PERPETUAL
EQUITY INVESTMENT COMPANY LIMITED

ACN 601 406 419

INVESTMENT UPDATE AND NTA REPORT
November 2017

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

AS AT 30 NOVEMBER 2017	AMOUNT
NTA before tax [2]	$1.160
NTA after tax [2]	$1.138

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.

KEY ASX INFORMATION
AS AT 30 NOVEMBER 2017

ASX code: PIC
Listing date: 18 December 2014
Market capitalisation: $289.384 million
Share price: $1.140
Shares on issue: 253,845,980

INVESTMENT PERFORMANCE

AS AT 30 NOVEMBER 2017	1 MTH	3 MTHS	6 MTHS	1 YR P.A.	2 YRS P.A.	SINCE INCEP P.A.
PIC Investment Portfolio[3] Net of fees, expenses and before tax paid	1.6%	7.0%	8.3%	16.9%	10.8%	10.5%
S&P/ASX 300 Acc Index	1.7%	5.8%	6.9%	14.7%	12.3%	9.7%
Excess Returns	**-0.1%**	**+1.2%**	**+1.4%**	**+2.2%**	**-1.5%**	**+0.9%**

[3]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.

TOP SECURITIES
TOP 5 AUSTRALIAN LISTED SECURITIES

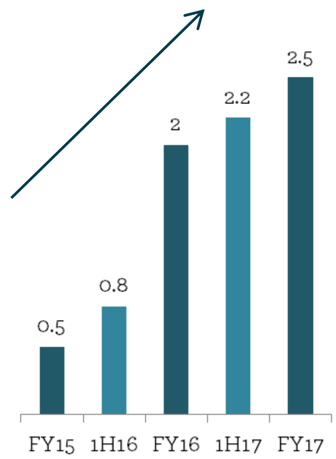
COMPANY	PORTFOLIO WEIGHT
Woolworths Ltd	8.3%
Westpac Banking Corp	8.1%
Star Entertainment Group Ltd	6.3%
CYBG PLC	5.7%
Oil Search	4.9%

TOP 3 GLOBAL LISTED SECURITIES

COMPANY	PORTFOLIO WEIGHT
Shire PLC	9.1%
AXA SA	4.8%
ING Groep NV	2.9%

DIVIDEND PER SHARE, CPS

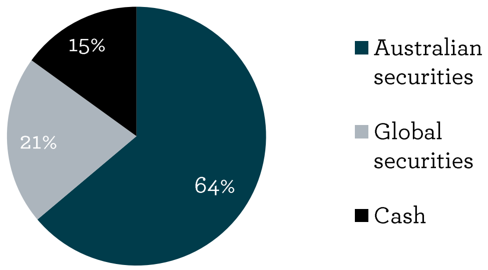
FY17 final dividend: 2.5 cents per share
Annual dividend yield: 4.1%[4]
Grossed up annual dividend yield: 5.9%[4]



[4] Yield is calculated using the 30 November 2017 share price of $1.140. Grossed up yield takes franking credits into account.

ALLOCATION OF INVESTMENTS

85% of capital invested in securities.



NOVEMBER 2017 INVESTOR UPDATE PRESENTATION VIDEO AND SLIDES

Thank you to all shareholders who attended our 2017 Investor Update presentations throughout November. We hope you enjoyed the events; a video of Vince's presentation and slides is now available at www.perpetualequity.com.au.

PORTFOLIO COMMENTARY

The portfolio performance net of fees and expenses was 1.6% in November. The portfolio underperformed the benchmark S&P/ASX300 Accumulation Index, which returned 1.7%. Since listing, the Perpetual Equity Investment Company Limited's (PIC) portfolio has returned 10.5% per annum net of fees and expenses.

Most Australian equity sectors posted positive returns during the month with the best performers being the Real Estate, Information Technology and Energy sectors. The Telecommunications sector lost ground over the month.

The portfolio's cash exposure detracted from relative performance, whilst stock selection within the Financial sector assisted returns.

Portfolio holdings in Oil Search, Alumina and Westpac contributed negatively to performance this month. Conversely, the portfolio's overweight positions in Woolworths and Medibank assisted returns.

STOCK NEWS

Tabcorp is Australia's largest wagering company, also having operations in media, keno and gaming services. As at 30 November 2017 the portfolio's allocation to Tabcorp was 1.94%. After a very tough 2017, where the company experienced multiple pressure points on earnings and the stock experienced a valuation de-rating, the Manager sees a more favourable outlook for the company going into 2018. A merger with Tatts Group is also a large opportunity as it would create Australia's largest wagering and lotteries company.

