

13 September 2024

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 August 2024 (as attached).

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

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Yours faithfully



Sylvie Dimarco

Company Secretary
(Authorising Officer)

INVESTMENT UPDATE AND NTA REPORT

AUGUST 2024

PORTFOLIO SNAPSHOT

NET TANGIBLE ASSET (NTA) BACKING PER SHARE

AS AT 31 AUGUST 2024	AMOUNT
NTA after tax (cum dividend)	\$1.280
NTA before tax (cum dividend)	\$1.313

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. As at 31 August 2024, the NTA after tax (ex dividend) was \$1.240 and the NTA before tax (ex dividend) was \$1.273. The ex dividend NTA figures are reduced by a provision for the 4.0 cents per share final dividend that was declared on 26 August 2024. The ex date for the final dividend is 13 September 2024 and payment date 8 October 2024.

NTA figures are calculated as at the end of day on the last business day of the month.

INVESTMENT PERFORMANCE

AS AT 31 AUGUST 2024	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>	-2.2%	2.9%	3.6%	8.6%	8.1%	4.0%	10.9%	9.7%	9.4%
S&P/ASX 300 Acc Index	0.4%	5.6%	6.7%	14.6%	11.8%	6.4%	8.1%	9.2%	9.0%
Excess Returns	-2.6%	-2.6%	-3.1%	-6.1%	-3.7%	-2.4%	2.8%	0.4%	0.5%

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.

KEY ASX INFORMATION

AS AT 31 AUGUST 2024

ASX Code:	PIC
Structure:	Listed Investment Company
Listing Date:	18 December 2014
Market Capitalisation:	\$466 million
Share Price:	\$1.225
Shares on Issue:	380,716,264
Dividends:	Half-yearly
Management Fee:	1.00% p.a.*
Manager:	Perpetual Investment Management Limited

* exclusive of GST

TOP 10 STOCK HOLDINGS

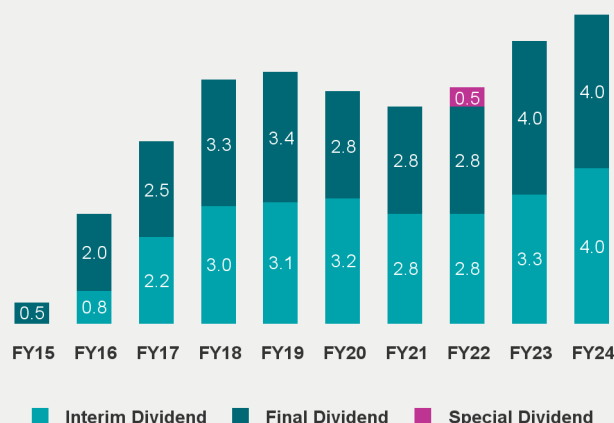
COMPANY	PORTFOLIO WEIGHT
Flutter Entertainment Plc	7.2%
BHP Group Ltd	7.2%
Insurance Australia Group Ltd	5.9%
National Australia Bank Limited	5.8%
Bluescope Steel Limited	4.0%
GWA Group Limited	3.6%
GPT Group	3.4%
Healius Limited	3.3%
Premier Investments Limited	3.3%
Graincorp Limited	2.8%

