

12 August 2022

ASX Limited
ASX Market Announcements Office
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Perpetual Equity Investment Company Limited Monthly Investment Update and NTA Report

Perpetual Equity Investment Company Limited (the Company) (ASX: PIC) advises that it has released the Monthly Investment Update and NTA Report (the Report) for the period ending 31 July 2022 (as attached).

If shareholders or other interested parties have any queries regarding the Report, they can contact:

Karen Trau
Investor Relations
Perpetual Investment Management Limited
P: 02 9229 3138
E: karen.trau@perpetual.com.au

Yours faithfully



Sylvie Dimarco
Company Secretary
(Authorising Officer)

INVESTMENT UPDATE AND NTA REPORT

JULY 2022

PORTFOLIO SNAPSHOT

NET TANGIBLE ASSET (NTA) BACKING PER SHARE

AS AT 31 JULY 2022	AMOUNT
NTA after tax	\$1.220
NTA before tax	\$1.198

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 31 JULY 2022

ASX Code:	PIC
Structure:	Listed Investment Company
Listing Date:	18 December 2014
Market Capitalisation:	\$451 million
Share Price:	\$1.20
Shares on Issue:	376,016,695
Dividends:	Half-yearly
Management Fee	1.00% p.a.*
Manager	Perpetual Investment Management Limited

* exclusive of GST

INVESTMENT PERFORMANCE

AS AT 31 JULY 2022	1 MTH	3 MTHS	6 MTHS	1 YR	2 YRS p.a.	3 YRS p.a.	5 YRS p.a.	7 YRS p.a.	SINCE INCEP p.a.
PIC Investment Portfolio <small>Net of fees, expenses and before tax paid</small>	2.5%	-9.2%	-7.5%	-4.3%	16.4%	9.8%	9.5%	9.0%	9.2%
S&P/ASX 300 Acc Index	6.0%	-6.2%	1.5%	-2.3%	12.3%	4.4%	8.1%	7.2%	8.2%
Excess Returns	-3.5%	-3.0%	-9.0%	-2.0%	4.0%	5.4%	1.3%	1.8%	1.0%

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 5 AUSTRALIAN LISTED SECURITIES

COMPANY	PORTFOLIO WEIGHT
BHP Group Ltd	10.5%
Insurance Australia Group Limited	8.2%
Westpac Banking Corporation	7.3%
Brambles Limited	5.7%
Santos Limited	5.7%

TOP 3 GLOBAL LISTED SECURITIES

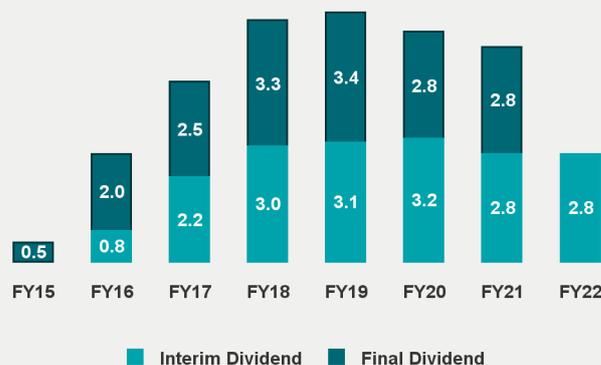
COMPANY	PORTFOLIO WEIGHT
Flutter Entertainment Plc	6.1%
La Francaise des Jeux SA	6.0%
Light & Wonder, Inc.	2.5%