The wagering business, although largely protected by licenses awarded by State governments, has been coming under pressure from increased competition from on-line channels in recent years, and competitive pressures appeared to have accelerated in 2017. However, a big part of the reason for growth in on-line book makers has been driven by a tax arbitrage between Tabcorp's business which pays taxes at a State level, versus the on-line corporate book makers which are not paying tax as they incorporate themselves in the Northern Territory. It is the Manager's expectation that a Point of Consumption Tax (POCT) will be implemented across states (already enacted in South Australia), where taxes on wagering will be collected at the point of consumers purchasing wagering product, as opposed to gaming companies being taxed at a revenue level in their place of domicile. This will level the playing field for the on-line corporate book makers and the incumbents in bricks and mortar (Tabcorp and Tatts Group), as well as reduce the ability of corporate book makers to offer aggressive discounting via customer incentives as their profitability diminishes.

Tabcorp's most recent market update was also consistent with the Manager's expectation that FY18 should see an improvement operationally. Although there was a decline in totalisator revenue (which has been taking place for 7 years), the pace of decline is abating. In FY17 there had been concerns the pace of decline was starting to accelerate. In addition the growth in fixed odds business is now more than offsetting the decline in totaliser revenue.

Tabcorp's digital strategy also looks to be making good progress, with the annualised growth rate in 1Q18 improving vs FY17, and this gives comfort that Tabcorp are seeing traction improve in their digital offering, independent of what happens on POCT.

On 17 November 2017, the Australian Competition Tribunal granted authorisation for the proposed combination of Tabcorp and Tatts Group. The Tribunal concluded that the merger will indeed result in substantial public benefits, and that the detriments identified by other parties are unlikely to either arise or are not otherwise material. Tatts Group shareholders overwhelmingly voted in favour of the merger on the 12 December 2017, and the Manager is optimistic about the value creation that will occur in merging these two companies.

MARKET COMMENTARY

The Australian equity market, as measured by the S&P/ASX 300 Accumulation Index, continued to climb, finishing the month up 1.7%, boosted by a weakening Australian dollar. The small retailers continued to suffer amidst challenging operating conditions, with retail sales values significantly lower than expected and year-on-year growth reported at its lowest since June 2013. The finance sector was pressured during the final day of trading as the Federal Government ordered a Royal Commission into alleged misconduct in the banking, superannuation and financial services industry, which further hampered the sector as three of the big four banks posted lacklustre full-year results during the month.

Employment figures and the wage price index for the September quarter improved though both failed to meet consensus estimates. Business confidence, however, reached a record high. Domestic construction still remained strong and the RBA left the official cash rate on hold for the 15th consecutive month at a record low of 1.5%. Commodity returns were mixed, with iron ore surging on increased demand from China and most base metals falling amidst surplus concerns. Oil prices continued to run as producers agreed with OPEC to extend production cuts until the end of 2018, allowing for a solid rally in energy stocks. Despite stronger iron ore prices, the Australian dollar declined as yield spreads between

Australian and US bonds narrowed. Global equities performed well, led by the US market which rallied upon a better-than-expected reporting season and anticipation of President Trump's tax reform bill passing through the Senate.

The US dollar weakened against most major currencies, assisted by possible concerns over the flattening of the US yield curve. Eurozone equities slipped on a weaker Euro despite stronger economic data and UK shares also fell as the Pound rallied. The Japanese Nikkei reached a 25-year high as foreign investors bought into the market.

The best performing sectors from the S&P/ASX 300 were Real Estate (+4.7%), Information Technology (+4.5%) and Energy (+4.3%). The worst performers were Telecommunication Services (-1.6%), Financials (+0.0%) and Consumer Discretionary (+0.9%). As a whole, industrial stocks (+1.4%) underperformed resource stocks (+3.2%) and large cap stocks (+1.2%) underperformed small cap stocks (+3.9%).

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

NSW

Aaron Russell
Head of Wholesale Business, Perpetual Investments
P: 0403 473 327
E: aaron.russell@perpetual.com.au

Nathan Boroughs
State Manager, Perpetual Investments
P: 0466 775 961
E: nathan.boroughs@perpetual.com.au

VIC/SA/NT/TAS

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

QLD

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

WA

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

INVESTOR RELATIONS

Anne Rozenauers
P: 02 9229 3528
E: anne.rozenauers@perpetual.com.au

www.perpetualequity.com.au

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