



**PERPETUAL  
EQUITY  
INVESTMENT  
COMPANY  
LIMITED**

**2024 ANNUAL GENERAL MEETING  
ADDRESS TO SHAREHOLDERS**

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ACN 601 406 419

Perpetual 

# PIC FY24 ANNUAL GENERAL MEETING

## Chairman's Address

### Nancy Fox AM

I would like to start by acknowledging our fellow longstanding shareholders and welcome our new shareholders that joined this year. Thank you all for your support in PIC.

We understand the value our shareholders place on income and are proud to have delivered the highest full year dividend of 8.0 cents per share in FY24.

### FY24 Results Summary

Turning to the performance of the Company in FY24.

In August, we reported a net profit after tax of \$28.6 million. Investment portfolio performance for the 12 months to 30 June 2024 was 7.7%<sup>1</sup>, with main contributions coming from the second half of the year as we saw a return to market fundamentals and stronger opportunities presented for value investors. Overall, the PIC portfolio underperformed relative to its benchmark, however, continues to deliver over the long-term. In line with the Company's investment objective, the PIC portfolio returned 10.4% p.a. over 5 years, outperforming the benchmark by 3.2% p.a.<sup>1</sup>

The Board declared a fully franked final dividend of 4.0 cents per share which was consistent with the FY23 final dividend and FY24 interim dividend.

The total dividend for FY24 of 8.0 cents per share was the highest full year dividend paid and equates to an annual dividend yield of 6.5% and grossed-up dividend yield of 9.3%<sup>2</sup>. This compares favourably to the

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<sup>1</sup> The benchmark is the S&P/ASX 300 Accumulation Index. 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. For details of the Company's investment performance, please visit <https://www.perpetualequity.com.au/tools-and-resources/research-reports>

<sup>2</sup> Yield is calculated based on the total dividends of 8.0 cents per share and the closing share price of \$1.235 as at 30 June 2024. Grossed up yield takes into account franking credits at a tax rate of 30%.

trailing 12-month dividend yield of the S&P/ASX 300 Accumulation Index which was 3.7% as at 30 June 2024.

During the year, the Board had two specific areas of focus, which I will now touch on. Firstly, our continued management of the Company's dividend; and also our agreement and partnership with Perpetual Investment Management Limited who manage the investment portfolio and day-to-day operations of the Company. I will refer to them as PIML going forward.

### **Delivering a reliable income stream**

Shareholders that have been with us since we listed or when we first declared a dividend in August 2015 would have benefited from a total of 53.8 cents per share in dividends, which equates to a total of \$183.6 million in dividend payments.

Since the market volatility led by COVID-19 in 2020 and noting the challenges the external environment may continue to provide, we focused on prudently managing your capital and building a profit reserve that would position the company well to pay dividends over the long-term. Our ability to declare a record fully franked interim dividend of 4.0 cents per share in February this year reinforced our approach and is therefore something we are committed to managing. After the payment of the final dividend, the profit reserve for the Company sits at \$82.5 million which provides for 2.7 years dividend coverage assuming a total dividend of 8 cents per share per annum<sup>3</sup>. The Company's franking account balance is \$12.7 million and provides for one year of fully franked dividend coverage. Notably this does not include any additional franking credits that may be generated during the year.

### **Management Agreement with PIML**

In December, the Company will celebrate 10 years since it was first listed on the ASX. This also means the Management Agreement currently in place with PIML expires. Accordingly, a key focus for this year was

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<sup>3</sup> Profit reserve of \$82.5 million as at 30 June 2024 after taking into account the estimated payment of the final dividend. This equates to 21.7 cents per share and provides for 2.7 years dividend coverage assuming a total dividend payment of 8.0 cents per share per annum. This does not take into account any changes to share capital. No representation is made in relation to the payment of future dividends, which will be at the discretion of the Company's Board.

assessing our current and future Management Agreement to ensure the Company remains strongly positioned for the years ahead.

This included appointing Deloitte to conduct an independent review of PIML's investment process, operations and alternative investment managers.

I would like to thank our Independent Non-Executive Directors, John, Virginia and Michael for leading this process. When we move to formal voting later on, I will provide an overview of the process we undertook to conclude that it is in the best interests of the Company and shareholders to continue to have PIML manage the portfolio and provide corporate management services.

### **Concluding remarks**

On behalf of the Board, I would like to thank Vince and the team at PIML for their management of the portfolio to deliver returns for our shareholders. Together, we believe the Company is well positioned for growth and the delivery of a reliable and long-term stream of fully franked dividends.

Please stay informed by visiting the Company's website - [www.perpetualequity.com.au](http://www.perpetualequity.com.au) for a range of resources and insights. I also encourage you to continue offering valuable feedback through Karen in Investor Relations.

Thank you.



**PERPETUAL**  
EQUITY  
INVESTMENT  
COMPANY  
LIMITED

# Annual General Meeting & Investment Manager Update

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7 November 2024

Perpetual 

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## Important note

This information 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 presentation is in summary form and is not necessarily complete. It should be read together with other announcements for the Company lodged with the Australian Securities Exchange, which are available at [www.asx.com.au](http://www.asx.com.au).