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

DIVIDENDS IN CENTS PER SHARE

Annual dividend yield: 4.7%

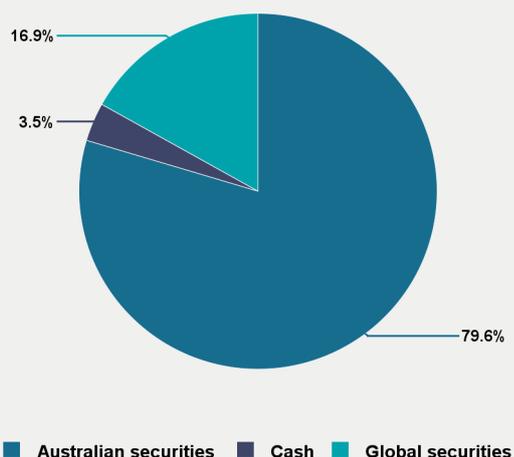
Grossed up annual dividend yield: 6.7%



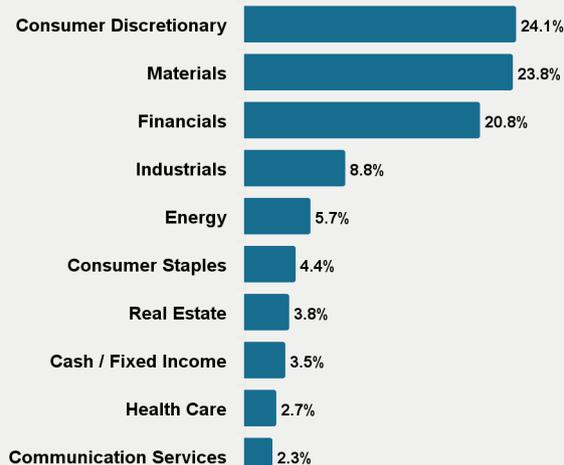
Yield is calculated based on the total dividends of 5.6 cents per share and the closing share price of \$1.200 as at 31 July 2022. Grossed up yield takes into account franking credits at a tax rate of 30%.

ALLOCATION OF INVESTMENTS[^]

96.5% 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

The S&P/ASX300 Accumulation index (benchmark) rose 6.0% for the month. Growth stocks, banks and small cap stocks staged a stunning comeback in July, despite a tide of data indicating the world is edging closer to a recession. Large growth stocks led the charge rising 8.4% whilst large cap value rose just 1.2%. Small caps soared 11.4%.

The Manager thinks the most obvious explanation for the re-embracing of riskier assets is the “bad news is good news” rationale, whereby rising expectations of a recession among investors mean that central banks will need to reduce interest rates again. This situation would be considered good for riskier and longer duration assets, including small caps and growth stocks. The Manager’s view is that such optimism is premature. Whilst it may explain a sharp bear market rally, it ignores the brutal reality that whilst the US Federal Reserve (the Fed) always seeks to engineer a soft landing in the economy during its tightening cycles, such attempts can end in a recession instead. The Manager believes this in turn can lead to a big cut in corporate earnings and an even deeper equity market sell-off. It would make more sense for the market to be priced for such a recession, but this is not the case. Current valuations in parts of the equity market remain too buoyant. The Fed continued on its path of 75 basis point hikes (or 0.75%) in July, and the Reserve Bank of Australia (RBA) raised rates by 50 basis points (or 0.5%) in Australia. Consumer sentiment in Australia and the US took a dive, however, employment numbers remained red hot, with the Australian unemployment rate dropping to just 3.5% which is a new 48 year record low. This has heaped pressure on the central banks to keep tightening as the RBA forecasted inflation to be around 7.75% by the end of December 2022. The bond market inverted in the US again, with the 10-year bond yield falling significantly below the two-year bond yield at the end of July, a traditional signal that a recession is coming. Australian bond markets are not inverted but could be tested in the months ahead.

The deterioration of the business cycle was reflected in equities with sectors like Materials (-0.4%) and Energy (2.2%) being the worst performers for the month as commodity prices continued their downward slide. At the other end, technology stocks zoomed up +15.4% as investors celebrated the end of the sharp rise in bond yields by embracing speculative technology stocks. Real estate stocks also rose +12.0% in relief and Financials, Consumer Discretionary and Healthcare all had a good month.

For the month of July, the PIC Portfolio returned 2.5%[^] while the benchmark returned 6.0%. The Portfolio benefitted from positions in Baby Bunting Group Limited and HT&E Limited, which both rose sharply by +18.2% and +16.1% respectively during July. The Manager considers both companies to be reasonably priced beneficiaries of the wider re-rating of small cap stocks. Bapcor Limited also rose (+9.3%) with the appointment of a new CEO.

