PERPETUAL EQUITY INVESTMENT COMPANY LIMITED

ACN 601 406 419

KEY ASX INFORMATION

As at 30 April 2017

ASX code: PIC

Listing date: 18 December 2014

Market capitalisation: $258.434 million

Share price: $1.02

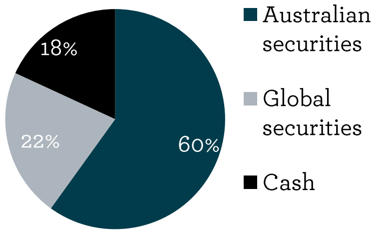
Shares on issue: 253,366,220

APRIL 2017
MONTHLY INVESTMENT UPDATE AND NTA REPORT

PORTFOLIO PROFILE

ALLOCATION OF INVESTMENTS

82% of capital invested in securities.



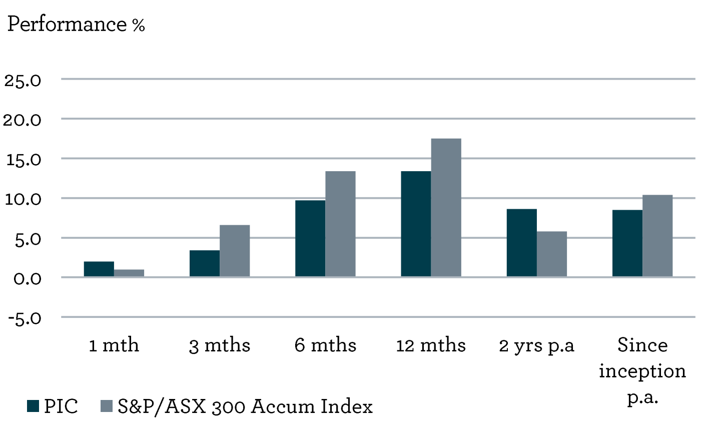
PERFORMANCE

Net of fees, expenses and tax paid

AS AT 30 APRIL 2017	1 MTH	3 MTHS	6 MTHS	1 YRS P.A.	2 YRS P.A.	SINCE INCEP P.A.
PIC	2.0%	3.4%	9.7%	13.4%	8.6%	8.5%
S&P/ASX 300 Acc Index	1.0%	6.6%	13.4%	17.5%	5.8%	10.4%
Versus bench-mark	+1.0%	-3.2%	-3.7%	-4.1%	+2.8	-1.9%

Inception date is 18 December 2014.

PERFORMANCE - PIC VS BENCHMARK



Returns shown for the Company have been calculated on the growth of Net Tangible Assets (NTA) after taking into account all operating expenses (including management fees and any income tax on realised gains) and assuming reinvestment of dividends. 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 COMMENTARY

The Portfolio performance, as measured by the growth in net assets per share, was 2.0% in April. The portfolio outperformed the benchmark S&P/ASX300, which rose by 1.0%. Since listing, the Perpetual Equity Investment Company Limited's (PIC) portfolio has returned 8.5% per annum.

During the month, strong quarterly reporting results from several key global stocks contributed positively to portfolio performance – particularly Deutsche Boerse AG and ICON Plc. The Manager has started to find high quality, attractively priced companies in Europe, which has resulted in a larger allocation to global securities relative to last month. Again, the portfolio's relatively high cash holding of 18% was the largest single detractor from overall performance.

As at 30 April, 6.0% of the portfolio was invested in Deutsche Boerse AG (ETR: DB1) – the largest global position. DB1 is the dominant European exchange operator offering derivatives and cash equities trading as well as settlement, clearing and custodial services. DB1 recently reported solid 1Q17 results: growing net revenue by 2% and consolidated net profit by 5% year-on-year and exceeding market expectations. The results were driven by stronger revenues in the Clearstream business and growth in the Eurex fixed income derivatives business, both of which more than offset the continued softness in the equity and index derivatives business resulting from lower volatility. DB1 managed to keep operating costs flat year-on-year, which highlights the operating leverage in their businesses to any increase in revenues. DB1 has announced plans to implement a €200million share buyback program to commence in 2H17, funded from the recent sale of the ISE business to competitor Nasdaq (US: NDAQ). The Manager continues to believe that DB1 is operating in a subdued environment, but is well positioned to benefit from improving cyclical conditions. It is trading on a consensus FY18 forecast P/E multiple of 16.7x, well below global peers, and has a stable balance sheet which gives them flexibility around capital management. DB1 has reaffirmed full year guidance of double-digit earnings growth in both FY17 and FY18.