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

DIVIDENDS IN CENTS PER SHARE

Annual dividend yield: 6.5%

Grossed up annual dividend yield: 9.3%

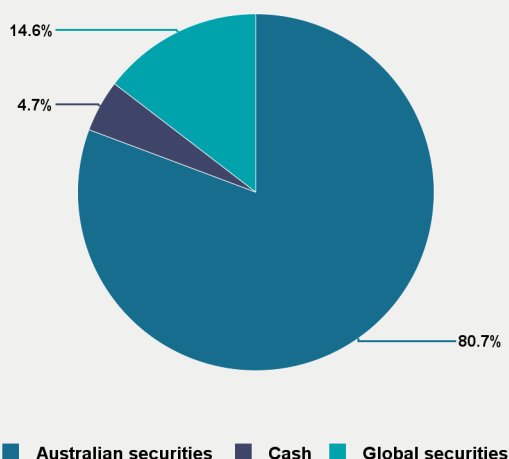


■ Interim Dividend ■ Final Dividend ■ Special Dividend

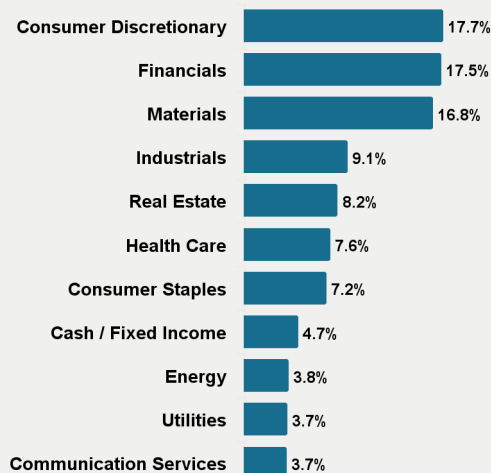
Yield is calculated based on the total dividends of 8.0 cents per share and the closing share price of \$1.225 as at 31 August 2024. Grossed up yield takes into account franking credits at a tax rate of 30%.

ALLOCATION OF INVESTMENTS[^]

95.3% 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

The S&P/ASX300 Accumulation Index (benchmark) delivered a relatively flat return for August, masking a tumultuous month. Early in the month, recession fears spiked in the US due to weak data, including a contraction in the Purchasing Managers' Index (PMI) and disappointing payroll numbers. The Bank of Japan's decision to raise rates to their highest level since 2007 triggered a sharp sell-off in the Nikkei 225, marking its worst decline since 1987. However, the market rebounded in the second week as data, including improved services PMI and jobless claims, alleviated recession concerns.

Financials were the strongest contributor to the benchmark's performance, rising 1.9% and now representing 31.7% of the benchmark. Technology also saw gains, up 7.2%, though it remains a smaller component of the benchmark and contributed modestly. Industrials and Communications both rose by more than 3%. In contrast, concerns about slower growth in China weighed on Materials and Energy sectors, with Energy falling -6.2% and Materials dropping -1.7%.

Portfolio

The portfolio's largest overweight positions include Flutter Entertainment, Insurance Australia Group and BlueScope Steel. Conversely, the portfolio's largest relative underweight positions include Commonwealth Bank of Australia, CSL (not held) and ANZ Group Holdings (not held).

Contributors

After a challenging period, Healius made a positive contribution to performance during reporting season, with the stock rising 10.6%. The company is showing signs of recovery under new management following a stretch of underperformance. Operational improvements in both Pathology and Imaging led to higher EBIT in the second half, resulting in a beat on expectations. This aligns with our earlier view that sustainable pathology margins would exceed consensus estimates. Looking ahead, we see further upside from the potential rationalisation of Healius' portfolio, including the sale of Lumus Imaging at a favourable price, possible capital returns, and topline growing stronger in FY 2025.

Premier Investments delivered strong performance during reporting season up 6.5%. This marks a period of very strong performance for the stock which has outperformed the broader market by more than 3 times, up 43.50% over the 12 months to 31 August 2024. Premier delivered record sales and operating EBIT ahead of consensus which was further supported from their stake in Breville which delivered a good result against a subdued consumer environment. Premier has been a cornerstone of our core retail investments, renowned for its quality business model, fortified by a robust net cash balance and overseen by engaged and experienced executive leadership. Premier's strategic review signals proactive measures to assess and potentially enhance their corporate, operating, and capital structure, reinforcing its commitment to sustained excellence. The upside in the business has been further enhanced by the proposal for a combination of Myer and Premier's Apparel Brands business comprising Just Jeans, Jay Jays, Portmans, Jacqui E and Dotti. This could be materially beneficial for both businesses as additional quality sales are incorporated under a cheaper rental format and with strong retail management expertise. Although future outcomes remain uncertain, they are expected to reflect Premier's commitment to maintaining its high-quality standing in the market.

