

INVESTMENT UPDATE AND NTA REPORT

June 2021

PORTFOLIO SNAPSHOT

NET TANGIBLE ASSET (NTA) BACKING PER SHARE

AS AT 30 JUNE 2021	AMOUNT
NTA after tax	\$1.299
NTA before tax	\$1.385

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 capital raising costs and 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 JUNE 2021

ASX Code:	PIC
Structure:	Listed Investment Company
Listing Date:	18 December 2014
Market Capitalisation:	\$485 million
Share Price:	\$1.30
Shares on Issue:	373,036,670
Dividends:	Half-yearly
Management Fee	1.00% p.a.*
Manager	Perpetual Investment Management Limited

* exclusive of GST

INVESTMENT PERFORMANCE

AS AT 30 JUNE 2021	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	1.8%	8.9%	17.0%	42.4%	18.6%	13.6%	14.1%	11.5%
S&P/ASX 300 Acc Index	2.3%	8.5%	13.0%	28.5%	9.0%	9.8%	11.3%	9.8%
Excess Returns	-0.5%	0.4%	4.0%	13.9%	9.7%	3.9%	2.8%	1.7%

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
PWR Holdings Ltd.	5.6%
Commonwealth Bank of Australia	5.5%
Crown Resorts Limited	4.1%
Suncorp Group Limited	3.9%
Bluescope Steel Limited	3.8%

TOP 3 GLOBAL LISTED SECURITIES

COMPANY	PORTFOLIO WEIGHT
La Francaise des Jeux SA	6.0%
Flutter Entertainment Plc	5.2%
Lloyds Banking Group plc	3.1%

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

DIVIDENDS IN CENTS PER SHARE

Annual dividend yield: 4.3%

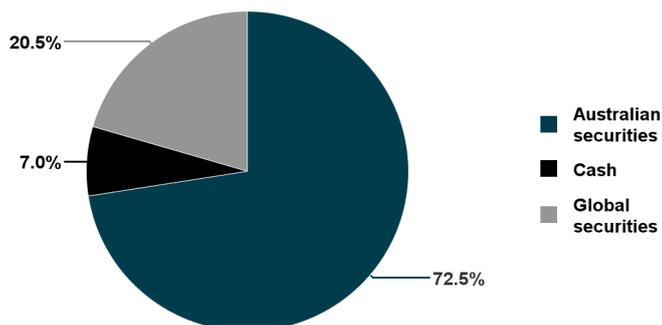
Grossed up annual dividend yield: 6.2%



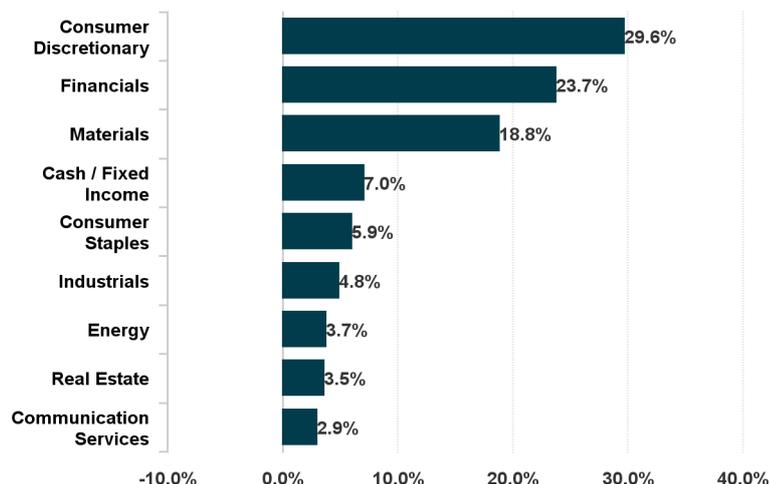
Yield is calculated based on the total dividends of 5.6 cents per share and the closing share price of \$1.30 as at 30 June 2021. Grossed up yield takes into account franking credits at a tax rate of 30%.

ALLOCATION OF INVESTMENTS[^]

93.0% 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. Allocations may not sum to 100% due to rounding.

