

14 December 2023

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 30 November 2023 (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

NOVEMBER 2023

PORTFOLIO SNAPSHOT

NET TANGIBLE ASSET (NTA) BACKING PER SHARE

AS AT 30 NOVEMBER 2023	AMOUNT
NTA after tax	\$1.187
NTA before tax	\$1.179

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 2023

ASX Code:	PIC
Structure:	Listed Investment Company
Listing Date:	18 December 2014
Market Capitalisation:	\$412 million
Share Price:	\$1.085
Shares on Issue:	379,548,351
Dividends:	Half-yearly
Management Fee:	1.00% p.a.*
Manager:	Perpetual Investment Management Limited

* exclusive of GST

INVESTMENT PERFORMANCE

AS AT 30 NOVEMBER 2023	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>	2.3%	-6.0%	-4.2%	-2.9%	0.4%	6.7%	9.7%	8.8%	8.5%
S&P/ASX 300 Acc Index	5.1%	-1.8%	2.0%	1.1%	2.7%	7.0%	8.7%	8.1%	7.9%
Excess Returns	-2.8%	-4.1%	-6.1%	-4.1%	-2.2%	-0.2%	1.0%	0.7%	0.6%

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 10 STOCK HOLDINGS

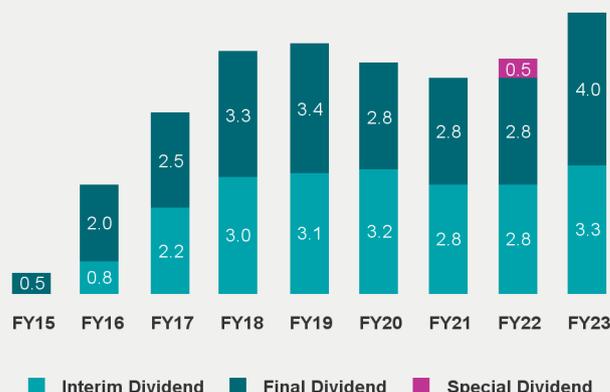
COMPANY	PORTFOLIO WEIGHT
BHP Group Ltd	11.7%
Commonwealth Bank of Australia	7.2%
National Australia Bank Limited	6.5%
Insurance Australia Group Ltd	6.1%
Goodman Group	5.6%
Whitehaven Coal Limited	5.0%
Flutter Entertainment Plc	4.9%
La Francaise des Jeux SA	4.1%
Ramsay Health Care Limited	3.1%
Endeavour Group Ltd	2.7%

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

DIVIDENDS IN CENTS PER SHARE

Annual dividend yield: 6.7%

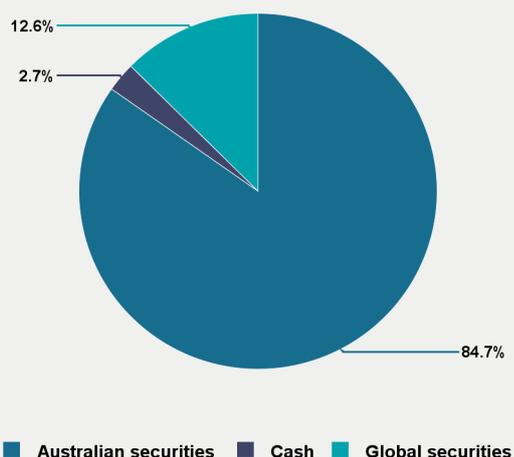
Grossed up annual dividend yield: 9.6%



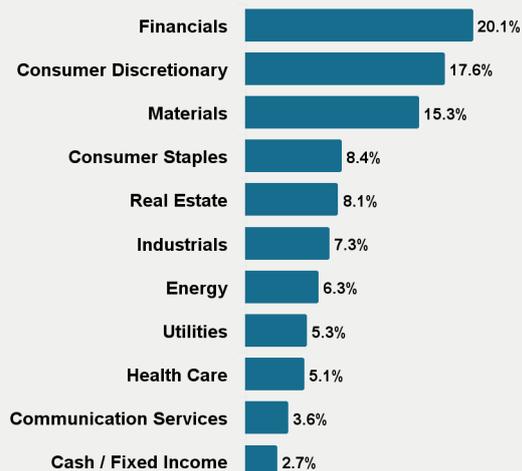
Yield is calculated based on the total dividends of 7.3 cents per share and the closing share price of \$1.085 as at 30 November 2023. Grossed up yield takes into account franking credits at a tax rate of 30%.

ALLOCATION OF INVESTMENTS[^]

97.3% 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

Market Review

In November Australian equities experienced early positive momentum amid speculation that the US Federal Reserve would keep rates steady and potentially even signal an end to rate hikes. Chair, Jerome Powell left the possibility of rate hikes open but highlighted that tightening financial conditions had lessened the need for further action. Nevertheless, the bond market embraced the idea that Fed tightening was done, which was further supported by US CPI printing better than expected mid-month. The Australian 10 year bond yield fell sharply in line with the US bond yields as a result. Yields were 4.95% on 1 November and ended the month at 4.41%. This 54 basis point movement in the 10 year put a rocket under growth and bond proxy stocks. Growth darling CSL rose +12.9% during November whilst yield play Transurban rose +9.6%.

