

PERPETUAL
EQUITY
INVESTMENT
COMPANY
LIMITED

Perpetual Equity Investment
Company Limited
ABN 68 601 406 419

Angel Place,
Level 18, 123 Pitt Street
Sydney NSW 2000
Australia
GPO Box 4172
SYDNEY NSW 2001
Australia

Phone 02 9229 9000
Fax 02 9229 9009
www.perpetualequity.com.au

13 November 2020

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 announcement

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 October 2020 (as attached).

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

Karen Davis
Senior Manager, Listed Products and Projects
Perpetual Investment Management Limited
P: 02 9229 9114
E: karen.davis@perpetual.com.au

Yours faithfully



Sylvie Dimarco
Company Secretary
(Authorising Officer)

INVESTMENT UPDATE AND NTA REPORT

October 2020

PORTFOLIO SNAPSHOT

NET TANGIBLE ASSET (NTA) BACKING PER SHARE

AS AT 31 OCTOBER 2020	AMOUNT
NTA after tax	\$1.071
NTA before tax	\$1.087

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 OCTOBER 2020

ASX Code:	PIC
Listing Date:	18 December 2014
Market Capitalisation:	\$349 million
Share Price:	\$1.00
Shares on Issue:	348,685,708

INVESTMENT PERFORMANCE

AS AT 31 OCTOBER 2020	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	1.5%	6.4%	15.2%	4.9%	6.5%	5.1%	7.2%	7.6%
S&P/ASX 300 Acc Index	1.9%	1.2%	9.1%	-7.9%	4.9%	4.2%	6.9%	6.7%
Excess Returns	-0.4%	5.2%	6.1%	12.9%	1.6%	0.8%	0.3%	0.9%

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
Crown Resorts Limited	4.9%
Aristocrat Leisure Limited	4.2%
AUB Group Limited	4.0%
PWR Holdings Ltd.	3.7%
Boral Limited	3.5%

TOP 3 GLOBAL LISTED SECURITIES

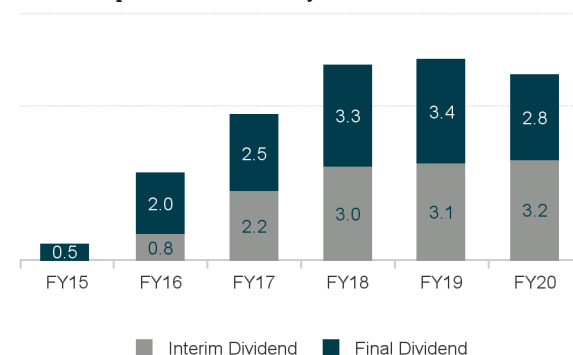
COMPANY	PORTFOLIO WEIGHT
Flutter Entertainment Plc	10.8%
La Francaise des Jeux SA	6.8%
Ferguson Plc	3.4%

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

DIVIDENDS IN CENTS PER SHARE

Annual dividend yield: 6.0%

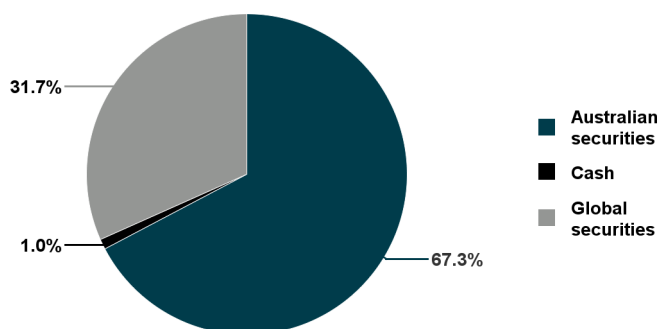
Grossed up annual dividend yield: 8.6%



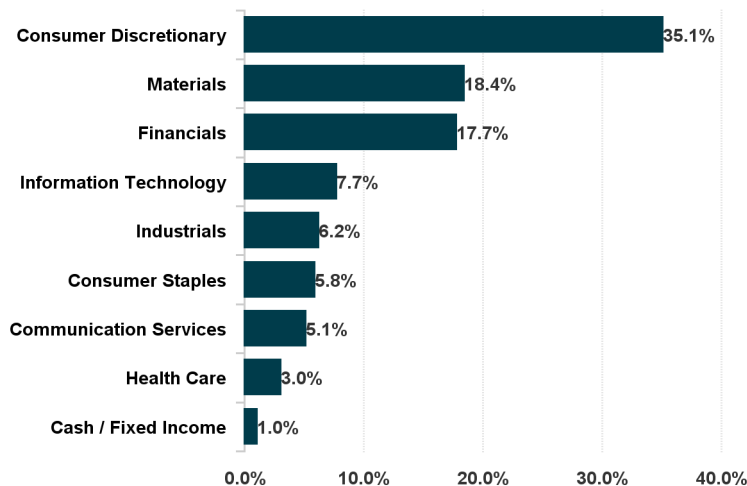
Yield is calculated based on the total dividends of 6.0 cents per share and the closing share price of \$1.00 as at 31 October 2020. Grossed up yield takes into account franking credits at a tax rate of 30%.

