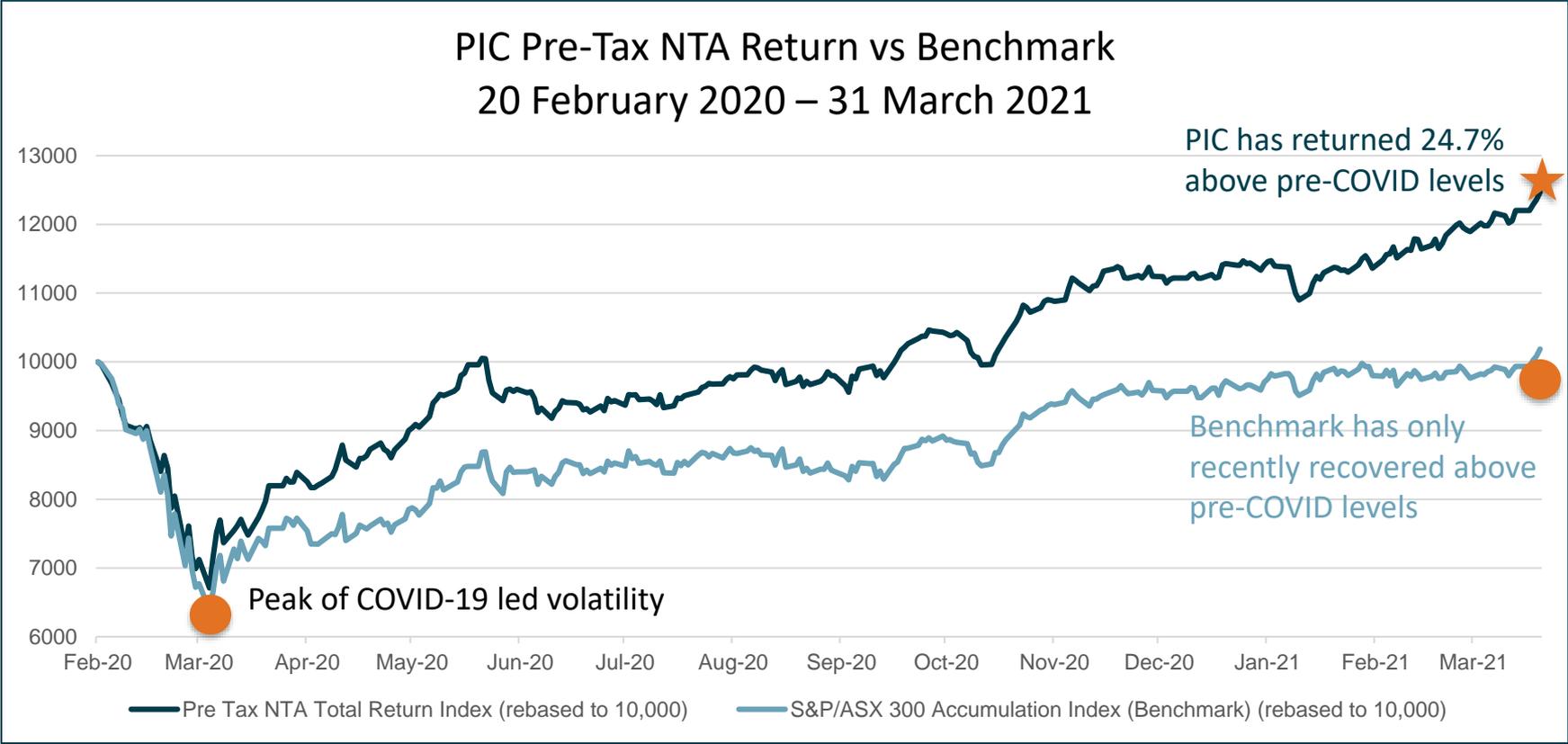


Source: Perpetual Investment Management Limited as at 31 March 2021

[^] Pre-Tax NTA Total Return has 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. Distribution return has been calculated based on the PIC pre-tax NTA total return less the growth of NTA. Past performance is not indicative of future performance. Inception date is 18 December 2014.