The presentation 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 presentation 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 presentation 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 presentation, 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.



# Perpetual Equity Investment Company

## Board of Directors



**Nancy Fox AM**  
**Chairman**

Appointed July 2017

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**Virginia Malley**  
**Non-executive Director**

Appointed August 2014

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**John Edstein**  
**Non-executive Director**

Appointed September 2014

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**Michael Clarke**  
**Non-executive Director**

Appointed September 2023

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**Amanda Gillespie (Apted)**  
**Executive Director**

Appointed May 2021

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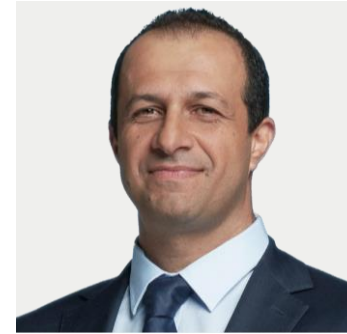
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# Today's agenda

- | Chairman's address
- | Investment Manager's Update
- | Q & A
- | Formal voting
- | Closure



**Nancy Fox AM**  
Chairman



**Vince Pezzullo**  
PIC Portfolio  
Manager



**Sean Roger**  
Equities Analyst





# Chairman's Address

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Nancy Fox AM

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# FY24 results summary

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## Net profit

**\$28.6m**

Net profit after tax

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## Investment performance

**7.7%<sup>2</sup>**

12 months to 30 June 2024

**10.4%<sup>2</sup>** p.a.

Over 5 years to 30 June 2024

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## Dividend

**8.0 cps**

Total FY24 fully franked dividend

**6.5%<sup>3</sup>**

Annual dividend yield

**9.3%<sup>3</sup>**

Grossed-up dividend yield

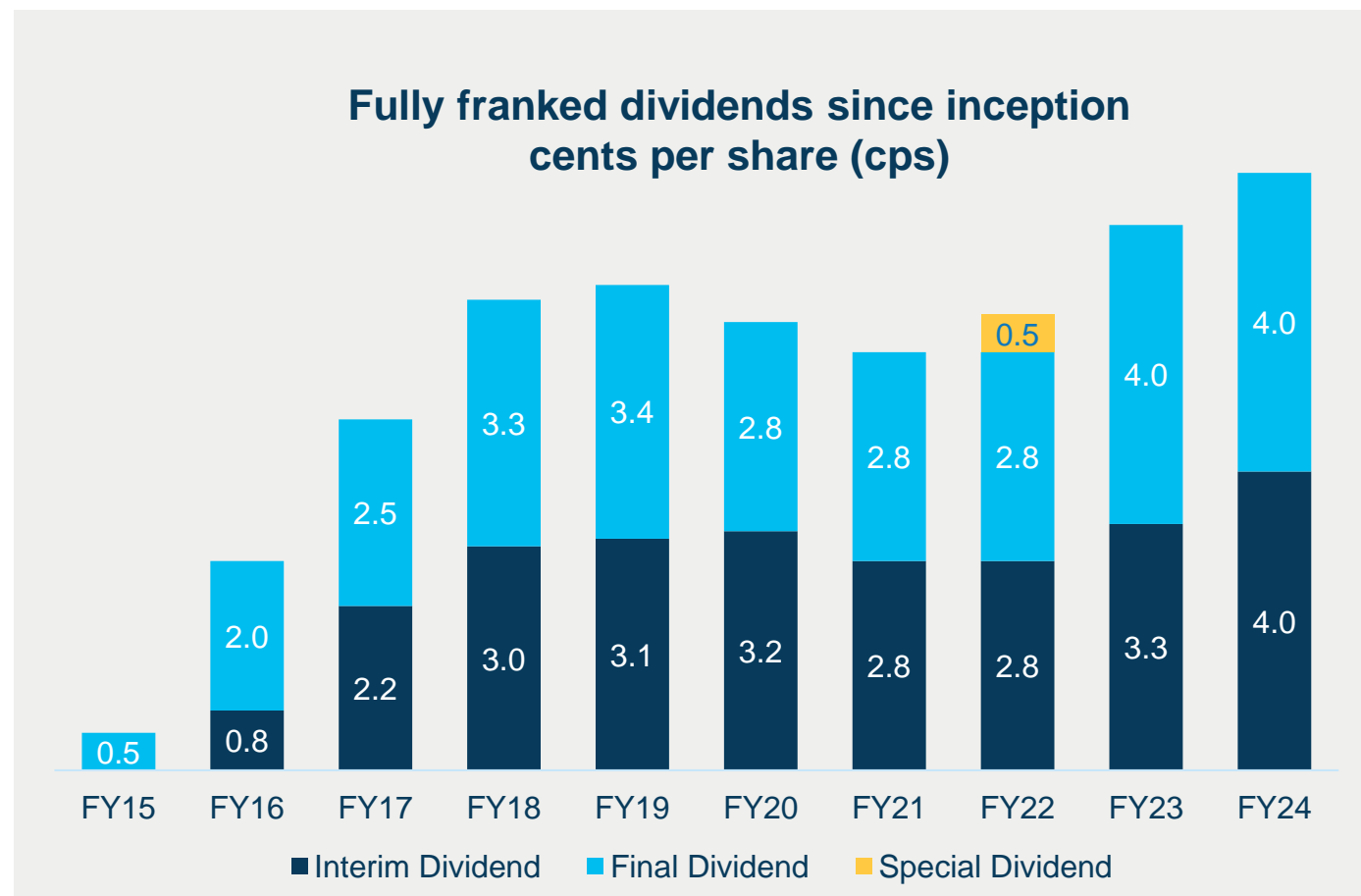
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Source: Perpetual Equity Investment Company Limited (PIC) as at 30 June 2024.

