

INVESTMENT UPDATE AND NTA REPORT

May 2021

PORTFOLIO SNAPSHOT

NET TANGIBLE ASSET (NTA) BACKING PER SHARE

AS AT 31 MAY 2021	AMOUNT
NTA after tax	\$1.276
NTA before tax	\$1.363

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 31 MAY 2021

ASX Code:	PIC
Structure:	Listed Investment Company
Listing Date:	18 December 2014
Market Capitalisation:	\$458 million
Share Price:	\$1.31
Shares on Issue:	349,381,055
Dividends:	Half-yearly
Management Fee	1.00% p.a.*
Manager	Perpetual Investment Management Limited

* exclusive of GST

INVESTMENT PERFORMANCE

AS AT 31 MAY 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	2.0%	11.5%	17.3%	38.6%	19.2%	14.0%	12.8%	11.4%
S&P/ASX 300 Acc Index	2.3%	8.5%	12.0%	28.7%	9.7%	10.1%	10.2%	9.6%
Excess Returns	-0.3%	3.0%	5.4%	9.9%	9.5%	3.9%	2.5%	1.8%

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
Commonwealth Bank of Australia	6.2%
PWR Holdings Ltd.	5.5%
Crown Resorts Limited	4.8%
Suncorp Group Limited	4.3%
Bluescope Steel Limited	4.3%

TOP 3 GLOBAL LISTED SECURITIES

COMPANY	PORTFOLIO WEIGHT
La Francaise des Jeux SA	7.1%
Flutter Entertainment Plc	5.7%
Lloyds Banking Group plc	3.6%

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%

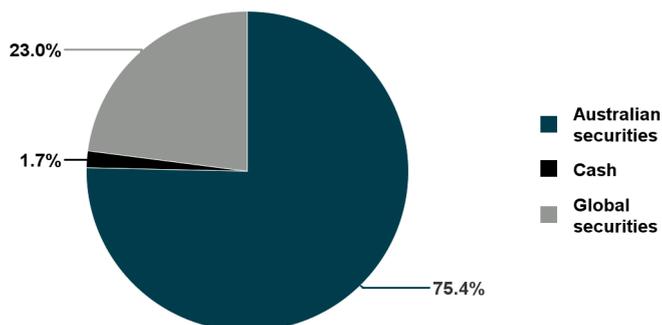
Grossed up annual dividend yield: 6.1%



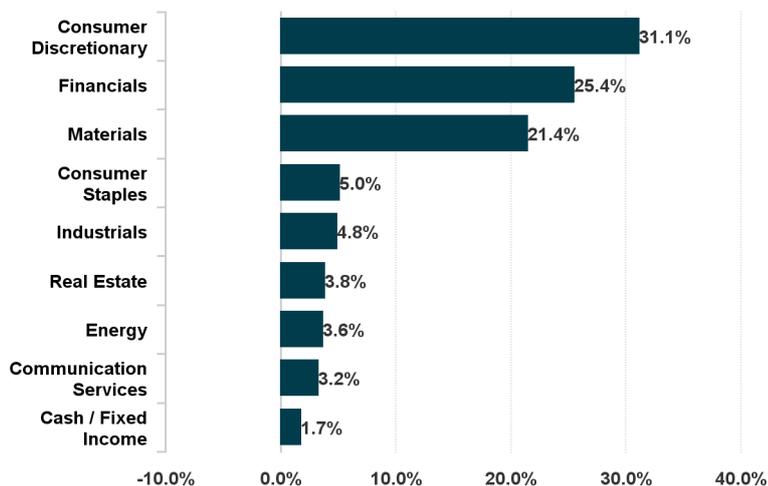
Yield is calculated based on the total dividends of 5.6 cents per share and the closing share price of \$1.31 as at 31 May 2021. Grossed up yield takes into account franking credits at a tax rate of 30%.

