

INVESTMENT UPDATE AND NTA REPORT

March 2019

PORTFOLIO SNAPSHOT

NET TANGIBLE ASSET (NTA) BACKING PER SHARE ^{1,3}

AS AT 31 MARCH 2019	AMOUNT
NTA before tax (cum dividend) ²	\$1.095
NTA after tax (cum dividend) ²	\$1.096

Daily NTA is available at www.perpetualequity.com.au

¹ All figures are unaudited and approximate.

² The before and after tax numbers relate to provisions for deferred tax on set-up costs and on unrealised gains and losses in the Company's investment portfolio. As at 31 March 2019, the NTA before tax ex dividend was \$1.064^{1,3} and the NTA after tax ex dividend was \$1.065. The ex dividend NTA figures are reduced by a provision for the 3.1 cent per share interim dividend that was declared on 18 February 2019. The ex date for the interim dividend is 3 April 2019 and the payment date is 26 April 2019.

³ A tax rate of 27.5% (previously 30%) is now applied.

KEY ASX INFORMATION

AS AT 31 MARCH 2019

ASX Code:	PIC
Listing date:	18 December 2014
Market capitalisation:	\$362 million
Share price:	\$1.050
Shares on issue:	344,840,452

INVESTMENT PERFORMANCE

AS AT 31 MARCH 2019	1 MTH	3 MTHS	6 MTHS	1 YR P.A.	2 YRS P.A.	3 YRS P.A.	SINCE INCEP P.A.
PIC Investment Portfolio ⁴ Net of fees, expenses and before tax paid	-0.7%	4.9%	-3.1%	4.2%	5.9%	8.9%	7.5%
S&P/ASX 300 Acc Index	0.7%	10.9%	1.6%	11.7%	7.2%	11.4%	8.9%
Excess Returns	-1.4%	-6.0%	-4.7%	-7.5%	-1.3%	-2.5%	-1.3%

⁴ 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 set up costs and 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
Commonwealth Bank of Australia	10.0%
Westpac Banking Corporation	7.8%
Suncorp Group Limited	6.5%
Woolworths Group Ltd	5.8%
Telstra Corporation Limited	4.6%

TOP 3 GLOBAL LISTED SECURITIES

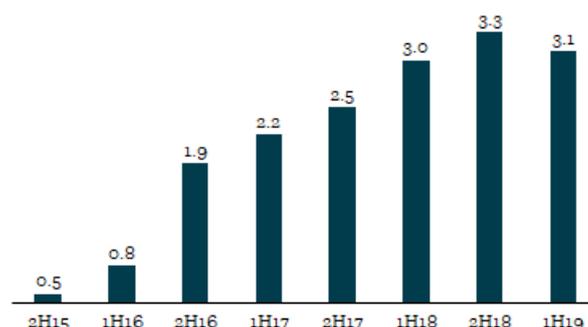
COMPANY	PORTFOLIO WEIGHT
Takeda Pharmaceutical Co. Ltd.	1.5%
ING Groep NV	0.5%
-	-

DIVIDEND PER SHARE, CPS

Interim dividend for FY19: 3.1 cents per share.

Annual dividend yield: 6.1%⁵

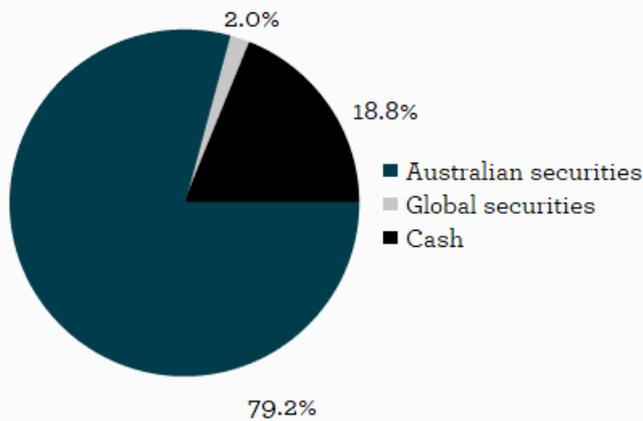
Grossed up annual dividend yield: 8.4%⁵



⁵ Yield is calculated using the 31 March 2019 share price of \$1.050
Grossed up yield takes franking credits into account.

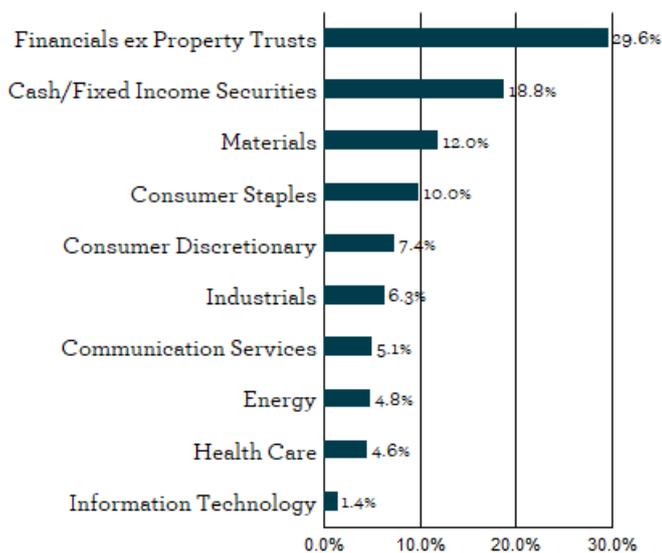
ALLOCATION OF INVESTMENTS⁶

81.2% of capital invested in securities



⁶ Allocations may not sum to 100% due to rounding.