<sup>2</sup> Returns have been calculated on the growth of 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.

<sup>3</sup> Yield is calculated based on the total dividend of 8.0 cents per share and the closing share price of \$1.235 as at 30 June 2024. Grossed up yield takes into account franking credits at a tax rate of 30%

# Well positioned to deliver a reliable income stream through all market conditions



**\$82.5m** → **2.7 years**  
 Profit reserve → Dividend coverage

**\$12.7m** → **1.0 year**  
 Franking account balance → Fully franked dividend coverage

Source: Perpetual Equity Investment Company Limited (PIC) as at 30 June 2024.

<sup>1</sup> Profit reserve of \$82.5 million as at 30 June 2024 after taking into account the payment of the final dividend. This equates to 21.7 cents per share and provides for 2.7 years dividend coverage based on total dividend payments of 8.0 cents per share per annum. Franking account balance of \$12.7 million as at 30 June 2024 after taking into account the payment of the final dividend. This equates to 8.0 cents per share and provides for 1.0 year dividend coverage based on total dividend payments of 8.0 cents per share per annum. This does not take into account any changes to share capital. No representation is made in relation to the payment of future dividends, which will be at the discretion of the Company's Board.





# Chairman's Address

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**Nancy Fox AM**

# Asking a question online

Shareholders and non-shareholders

- 1 Click on **'Ask a Question'**
- 2 Select **'General Business'** or a specific resolution
- 3 Type in your question and click **'Submit'**

## Ask a Question

We welcome any questions that you may have and will endeavour to answer all questions during the Meeting. To submit a question, please select what the question pertains to and type your question in the provided area. If you have multiple questions please submit each individually.

Regarding

Question

Characters left: 532

Characters : 0

Submit Question

# Asking a question by phone

Shareholders only



Mute your webcast. Click on 'Ask a Question' and then **'Go to Web Phone'**



A pop up box will appear with a microphone test. Select **Start Call** and you will be able to listen to the meeting



**Dial \*1 on your keypad at any time** to ask a question



The moderator will introduce you at the **right time**



When your line is **unmuted** ask your question or make a comment





# Investment Manager Update

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**Vince Pezzullo**, PIC Portfolio Manager  
Head of Australian Equities, Perpetual Asset Management Australia



# Large and experienced investment team

## Head of Equities

**Vince Pezullo**  
Head of Equities  
Portfolio Manager – Australian Share, Geared, ASX: PIC, Concentrated Equity  
Co-Manager - Strategic Capital

## Portfolio managers

**Anthony Aboud**  
Deputy Head of Equities  
Portfolio Manager - SHARE-PLUS Long-Short, Pure Equity Alpha, Industrial Share

**Nathan Hughes**  
Portfolio Manager – ESG Australian Share, Income Share, Co-Manager - Strategic Capital Fund  
Analyst

**James Rutledge**  
Portfolio Manager – Pure Value, Smaller Companies and Pure Microcap, Analyst

**Sean Roger**  
Deputy Portfolio Manager –Share Plus and Pure Equity Alpha, Analyst

**Alex Patten**  
Portfolio Manager – Smaller Companies and Pure Microcap, Analyst

**Maryanne Drewe**  
Head of Proprietary Research, Analyst

## Analysts

**Guy Bunce**  
Senior Equities Analyst

**Clarke Wilkins**  
Senior Equities Analyst

**Brett Le Mesurier**  
Senior Equities Analyst

**Louise Sandberg**  
Senior Equities Analyst

**Jakov Maleš**  
Senior Equities Analyst

**Rosemary Tan**  
Equities Analyst

**Mitchell Hubble**  
Equities Analyst

**Nick Buisman**  
Equities Analyst

**Tom Horn**  
Equities Analyst

**20** Average years experience

**8** Average years with Perpetual

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## Our views on markets: contrasting last year and now

- In Australia, there are risks that inflation is becoming more embedded through regulation and government spending
- Jobs market remains strong – even though many are government (NDIS)
- Global money supply is starting to accelerate again
- US GDP is starting to re-accelerate
- Yield curves are steepening
- Some signs of inflation stirring in the US
- Increased corporate tax in countries like France and UK are being used to pay for significant expansion in government spending. Government spending as a percentage of GDP at record levels again, typically only seen during a crisis.