PERPETUAL EQUITY INVESTMENT COMPANY (PIC)

ACTIVE MANAGEMENT PROVIDES OPPORTUNITIES DURING VOLATILITY



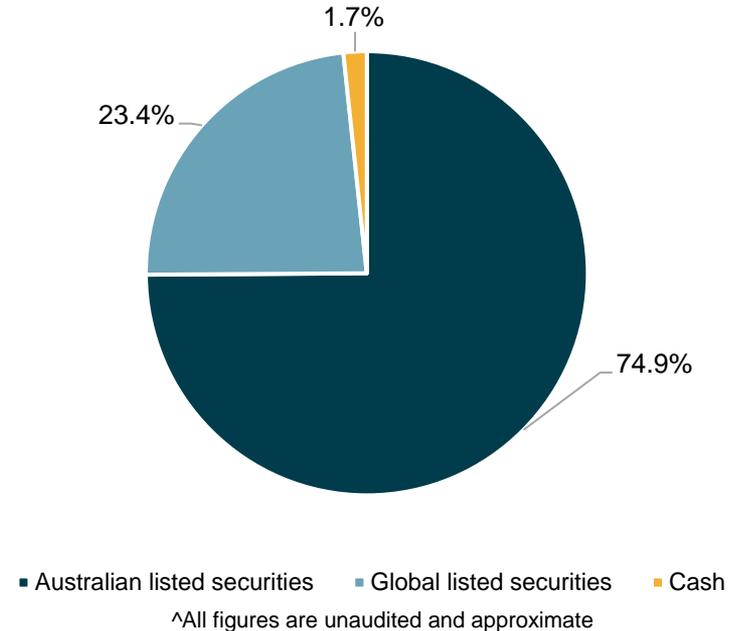
Source: Perpetual Investment Management Limited; FactSet; RBC

PORTFOLIO POSITIONING

A HIGH CONVICTION APPROACH TO INVESTING

- We believe the rotation to recovery and shift to value remains on track to continue. PIC has been a beneficiary of this and we believe this will continue.
- We are confident the portfolio has been set up well under our value and quality investment process and have positioned it as follows:
 - **Quality at reasonable price** - Companies we believe are well positioned for realistic future growth and trading at reasonable valuations
 - **Cyclicals** – companies that rise and fall with the business cycle. We believe there are many companies trading at discounts to mid cycle valuation despite being high quality, well managed market leaders in a good financial position.

Allocation of investments
as at 31 March 2021[^]



ACTIVE MANAGEMENT OF THE PORTFOLIO

A MIX OF AUSTRALIAN AND GLOBAL LISTED SECURITIES

Companies we believe are structural winners



PAR: FDJ



LON: PSN



ASX:PWH

Cyclicals we believe will benefit from economic recovery



ASX: BSL



ASX: SUN



ASX: BLD

INVESTMENT PORTFOLIO PERFORMANCE

POSITIVE PERFORMANCE COMPARED TO THE BENCHMARK

AS AT 31 MARCH 2021	1 MTH	3 MTHS	6 MTHS	1 YR	2 YR P.A.	3 YRS P.A.	5 YRS P.A.	SINCE INCEPTION P.A.
PIC Investment Portfolio ¹ Net of fees, expenses and before tax paid	4.2%	7.4%	24.0%	60.5%	17.2%	12.7%	12.1%	10.5%
S&P/ASX 300 Accumulation Index	2.3%	4.2%	18.5%	38.3%	8.7%	9.7%	10.3%	8.8%
Excess Returns	1.9%	3.3%	5.5%	22.2%	8.5%	3.0%	1.8%	1.7%

¹Returns 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 returns may not sum to Excess Returns due to rounding.

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Half year and full year financial results



Investor presentations and broker meetings



Monthly Investment Update



Manager insights

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