Some of the Manager’s longer term mining and energy positions detracted from performance including Jervois Global Limited (-24.1%), Santos Limited (-1.6%), Newcrest Mining Limited (-9.0%) and 29Metals Limited (-12.8%). Westpac Banking Corporation is the third largest holding in the portfolio and the Manager considers it to be the best positioned of the big four banks. However, the rally in banks detracted from the portfolio’s relative performance as Commonwealth Bank of Australia rose +11.5% and National Australia Bank rose +11.7% and they are not held in the PIC portfolio. The Manager’s benchmark agnostic approach means it is comfortable holding little or no exposure to other large cap stocks, even if they comprise a major percentage of the benchmark. This is because the Manager believes its active management style and fundamental research of companies will provide opportunities to invest in securities that outperform the benchmark over time.

[^] 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.

COMPANY NEWS

ANNUAL RESULTS

The Company's full year results for financial year 2022, including any dividend declaration, will be announced on 24 August 2022.

BONUS ISSUE OF OPTIONS

The bonus issue of options announced in June 2021 have an exercise price of \$1.35 per option and an expiry date of 2 September 2022. The options are trading on the ASX under the ASX code PICOA. On 5 August 2022, option holders were notified of the upcoming expiry of listed options. Please click [here](#) to view the notice and your choices as an option holder.

An option holder of PIC Options can elect to:

1. Exercise some or all of the PIC Options on or before 2 September 2022 and be issued new PIC ordinary shares; or
2. Sell some or all of the PIC Options on the ASX before 29 August 2022; or
3. Do nothing and their PIC Options will expire at the end of the exercise period (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](#).

SHAREHOLDER COMMUNICATIONS

The [PIC website](#) hosts a range of information including Monthly Investment Updates, Portfolio Manager insights, dividend history and educational resources. The [News & Insights section](#) of the website also includes the ability for you to subscribe to receive regular updates via email. You can also elect to receive electronic communications by logging into the Link investor portal [here](#).

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](#).

WHY CHOOSE THE PERPETUAL EQUITY INVESTMENT COMPANY?

- Designed to deliver investors an income stream of **fully franked dividends**.
- **Active management** to vary the portfolio's exposure to equity market risk, and to enhance the value of the portfolio when opportunities arise both domestically and globally.
- **Flexibility** to invest up to 35% in global securities and up to 25% in cash for diversification with the intention to add returns above the benchmark, or to manage downside risk.
- Access to Perpetual's tried and tested **quality and value** investment process that assesses companies on 4 key quality criteria: quality of business, conservative debt, sound management and recurring earnings.
- **Depth and breadth** of Perpetual's investment team enables it to conduct extensive company visits each year and make decisions to invest in high quality and attractively valued securities based on fundamental, in-depth, bottom-up research.
- **Ease of access** as you can buy and sell PIC on the ASX.
- **Daily NTA published on the ASX** to provide transparency of the portfolio.

KEY FEATURES

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.

ABOUT THE MANAGER The Company's investment portfolio is managed by Perpetual Investment Management Limited, part of the Perpetual Group, whose has a longstanding commitment to deliver superior outcomes over the long-term for clients. This is underpinned by its proven investment process that focuses on value and quality.

PORTFOLIO MANAGER Vince Pezzullo
Perpetual Asset Management Australia
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 Asset Management Australia's Equity team, one of the largest investment teams in Australia.

All investments are subject to risk which means the value of investments may rise or fall, which means that you may receive back less than your original investment or you may not receive income over a given time frame. Refer to announcements and other information for the Company lodged with the ASX, which is available at www.asx.com.au. A financial adviser can assist you in determining whether an investment in the Company is suited to your objectives, financial situation or needs.

CONTACT DETAILS

For queries regarding investor relations:

Karen Trau
P: 02 9229 3138
E: karen.trau@perpetual.com.au

For queries regarding investor shareholdings:

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

FIND OUT MORE

Visit our website www.perpetual.com.au/equity to access a range of information including Monthly Investment Updates, Portfolio Manager insights, dividend history and educational resources.

This publication 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. Neither the Company, PIML, nor any company in the Perpetual Group guarantees the performance of or any return on an investment in the Company. Perpetual Group means Perpetual Limited ABN 86 000 431 827 and its subsidiaries.