Regardless of who wins the election we will either have

- Government reflation (Inflation Reduction Act) or
- Market led reflation (via tax cuts, de-regulation) and tariffs

## What we believe are consequences

- Risks of inflation re-emerging
- Financial conditions may need to tighten given fiscal stimulus
- Upward pressure on long rates will become more persistent due to the expansionary nature of government budget
- Could set up a rotation in equities like 2022



## PIC portfolio: value stocks

Active ownership:  
engaging with board  
and management

**IAG**

**Ramsay Healthcare**

**Healius**

Exited or reduced and  
taken profit

**La Francaise des Jeux**  
(global)

**Goodman Group**

Uncorrelated

**GWA**

**A2 Milk**

**EVT**

High quality and  
attractively valued

**Flutter Entertainment**  
(global)

**Howden Joinery Group**  
(global)





# Stocks in focus

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**Sean Roger**, Equities Analyst  
Perpetual Asset Management Australia

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# Flutter Entertainment (NYSE: FLUT)

## Global online sports betting & iGaming operator

### Portfolio position



- Global online sports betting & iGaming leader with #1 market share positions in key global markets including the US (Fanduel), UK (Paddy Power, Sky Bet, Betfair) & Australia (Sportsbet)
- PIC initially took a position in Flutter in 2019 - is a good example of how we identify global opportunities through extension of research on ASX listed companies
- Since then, total cumulative return to 30 Sep 2024 is 213.4% and it has been the top contributor to performance in the PIC portfolio over the last 5 years.
- Currently 7.6% of PIC portfolio.

### Why we like it



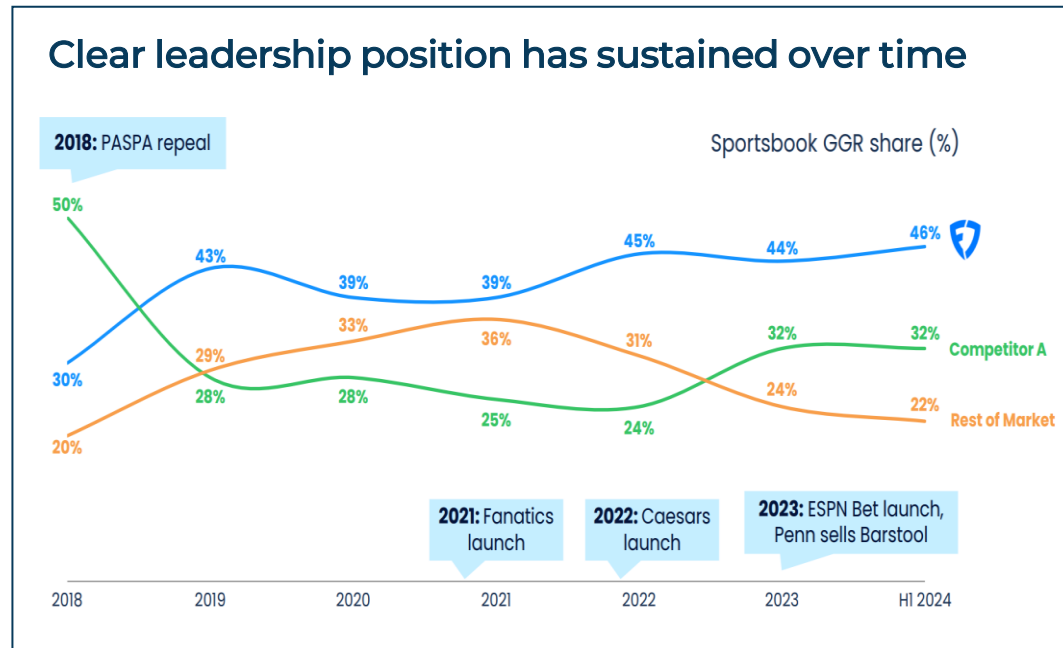
- High quality management team with proven focus on investing for the long-term
- Highly cash generative business
- Excellent track record of market share gains and leadership underpinned by combination of global scale, centralised risk & trading and localised product innovation.
- **Fanduel a highly valuable business** – dominant market leader in the US which Flutter estimate to be a \$70bn gross gaming revenue market at maturity.
- Proven track record of delivering value through acquisitions
- Significant runway for earnings growth