PORTFOLIO SECTORS



PORTFOLIO COMMENTARY

The portfolio performance net of fees and expenses was -0.7% in March, underperforming the benchmark S&P/ASX300 Accumulation Index by -1.4%. Since listing, the Perpetual Equity Investment Company Limited's (PIC) portfolio has returned 7.5% per annum net of fees and expenses.

Portfolio holdings in Woolworths and Telstra contributed positively to performance this month. Conversely the Company's positions in Commonwealth Bank of Australia and Westpac Banking Corporation detracted from returns.

The allocation to Global securities is 2.0%, with the largest position being Takeda Pharmaceutical at 1.5%.

STOCK NEWS

As at 31 March, the portfolio allocation to Fletcher Building Limited was 2.8%. Fletcher Building is a diversified building materials and construction company operating in over 40 countries. The company is currently simplifying its business through the divestment of Formica. Post the sale, the business will be more focussed, across Australia and New Zealand, with over 85% of its profitability coming from New Zealand where the company enjoys strong positions in manufacturing and distribution of building and construction materials. Its Australian businesses have a weaker market position.

Despite a favourable macro backdrop in New Zealand, the past 2 years have been a difficult time for the company. Significant losses in the construction business have been reported and resulted in management changes and a capital raising. Whilst risks of further significant project losses cannot be ruled out, the Manager sees the market as capitalizing these losses that are arguably more "one-off" in nature.

Post the sale of Formica, the Manager sees the opportunity for the CEO to be more focussed on improving margins in New Zealand and improving performance in Australia. The Manager believes that simplifying the business to be more New Zealand centric with strong market positions and a strong balance sheet should see significant upside realised

MARKET COMMENTARY

The Australian equity market, as measured by the S&P/ASX 300 Accumulation Index, finished 0.7% higher over the month of March. Global recessionary fears led to market jitters as the US treasury yield curve inverted for the first time in ten years. US-China trade deal uncertainty remained, and Brexit concerns prevailed after the UK parliament failed to reach an exit deal for the third time. Robust labour market data and positive commentary from the US Federal Reserve, however, offset the adverse sentiment, allowing the index to end slightly higher.

The Reserve Bank of Australia maintained that a 3% growth target for 2019 was still achievable but emphasised that uncertainty in the economy remained, as December-quarter GDP rose lower than expected at 0.2% quarter-on-quarter. Interest rates were left unchanged at 1.5% while the Reserve Bank maintained the view that the next rate rise was equally likely to be either up or down due to the imbalance between an improvement in employment and a slowdown in output growth.

Resource stocks finished higher as commodity prices rallied, iron ore increased 2.8% after the world's largest ore miner, Vale, was ordered to suspend operations in Brazil over safety concerns following its recent dam collapse. Demand for the commodity also increased as steelmaking restrictions in China were relaxed, further assisting prices over the month. Thermal coal continued to fall on additional customs restrictions at Chinese ports, while OPEC-led supply cuts from Saudi Arabia saw oil prices nudge higher, with Brent crude gaining 1.9%. Gold fell 1.6% on a strengthening US dollar, which finished flat against the AUD.

The best performing sectors for the month, as measured by the S&P/ASX 300 Accumulation Index, were Real Estate (+5.4%), Communication Services (+3.8%) and Consumer Staples (+3.7%). The worst performers were Energy (-4.1%), Financials (-2.6%) and Health Care (+1.3%). As a whole, industrial stocks (+0.4%) underperformed resource stocks (+1.9%) and large cap stocks (+1.0%) outperformed small cap stocks (-0.1%). Value stocks (-0.2%) underperformed growth stocks (+1.7%) as measured by the MSCI Australia Value and MSCI Australia Growth indices, respectively.

COMPANY NEWS

Australian Shareholders Association

One of Australia's largest and most highly regarded conferences for individual investors, the Australian Shareholders Association Investing in the Age of Uncertainty Conference, is fast approaching. This years conference will be held in Melbourne on May 20-21.

We are pleased to announce that Vince Pezzullo, Perpetual Investments Deputy Head of Equities and PIC Portfolio Manager, will be presenting at a breakout session on 21 May 2019 at 9.30am. Take a look at the full [program](#).

You can register online at the [ASA website](#) or call the ASA office on 1300 368 448.

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 20 years' experience in the financial services industry, has outperformed consistently 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

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