ALLOCATION OF INVESTMENTS[^]

99.0% 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.

PORTFOLIO COMMENTARY

In October, markets rallied sharply in the first half of the month before giving back some of their gains at month end. The US elections dominated the news cycle. An acrid Presidential debate and news of incumbent President Trump's positive coronavirus test caused markets to sell off in the opening days of the month. However, markets found their footing the following week as Trump's health stabilised. Locally, the RBA issued a dovish policy statement and Treasurer Josh Frydenberg delivered an expansionary budget that appears to have been well received across the country. Hopes of economic re-opening in Victoria also increased given the steady downtrend in coronavirus cases and consumer confidence rising. Globally, markets weakened notably in the final days of the month as persistent cases in Victoria delayed re-opening, coronavirus cases across Europe and the US ramped up sharply - raising the threat of renewed lockdowns - and hopes of a large pre-election stimulus faded amid political bickering. Regardless, the Australian market clung on to the remains of its earlier gains and the S&P/ASX 300 Accumulation Index (benchmark) finished up 1.9% with IT and Financials leading the market whilst Industrials and Utilities were detractors.

The PIC portfolio returned 1.5% compared to the benchmark gaining 1.9% in October. The top contributors to absolute performance for the PIC portfolio were Flutter Entertainment Plc (LON: FLTR), Link Administration Holdings Limited (ASX: LNK) and Iluka Resources Limited (ASX: ILU). The Manager has built the position in FLTR for over a year, seeing significant upside potential in FLTR's growing market share across its various brands including Sportsbet in Australia, Paddy Power/Betfair in UK and FanDuel in US. FLTR is the top contributor to absolute performance in the PIC portfolio over 1 month, 3 month, 6 month and 12 month periods. FLTR has returned 64.0% in the 12 months to 31 October 2020 for the PIC portfolio. As at 31 October 2020, FLTR was the largest position in the PIC portfolio, representing 10.8%, and the Manager continues to have a favourable growth outlook for the company. The majority of FLTR's revenue is derived from online sales and the Manager believes FLTR will continue to benefit from the ongoing shift from retail to online sales in sports betting and gaming. FLTR's marketing strategies and unique product innovation are also highly regarded by the Manager.

The share price for LNK rose in October. This followed the company receiving a non-binding indicative proposal from Pacific Equity Partners to acquire 100% of the shares in the company at a cash price of \$5.40 per share. Link subsequently rejected the offer, with its Board unanimously concluding that the offer materially undervalued the company and is not in the best interests of shareholders.

ILU successfully completed the demerger of its iron ore Royalties business which listed on the ASX as Deterra Royalties Ltd (ASX: DRR) during the month. DRR represents the royalty over iron ore produced from specific tenements of BHP's Mining Area C ("MAC") located in the Pilbara region in the north of Western Australia. As a result of the demerger, the share price for ILU rose 8.4% in October. On the other hand, the share price for DRR fell in its first month of listing and was the top detractor to absolute performance for the PIC portfolio. This fall occurred despite any adverse news directly relating to the company being reported. The Manager believes there is still significant value to be unlocked from the demerger given DRR has no capital expenditure or operating cost risk and has earnings derived from a long-life asset. DRR has also announced its intention to pay out all of its net profit after tax as dividends. As ILU retained a minority shareholding interest of 20% in DRR, the Manager expects that ILU will receive a dividend estimated at ~13% of the revenue of MAC.

In October, the Manager identified numerous opportunities offshore with allocation to global listed securities increasing from 26.0% in September to 31.7% at the end of October. This includes a new position in the portfolio, Euronet Worldwide Inc (NASDAQ: EFFT) which is discussed further below. The allocation to Australian listed securities fell from 69.1% in September to 67.3% at the end of October as a result of the Manager exiting positions in Saracen Mineral Holdings Limited (ASX: SAR), Origin Energy Ltd (ASX: ORG) and Mirvac Group (ASX: MGR). In the Manager's view, capital was able to be deployed into better investment opportunities across new positions as well as adding to existing positions in PWR Holdings Limited (ASX: PWH) and Western Areas Limited (ASX: WSA).