# Flutter Entertainment (NYSE: FLUT)

## Fanduel as a case study

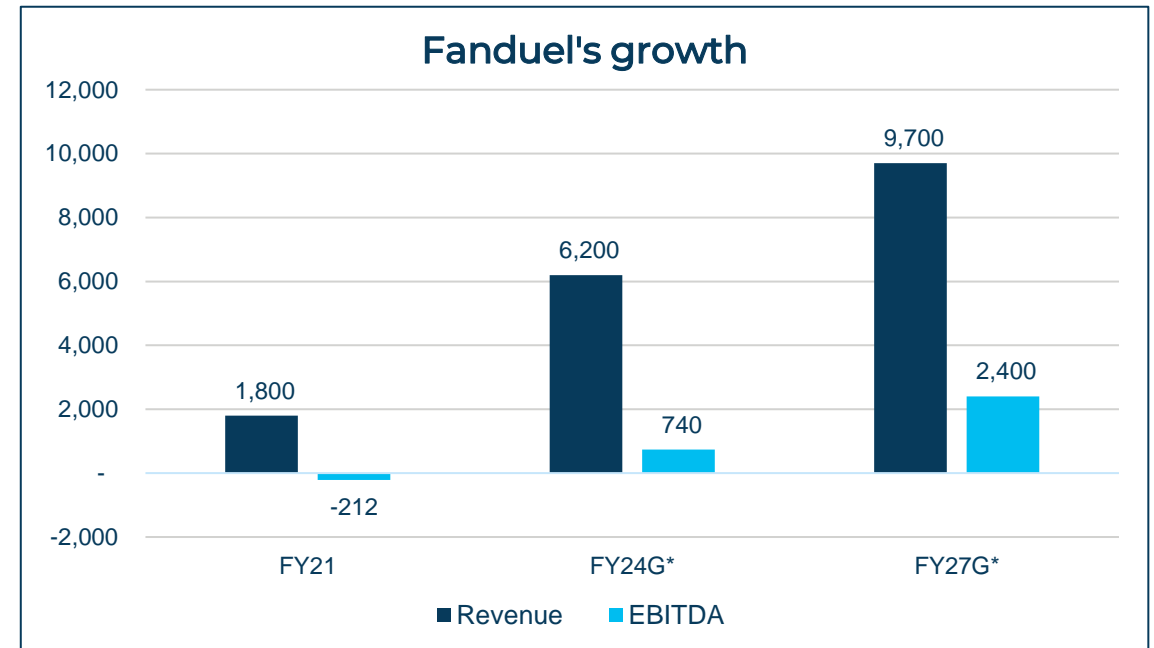
### Fanduel market share

- Sustained market share leadership



### Fanduel financial profile

- Strong market growth + market share gains = material revenue growth
- Profitability inflecting
- Flutter estimates suggest end market opportunity >2x FY27 levels at maturity



# Flutter Entertainment (NYSE: FLUT)

## Compelling financial outlook

- FY24-27 company released targets reflect highly attractive financial growth:

	FY24-27 CAGR
Revenue	<b>14%</b>
EBITDA	<b>27%</b>
Free Cash Flow	<b>36%</b>

- Fanduel value becoming apparent in Flutter financials
- Free cash flow inflection supports material capital returns - \$5bn buy back announced
- Flutter trades on 15x FY27 P/E\* – we believe this is materially undervalued for a global leader with significant growth potential beyond FY27
- Recent shift in primary listing to NYSE has materially increased liquidity – expected S&P 500 index inclusion in short-medium term



# Cobram Estate Olives (ASX: CBO)

Australian based olive grower and premium brand owner

## Portfolio position



- Vertically integrated olive grower and marketer with operations in Australia and the US
- Dominates Australian industry:
  - Owns 7,000 hectares of planted olive groves (>2.6million trees) representing ~70% of domestic production.
  - Owns premium brands Cobram Estate & Red Island –38% market share of olive oil sales value through supermarkets.
- US – Own ~1,000 hectares of groves. Cobram brand distributed in >18k supermarkets.
- Currently 1.8% of PIC portfolio

## Why we like it



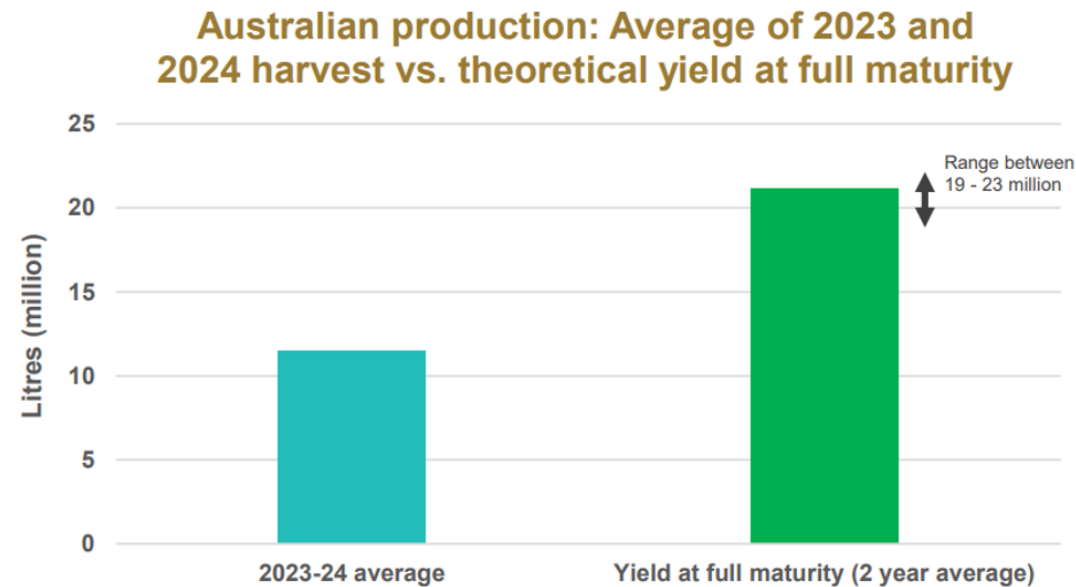
- Founder led – Chair & Co-CEO's own 20% of the company
- High quality branded agricultural exposure – unique in Australian listed investment world
- Vertically integrated – lower cost of production + quality control
- Asset rich company – \$630m of net assets on balance sheet at market value (\$1.50 / share) with no value ascribed to brands
- Australian growth capex program complete - Significant embedded growth in Australia volumes, profitability margins and cash flow
- US operations showing signs of replicating Australian success.
- Strong near-term operating conditions
- Compelling valuation