PORTFOLIO COMMENTARY

In June, the S&P/ASX 300 Accumulation Index (benchmark) gained 2.3%. This was despite growing concerns around the COVID-19 Delta variant, the on-set of additional snap lockdowns across parts of Australia, and a weakening of the Australian dollar. The Australian dollar drifted back to the mid \$70 mark against the US dollar as speculation mounted that this might delay monetary tightening. In contrast, employment data was extremely encouraging, continuing the theme of a stronger than anticipated economy recovery. Technology stocks led the rally in the Australian market in June, following recent months of being battered by rising concerns around growth, inflation, and higher interest rates.

The PIC portfolio has no direct exposure to technology with many stocks in this sector failing the Manager's quality filter of recurring earnings – companies that have at least a three-year track record of generating earnings and cash flow or a demonstrated ability to provide visible earnings in the future. The Manager also considers that many companies in the technology sector trade at extremely high valuations. However, it has been able to obtain technology-like exposure in other ways, such as through French lottery company La Francaise De Jeux (PAR: FDJ), which continues to benefit from the ongoing shift from retail sales to online. When FDJ creates a digital lottery sale, this generates twice the margin when compared to sales through a newsagent.

For the month of June, the PIC portfolio returned 1.8%***. On 23 June, PIC received proceeds from the Company's Share Purchase Plan (SPP) of around \$30m, which has resulted in an increase in cash allocation. Whilst the Manager raised exposure to A2 (ASX: A2M) and Aristocrat (ASX: ALL) during June, some profits on FDJ and Boral (ASX: BLD) were realised following strong performance by these stocks. Consequently, the PIC Portfolio finished the month with 7.0% in cash, up from 1.7% at the end of May. The Manager is currently assessing opportunities to deploy the additional cash. The Manager maintains its investment thesis and continues to have a positive outlook for cyclical value stocks.

The key contributors to absolute performance were Iluka Resources Limited (ASX: ILU), PWR Holdings Limited (ASX: PWH), AUB Group Limited (ASX: AUB) and FDJ. Locally, ILU made solid gains, aided by strong commodity prices, while PWR continued to strengthen on the back of speculation regarding economic re-opening. AUB rose as business execution remained solid.

The top detractors to absolute performance were Crown Resorts Limited (ASX: CWN), OZ Minerals Limited (ASX: OZL) and Lloyds Banking Group Plc (LON: LLOY). Both in Australia and abroad, CWN and LLOY continued to be impacted by extended lockdowns resulting from COVID-19. Over the 12 months to 30 June 2021, OZL has returned 107.4%. Therefore, the Manager is not surprised that OZL's share price consolidated in June. The Manager continues to position the portfolio with materials and mining companies that it believes will benefit from economic re-opening and provide protection against inflation risks. For example, Bluescope Steel Limited (ASX: BSL), Oil Search Limited (ASX: OSH) and Western Areas Limited (ASX: WSA), in addition to OZL.

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COMPANY NEWS

SHARE PURCHASE PLAN (SPP) AND BONUS ISSUE OF OPTIONS

On 21 June, PIC [announced](#) the successful completion of the Company's Share Purchase Plan (SPP), raising just over \$30 million, with strong support from shareholders. The Company would like to thank all shareholders who participated in the SPP.

On 29 June 2021, all eligible shareholders received their allotment of the one-for-one issue of bonus Options which the Company had [announced](#) on 2 June 2021. The Options have now commenced trading on the ASX, under the ASX code PICOA.

PIC Options provide holders with the opportunity to acquire a PIC ordinary share for \$1.35 (exercise price) per Option before the expiry date of 2 September 2022. The Options [Prospectus](#) should be read carefully and in its entirety before you decide whether to deal in or exercise the Options.

Further information on the Options, including the Prospectus and Options Exercise Form is available [here](#).

ANNUAL RESULTS

The Company's full year results for financial year 2021, including any dividend declaration, will be announced on 20 August 2021.

SHAREHOLDER COMMUNICATIONS

The [PIC 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 an 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 typically hold 20 to 40 securities.

50% - 100%	Australian listed securities
0% - 35%	Global listed securities
0% - 25%	Cash

The Manager typically expects that the portfolio will 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.

Derivatives are permitted (see Section 3.7 of the Replacement Prospectus dated 14 October 2014)

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 Perpetual Investments' Equity team, one of the largest investment teams in Australia.

PERPETUAL KEY CONTACTS

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