The net result of these changes was that cash decreased from 4.9% in September to 1.0% at the end of October. With the portfolio being almost fully invested, the Manager believes that the portfolio is well positioned to benefit from any rally after the uncertainty of the US election is out of the way. Although investment performance slightly underperformed the benchmark this month, the portfolio has delivered in excess of the benchmark over one of the most tumultuous years in the history of financial markets. Over the 12 months to 31 October 2020, investment performance was 4.9%, outperforming the benchmark by 12.9%.

EURONET WORLDWIDE INC (NASDAQ: EEFT) (ANALYST: MARK SKURNIK)

Global Equities Analyst, Mark Skurnik discusses his views on Euronet Worldwide Inc (NASDAQ: EEFT) and why PIC Portfolio Manager Vince Pezzullo determined it was an appropriate investment for the PIC portfolio.

EEFT is a global electronic processing company based in the US and listed on NASDAQ. The business is split into three divisions: Electronic Funds Transfer (EFT), Money Transfer and epay. We consider the EFT business to have a robust medium-longer term growth outlook driven by growth in ATM distribution and ATM outsourcing. The Money Transfer business should continue to consolidate market share and grow above market growth rates as its superior technology platform and brand reaches new markets. We believe the epay business should see strong growth from both traditional mobile top-ups but also within the non-mobile digital transaction market as the world shifts from cash to digital. Additionally, the company has a very strong balance sheet with net cash position.

After EEFT's share price traded at an all-time high of US\$167.64 in January 2020, it collapsed to a share price low of US\$61.27 in April 2020 as concerns arose that COVID-19 would materially impact the earnings of the three business lines. However, we have seen the company report a reasonably resilient second quarter result and then surprise the market with a better than expected third quarter result for 2020. The EFT business has clearly been impacted by the decline in global travel and particularly travel into Europe. The majority of the revenue generated within this division comes from the highly profitable dynamic currency conversion component of the ATM business and a resumption of global travel to levels pre-COVID is required before this division can deliver earnings growth above pre-crisis levels. One of EEFT's key business regions is Europe and we have observed intra-Europe travel demand proving to be quite resilient. When lock-down laws were eased over the European summer, the company reported a strong pickup in demand at the ATMs which would suggest this downturn is only temporary and there is still strong demand for cash when people travel despite the shifts ongoing from cash to digital in local economies. We believe the EFT business still has lots of potential for growth as banks look to reduce their ATM footprint which should see a shift in market share to EEFT as they roll out their independent ATM network and/or increase their outsourcing opportunities.

The Money Transfer business has been a somewhat counter-cyclical business with strong growth in global remittances. As travelling came to a halt or significantly slowed this year, we observed that money is no longer being moved abroad via people carrying physical cash. Rather, we see a likely increase in demand resulting from a slowing economic outlook in many emerging markets which results in greater need for remittances "home" to friends and relatives. The epay business is a direct beneficiary of the shift from cash to digital and has experienced good growth during the pandemic as more people spend online for entertainment and gaming.

As at 31 October 2020, EEFT comprised 2.0% of the PIC portfolio.

COMPANY NEWS

AGM AND INVESTMENT MANAGER UPDATE 2020

Thank you to everyone who attended the AGM and Investment Manager Update on 15 October 2020 and to shareholders who voted on the resolutions. The details of the AGM addresses, results of the meeting and full webcast are available on the [Company's website](#).

SHAREHOLDER COMMUNICATIONS

[The Company 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.

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 a growing 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 provide investors with the opportunity to invest in an actively managed portfolio and to gain access to the investment management experience and expertise of the Manager.

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

PERPETUAL KEY CONTACTS

INVESTOR RELATIONS

Karen Davis
P: 02 9229 9114
E: karen.davis@perpetual.com.au

NSW

Mark Williams
Key Account Manager, Perpetual Investments
P: 0405 385 960
E: mark.williams@perpetual.com.au

VIC/SA/NT/TAS

Daniel Moore
Regional Manager, Perpetual Investments
P: 0400 032 819
E: daniel.moore@perpetual.com.au

QLD

Tony Harte
Regional Manager, Perpetual Investments
P: 0407 708 109
E: tony.harte@perpetual.com.au

WA

Tim McCallum
Regional Manager, Perpetual Investments
P: 0411 209 403
E: tim.mccallum@perpetual.com.au

www.perpetualequity.com.au

This monthly report 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. No company in the Perpetual Group (Perpetual Group means Perpetual Limited ABN 86 000 431 827 and its subsidiaries) nor the Company guarantees the performance of the Company or the return of an investor's capital.

CONTACT DETAILS

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