# Cobram Estate Olives (ASX: CBO)

## Growth drivers

### Australia embedded growth

- Volume growth of ~80% when recently planted groves mature
- Volume growth supports margin expansion and earnings growth
- Free cashflow to improve as capital investment program completes

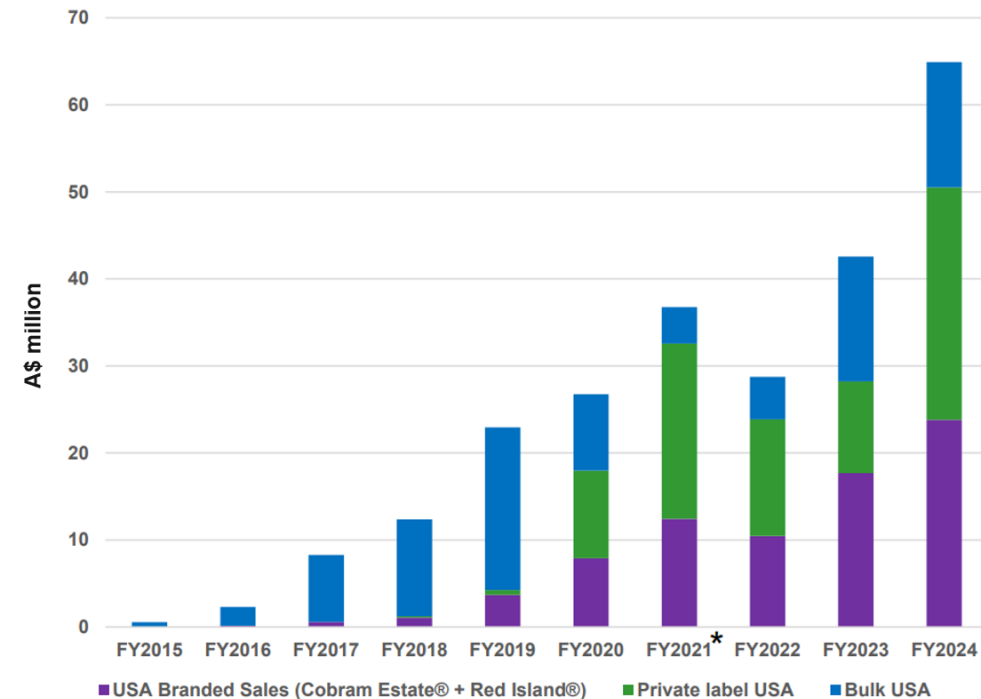


Source: CBO FY2024 Results Presentation

### US opportunity significant

- Total investment to date ~\$190m
- Cobram brand – >18k points of distribution. #2 brand of California olive oil by sales value
- Significant long-term opportunity given market size

### USA olive oil sales by product (A\$)\*





# Investment Manager Update

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**Vince Pezzullo**, Portfolio Manager  
Head of Australian Equities, Perpetual Asset Management Australia

# Investment portfolio performance

Delivering long-term performance

As at 30 September 2024	1 mth	3 mths	1 yr	3 yrs p.a.	5 yrs p.a.	7 yrs p.a.	Since inception p.a.
PIC Investment Portfolio <sup>1</sup> (net of fees, expenses and before tax paid)	3.4%	4.1%	16.9%	4.8%	11.2%	9.9%	9.7%
S&P/ASX 300 Accumulation Index	3.1%	7.8%	21.7%	8.1%	8.3%	9.7%	9.2%
<b>Excess Returns</b>	<b>+0.3%</b>	<b>-3.7%</b>	<b>-4.7%</b>	<b>-3.3%</b>	<b>2.9%</b>	<b>0.2%</b>	<b>0.5%</b>