ALLOCATION OF INVESTMENTS[^]

98.3% 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

At the start of May, the Australian market rallied to near record levels. This came as business conditions reached all-time highs for the second month in a row, iron ore prices hit new records and the Reserve Bank of Australia (RBA) upgraded economic forecasts. The RBA noted in their Statement on Monetary Policy that strong global growth is expected this year. They noted that increasing vaccine supply was allowing economies to ease restrictions and that substantial policy stimulus has supported the recovery. The outlook for Australia was strengthened and was aided by the Federal Government delivering an expansionary budget, which was the best received in 14 years.

However, starting on 11 May, equities sold off heavily in three sessions as surging commodity prices sparked fears of imminent inflation. This was cemented by an unexpectedly high US Consumer Price Index (CPI) reading, which sent the Australian market to the lowest level in five weeks. The Technology sector bore the brunt of the sell-off, accentuating the rotation from growth to cyclical value stocks. The ASX reached a low point on 19 May, the worst trading day in three months. However, the market then began a consolidation over the last 10 days of the month as inflation fears receded and the 10-year bond yield faded to lower levels.

The PIC portfolio returned 2.0%** while the benchmark rose by 2.3% for the month ending 31 May 2021. The key contributors to absolute performance abroad and at home were La Francaise Des Jeux (PAR: FDJ) and Boral Limited (ASX: BLD). FDJ has been a consistent contributor to performance for the portfolio with the stock returning 45.3% over the 12 months to 31 May 2021. Alongside the long-term stocks held in the portfolio including FDJ, the Manager continues to invest in cyclical value stocks that it believes will benefit from the economic recovery. This includes companies in the banking, insurance, building, energy and the metals and mining sector. BLD's performance for the month is just one example that validates the Manager's investment thesis.

Notably, not holding Afterpay Limited (ASX: APT) was one of the key contributors to relative performance. APT does not fit within the four quality filters (quality business, conservative debt, sound management and recurring earnings) used by the Manager when assessing companies for the portfolio. This is predominantly because like many technology companies, we believe APT is expensive with little to no earnings being generated from their business. The Manager expects that the market will continue to rotate growth stocks into value stocks which may lead to a larger sell-off of the Technology sector.

The top detractors to performance were Flutter Entertainment Plc (LON: FLTR), AUB Group Limited (ASX: AUB) and Oil Search Limited (ASX: OSH). However, the Manager remains confident in the investment thesis for these stocks. In particular, the Manager believes that supply constraints on primary industries, ongoing trade wars and enormous fiscal stimulus delivered by governments globally could all spill over and push prices up. This presents a likelihood of inflation which the Manager has considered when positioning the portfolio. In May, the Manager increased its investment in AUB and OSH as it believes that when inflation occurs, the market will tend to favour value stocks in the insurance and energy sector.

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COMPANY NEWS

SHARE PURCHASE PLAN (SPP) AND BONUS ISSUE OF OPTIONS

On 2 June 2021, the PIC Board [announced](#) a Share Purchase Plan (SPP) and one-for-one bonus issue of options (Options Offer) over shares in the company (together the Offers), both of which are available to eligible shareholders with a registered address in Australia or New Zealand on the relevant record date.

Shareholders that participate in the SPP will have the opportunity to apply for up to \$30,000 worth of fully paid ordinary shares in PIC. The SPP is expected to close on Thursday, 17 June 2021. Please refer to the [SPP Booklet](#) for more information.

All eligible shareholders who continue to hold their PIC shares (including shares purchased under the SPP) at the Options record date (Wednesday, 23 June 2021) will be entitled to the Options. Please refer to the [Prospectus](#) for more information.

The Offers aim to provide shareholders with the opportunity to purchase additional shares and participate in the potential growth of the Company without incurring brokerage or transaction costs. The proceeds will enable the Manager to actively pursue additional investments in accordance with the Company's investment strategy.

INVESTOR UPDATE TELECONFERENCE / WEBINAR

On Friday 11 June 2021 at 12pm (Sydney time), the Company will host an Investor Update. Nancy Fox, Chairman of PIC will provide an update on the Company including details of the SPP and Bonus Issue of Options. Vince Pezzullo, Portfolio Manager will also present an update on the portfolio and his outlook on investment markets.

The full recording and presentation slides will be available on the [Company website](#)

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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