The overweight to IAG was a contributor to performance over the month with the stock up 4.4%. IAG is one of our largest domestic overweight positions, and the stock has been a beneficiary of rising insurance premiums. During reporting season, the company was able to confirm that prices would rise, continuing to grow revenues and that investments made in the company in recent years would now result in realised productivity and efficiency benefits which should aid margins.

Detractors

After a period of strong performance, A2 Milk detracted from results in August, with the stock declining by -21.9%. Despite this, it has still outperformed the broader market by 8.2% over the 12 months to 31 August 2024. The company's results met both its guidance and consensus expectations and showed that A2 navigated the China label product transition well. However, concerns arose regarding a production disruption at its key supplier, Synlait, which provides 90% of A2 Milk's infant formula and holds critical licences for importing these products into China. This triggered a significant sell-off due to concerns that A2 will miss sales into the crucial 2H CY24 which is expected to see a pick-up in births post-COVID. Although the production and supply chain issue appears to have been largely resolved at the time of writing, the stock price remains depressed. Nonetheless, we remain optimistic about A2 Milk, given its strong balance sheet, ongoing expansion into tier 2 and 3 cities in China, as well as its entry into the U.S., all of which present substantial growth opportunities.

The overweight position in healthcare services and hospital operator Ramsay Health Care detracted from relative performance over August with the stock falling -10.6%. The Australian segment underperformed, with weaker EBIT margins, while the UK division showed strong revenue growth and a slight margin improvement. Ramsay Sante's performance was mixed, with higher-than-expected revenue but a small miss on margins. Looking ahead, challenges such as slower activity, rising costs, and pricing that lags inflation have led to downgrades for FY25 through FY27. While the company continues to perform better than unlisted peers, hospital indexation is less than required to offset wage pressure and FY25 guidance of some profit growth. On a positive note, Ramsay's gearing has returned to its target range, though interest costs remain high, limiting the immediate financial benefit. Future opportunities may arise from strategic reviews or market share gains, but downside risks like wage inflation and limited indexation from payers exists.

Whitehaven Coal detracted from performance during August as the stock fell -13.3%. One of the key highlights of the result was the announced sale of 30% of its Blackwater asset for US\$1.08 billion to Nippon Steel and JFE Steel. This deal significantly reduces the company's leverage, offering more flexibility for capital management over the next few years and initially drove a 6% rally in the share price. Offsetting this was the higher than expected cost guidance for FY25, lower than expected production guidance for the NSW assets and fall in the metallurgical coal price, which is now the key earnings driver for the company, in conjunction with the thermal coal price. QLD volume guidance was in-line. Management's FY25 guidance was impacted by higher unit costs and conservative estimates for coal sales, leading to a large drop in forecasted earnings for FY25. While there is unfortunately a near-term impact to earnings, part of the driver of higher costs is increased stripping to de-risk delivering increased production in the future, which will also drive lower operating costs. Management's ability to deliver this increased production and lower costs in FY26+ will be closely watched by the market, along with the return of excess cash to shareholders on top of the dividend payout of 50% of thermal coal earnings.

Outlook

Despite markets recovering from the August turbulence, confidence remains fragile. Early September saw another decline in US stocks, particularly in the tech sector. After reaching \$130 on August 19, Nvidia's share price dropped to \$106 in early September, driven by weak manufacturing PMI data and a decrease in job openings, fuelling concerns about a slowing US economy. In Australia, GDP growth for the second quarter of 2024 was a mere 0.2%, marking the slowest expansion since the early 1990s, excluding the COVID period. GDP per capita fell for the sixth consecutive quarter. The economy has been propped up only by increased government spending and high migration rates, while consumers grapple with persistent inflation and elevated interest rates. Despite these challenges, markets remain near all-time highs, underscoring the need for continued vigilance.

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, who 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

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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.