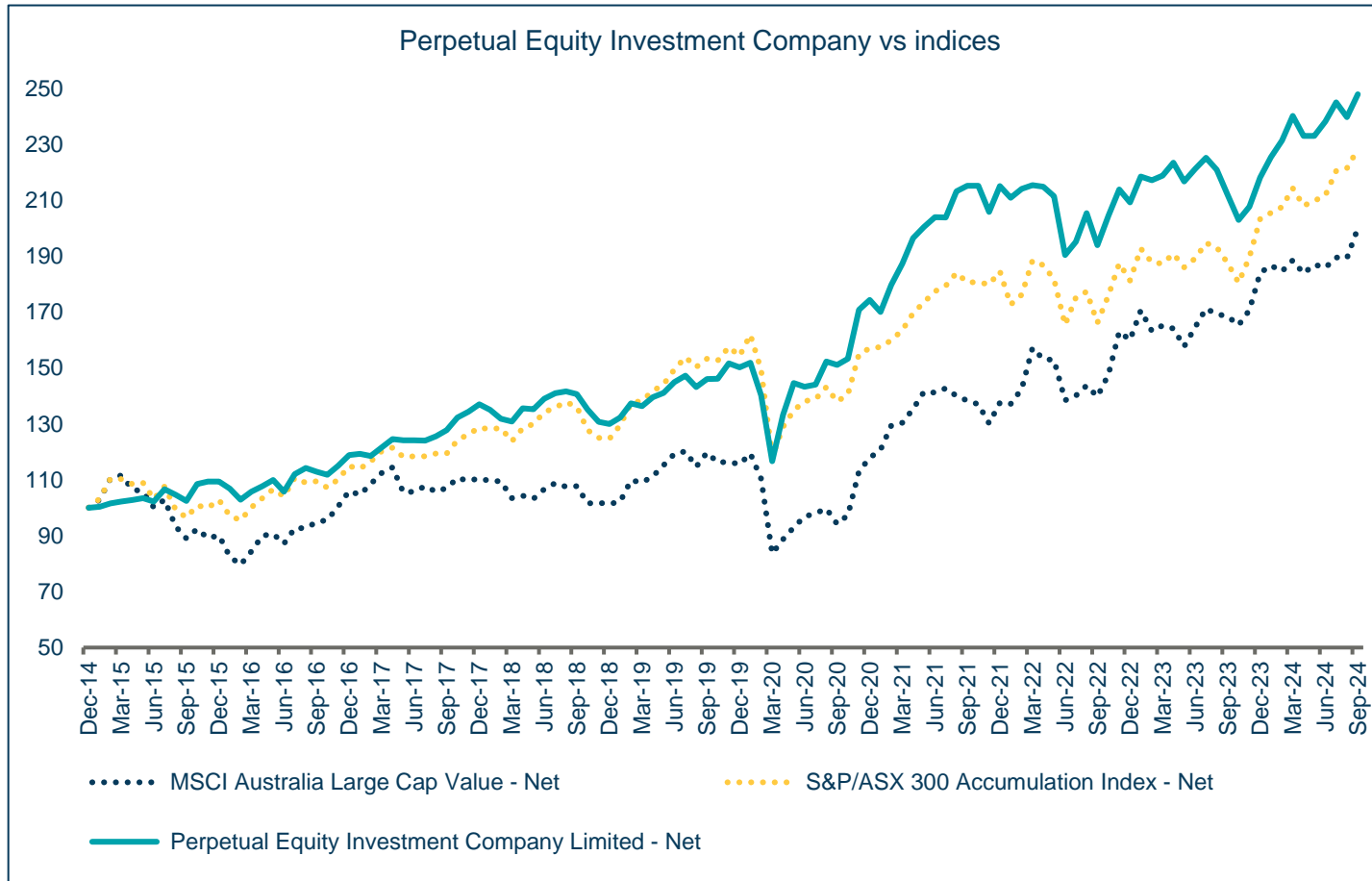
Source: Perpetual Investment Management Limited

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# Portfolio performance in perspective