Despite global hopes that peak inflation and market interest rates had passed, domestically the Reserve Bank of Australia (RBA) proceeded with a policy rate hike on Melbourne Cup Day, with speculation that either the RBA hadn't tightened enough to get on top of inflation here, or Australia was simply experiencing lagged inflation vs the US and other countries. The RBA itself cited persistent inflation exceeding forecasts, particularly in service inflation. The RBA Governor also warned directly that inflation was being "home grown" and "demand driven". This further raised expectations of further RBA tightenings, although talk of another hike in February waned as end-of-month data revealed weaknesses in retail sales and October month inflation came in below consensus. As the gap between U.S. and Australian cash rates narrowed, the Australian Dollar rebounded, closing the month at US\$0.66 from a low of US\$0.63 on October 31st.

Portfolio

The PIC Portfolio returned 2.3% in November, participating in the upward swing, but unable to fully keep pace with the rebound in growth and bond proxies which pushed the S&P/ASX300 up 5.1%. The Portfolio benefited from the strong performance of a diverse group of companies including global games designer Light & Wonder (+15.5%), household products distributor GWA (+14.3%), leading real estate developer Goodman Group (+9.7%) and agribusiness Graincorp (+14.3%). The Portfolio also benefited from no exposure to oil giant Woodside which fell -9.5% during the month. We took the opportunity to establish a position in Goodman Group late last year when the market was generally worried about large property groups' performance in a rising rate environment. Goodman Group's first quarter update for FY24 was largely uneventful however highlighted data centre development to start in late FY24. Additionally, management noted an uptick in acquisition opportunities as certain overly geared property owners have come under pressure. This presents an opportunity for well capitalised asset owners and operators such as Goodman Group.

Positions in Flutter (-4.5%) and Whitehaven Coal (-3.5%) were the largest detractors to absolute performance in the PIC portfolio, alongside AGL (-12.3%). The +12.9% surge in CSL also cost us relative performance as we have no exposure to this stock. AGL detracted from performance in November as it de-rated in sympathy with Origin after the failure of the scheme for the latter. The government simultaneously announced (on the original date for the scheme meeting) its new Capacity Investment Scheme (CIS) which aims to subsidise the rollout of renewables and firming capacity. While details are unavailable, AGL will be able to participate in this program themselves with their properties with access to existing transmission assets providing a competitive bidding advantage. While electricity forwards also weakened in November, this pre-dated summer where predicted El Nino conditions will challenge the operation of the grid. Further, AGL's earnings for FY24 are almost completely locked up while FY25 profits were already 2/3s hedged at the time of the FY23 result in August. With Australia's energy transition continuing to underperform, AGL's coal fleet will continue to support this process well into the next decade.

Outlook

We think markets are clearly pricing a soft landing with bond yields starting to roll over and softer Purchasing Managers' Index (PMI) both signalling economic weakness but with equities rallying hard in the hope that the softness will not last long. Clearly that is a risk especially with US remaining relatively expensive with the US S&P500 at 18.4x next twelve months earnings (NTM). Australian equities remain reasonably priced at 15.4x NTM by historic and global standards. The US is expensive primarily due to the premium valuations being given to AI related stocks, such as the "Magnificent 7" of Alphabet (GOOGL), Amazon.com (AMZN), Apple (AAPL), Meta Platforms (META), Microsoft (MSFT), Nvidia (NVDA) and Tesla (TSLA). Whilst breakthroughs in AI are real and can help boost productivity, the risk here is that too much has been priced into those stocks. Additionally, the huge productivity gains from AI are supposed to accrue to other stocks, yet the prices have not risen much at all outside this cohort. We continue to find value in a range of other quality businesses across Australia and in other markets. The majority of our current offshore positions are hedged, reflecting the rising likelihood that the Australian dollar is set to rally as the RBA plays catchup in its battle with inflation and raises interest rates relative to other central banks.

REMINDER: TAX CERTIFICATION COMPLETION

Under the Australian Government's participation in Automatic Exchange of Information (AEOI) regimes, PIC is required to collect 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 CRS certification by logging into the Link investor portal [here](#).

From there, under the Payments & Tax tab you will find '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 is Head of Equities and 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 report was prepared by Perpetual Investment Management Limited (PIML) ABN 18 000 866 535, AFSL 234426. PIML is the Manager for the Perpetual Equity Investment Company Limited (Company) (ASX: PIC) ACN 601 406 419. This report is in summary form and is not necessarily complete. It should be read together with other announcements for the Company lodged with the ASX, which are available at www.asx.com.au.

The report is general information 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. 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 report 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 report may contain information that is based on projected and/or estimated expectations, assumptions or outcomes. These forward-looking statements are subject to a range of risk factors. The Company and PIML caution against relying on any forward-looking statements. While PIML has prepared this information based on its current knowledge and understanding and in good faith, there are risks and uncertainties involved which could cause results to differ from the forward-looking statements. Neither the Company nor PIML will be liable for the correctness and/or accuracy of the information, nor any differences between the information provided and actual outcomes, and reserves the right to change its projections or other forward-looking statements from time to time. Neither the Company nor PIML undertake to update any forward-looking statement to reflect events or circumstances after the date of this report, subject to disclosure obligations under the applicable law and ASX listing rules.

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