Perpetual

As at 30 April, 3.9% of the portfolio was invested in ICON Plc (US: ICLR). ICON is a Clinical Research Organisation that undertakes clinical drug trials on behalf of pharmaceutical and biotechnology companies, and is hence not directly exposed to the binary outcome of drug development. In this sense, whilst classified as a healthcare company, the Manager views ICLR as a more industrial style company. ICLR recently reported solid 1Q17 results that exceeded market expectations, growing revenue by 7.8% and earnings by 12.7%. The operating cash result was also a highlight, illustrating the strong cash generation ability of this company given relatively low capital requirements.

The Manager has been deploying capital into high quality, attractively priced European financials that have been under pressure due to broader market uncertainty stemming from several recent geopolitical events. As at 30 April 2017, 3.4% of the portfolio was invested in ING Groep NV (AMS: INGA) – a recent addition to the portfolio. INGA is a European financial engaged in banking, investments, insurance and asset management. It operates throughout the Netherlands, Belgium and Germany. INGA is a financial cyclical due to fluctuations in credit costs and net interest margins, however the balance sheet is relatively stable and there is a high percentage of recurring revenues given it is predominantly a retail deposit bank. INGA is focused on cost controls and has successfully been reducing their cost-to-income ratio in recent years. As confidence in a European economic recovery continues to build, the Manager believes INGA is a high quality, well managed and well capitalised business that will benefit from the eventual normalisation of European interest rates.

MARKET REVIEW

The Australian equity market, as measured by the S&P/ASX 300 Accumulation Index, rose 1.0% over the month of April. Global markets generally performed positively in April, an exception being the UK FTSE where slow Q1 economic growth was recorded. The US market posted moderate gains in light of the release of weaker-than-expected GDP and jobs figures and an outline of Trump's tax reform proposal. Investor reactions to US earnings announcements were mostly positive with aggregate results exceeding expectations. French shares responded positively amidst an optimistic presidential outlook. This, along with positive Eurozone inflation data stimulated the Euro. A surge in construction activity, a rebound in company profits and robust trade pushed up China's annual growth rate in the first quarter to a better-than-expected 6.9 per cent. Crude oil prices slipped amid lingering concerns that an OPEC-led production cut has failed to significantly tighten an oversupplied market and this was reflected in the underperformance of world energy stocks over the month. The Australian Dollar slid against the US dollar after key inflation figures showed a pickup in price pressure, though came in lower than expected which dampened expectations of a future rate rise. Clearance rates in Sydney and Melbourne housing markets weakened, driving speculation that this may be the top of the housing boom. Meanwhile, Japan kept their policy rate on hold at negative 0.1%.

The best performing sectors for the month were Industrials (+4.1%), Information Technology (+3.5%) and Healthcare (+3.4%). The worst performers were Telecommunication Services (-9.5%), Consumer Staples (-2.5%) and Energy (-0.6%). As a whole, industrial stocks (+1.5%) outperformed resource stocks (-1.6%) and large cap stocks (+1.0%) outperformed small cap stocks(-0.3%).

TOP SECURITIES

TOP 5 AUSTRALIAN SECURITIES AS AT 30 APRIL 2017

COMPANY	PORTFOLIO WEIGHT
Woolworths Ltd	10.4%
Star Entertainment Group	6.1%
CYBG PLC	5.8%
Medibank Private Ltd	5.3%
Suncorp Group Ltd	4.6%

TOP 3 GLOBAL SECURITIES AS AT 30 APRIL 2017

COMPANY	PORTFOLIO WEIGHT
Deutsche Boerse AG	6.0%
Icon Plc	3.9%
ING Group Nv	3.4%

NET TANGIBLE ASSET (NTA) BACKING PER ORDINARY SHARE [1]

AS AT 30 APRIL 2017	AMOUNT
NTA before tax [2]	$1.119
NTA after tax	$1.099

Daily NTA is available on the website.

[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.

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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