## Delivering long-term performance



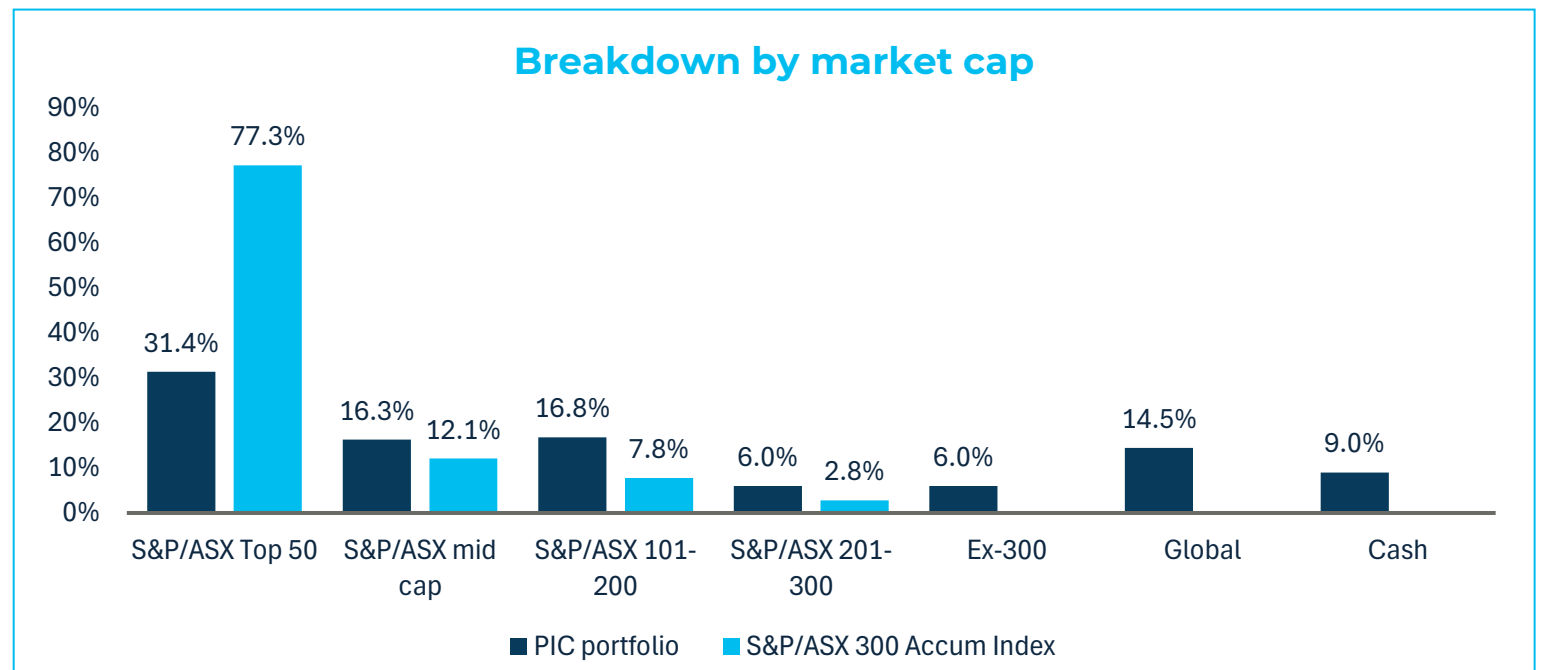
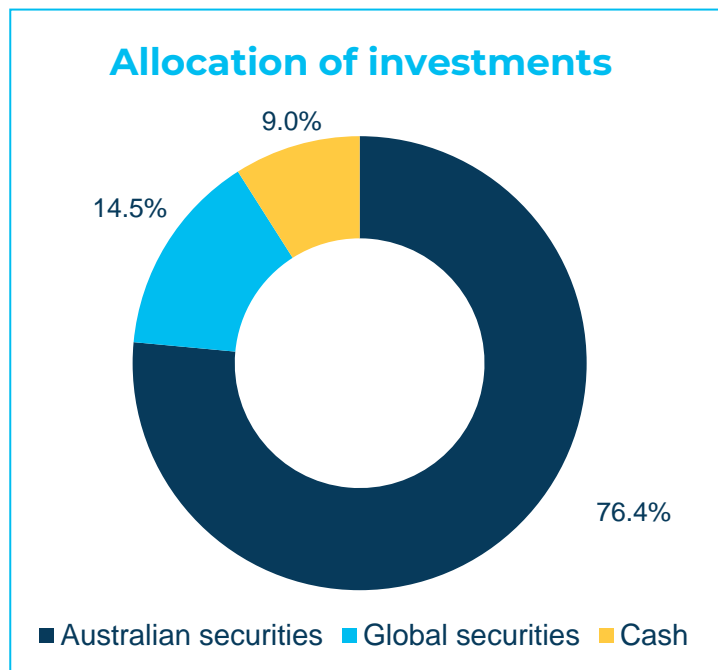
- Perpetual Equity Investment Company (ASX:PIC) utilises Perpetual’s renowned quality and value approach
- The last decade has been dominated by growth and momentum
- Nevertheless, PIC has generated cumulative returns since inception superior to its benchmark (S&P/ASX300 Accumulation)
- It has beaten the MSCI Australian Large Cap Value Index by an even larger margin

Source: Factset and Perpetual Investment Management Limited

1 Returns and Indices rebased to 100. Perpetual Equity Investment Company returns have been calculated on the growth of Net Tangible Assets (NTA) after taking into account all operating expenses (including management fees) and may 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

# Summary

- “Reflation” is likely here, one way or another:
  - Bond yields on the rise and impacting equities
- We remain well diversified in this environment
  - We continue to look for quality businesses with good growth prospects trading at reasonable valuations.
- This includes global listed companies if the opportunity in Australia is limited, and we believe those companies can add value above the Australian equity market return.



# Asking a question online

Shareholders and non-shareholders

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Question

Characters left: 532

Characters : 0

Submit Question

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Shareholders only



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A pop up box will appear with a microphone test. Select **Start Call** and you will be able to listen to the meeting



**Dial \*1 on your keypad at any time** to ask a question



The moderator will introduce you at the **right time**



When your line is **unmuted** ask your question or make a comment