

# INVESTMENT UPDATE AND NTA REPORT

## JANUARY 2025

### PORTFOLIO SNAPSHOT

#### NET TANGIBLE ASSET (NTA) BACKING PER SHARE

AS AT 31 JANUARY 2025	AMOUNT
NTA after tax	\$1.260
NTA before tax	\$1.289

Daily NTA is available at [www.perpetualequity.com.au](http://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 JANUARY 2025

ASX Code:	PIC
Structure:	Listed Investment Company
Listing Date:	18 September 2014
Market Capitalisation:	\$474 million
Share Price:	\$1.24
Shares on Issue:	381,867,088
Dividends:	Half-yearly
Management Fee	1.00% p.a.*
Manager	Perpetual Investment Management Limited

\* exclusive of GST

### INVESTMENT PERFORMANCE

AS AT 31 JANUARY 2025	1 MTH	3 MTHS	6 MTHS	1 YR	3 YRS p.a.	5 YRS p.a.	7 YRS p.a.	10 YRS p.a.	SINCE INCEP p.a.
PIC Investment Portfolio <small>Net of fees, expenses and before tax paid</small>	1.4%	2.7%	1.1%	9.9%	5.5%	10.3%	9.1%	9.5%	9.4%
S&P/ASX 300 Acc Index	4.5%	5.0%	7.3%	15.1%	11.1%	7.9%	9.2%	8.6%	9.3%
Excess Returns	-3.1%	-2.3%	-6.2%	-5.2%	-5.6%	2.4%	-0.1%	0.8%	0.1%

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 10 STOCK HOLDINGS

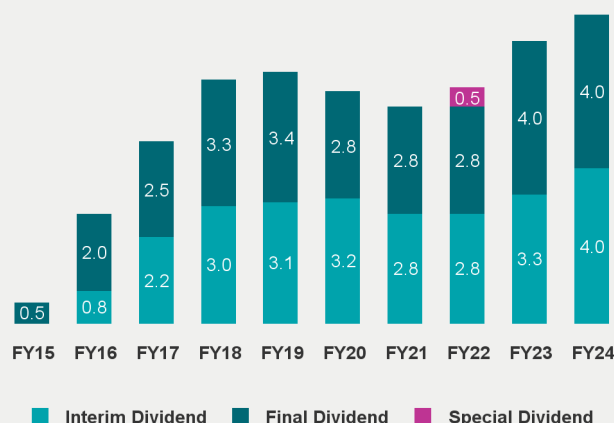
COMPANY	PORTFOLIO WEIGHT
BHP Group Ltd	8.4%
Flutter Entertainment Plc	7.5%
Macquarie Group, Ltd.	4.1%
Whitehaven Coal Limited	3.9%
GWA Group Limited	3.8%
Westpac Banking Corporation	3.5%
ANZ Group Holdings Limited	3.3%
Insurance Australia Group Ltd	3.0%
Howden Joinery Group PLC	2.7%
Vicinity Centres	2.6%

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%

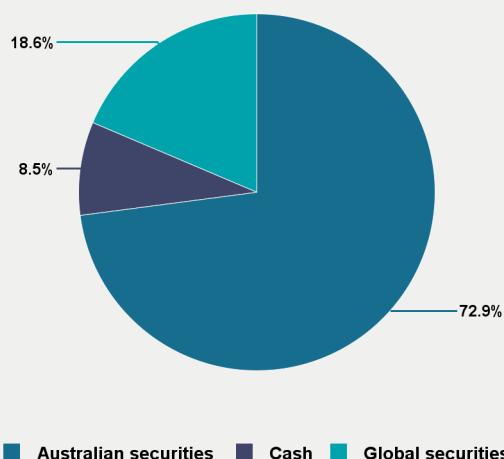
Grossed up annual dividend yield: 9.2%



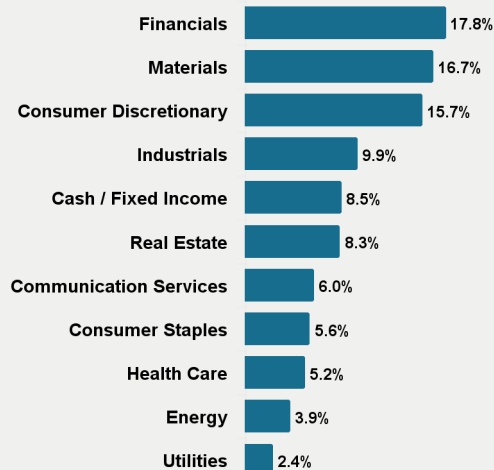
Yield is calculated based on the total dividends of 8.0 cents per share and the closing share price of \$1.240 as at 31 January 2025. Grossed up yield takes into account franking credits at a tax rate of 30%.

## ALLOCATION OF INVESTMENTS<sup>^</sup>

91.5% of capital invested in securities



## PORTFOLIO SECTORS<sup>^</sup>



<sup>^</sup>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.

## COMPANY NEWS

### Half year results 2025

The Company's half year results for financial year 2025, including any dividend announcement, will be announced on Thursday, 20 February 2025. Indicative key dates for 2025 are now available on the [PIC website](#).

## PORTFOLIO COMMENTARY

### Market Commentary

Markets surged in January, with the S&P/ASX 300 Accumulation Index delivering a strong 4.5% return, driven largely by Financials, which contributed nearly half of the month's gains. The major banks rallied, with NAB up 8.2% and ANZ adding 7.3%, while CBA and Westpac rose 4.8% and 4.4%, respectively. Macquarie Group also posted a notable 8.6% gain, and Wesfarmers added 7.1%. Consumer Discretionary (+6.8%) and Real Estate (+4.60%) also performed well, while Utilities (-2.40%) was the weakest, weighed down by a -4.1% decline in Origin Energy. Consumer Staples saw only modest gains, rising 0.8%.

Despite continued tariff threats from the White House, major miners BHP and Rio Tinto remained flat. The NAB Monthly Business Survey indicated that business conditions improved in December, up 3 points to +6 index points. The labour market remained resilient, with employment rising by 56,300—well ahead of expectations. Headline inflation fell to its lowest level since early 2021, with the trimmed mean reaching a three-year low. This drove increased speculation of interest rate cuts, leading to a decline in the Australian dollar and supporting the equity market.

### Portfolio contributors

BlueScope Steel Limited was one of the top contributors to performance in the PIC portfolio. The stock rose 13.9% in January as the industry experienced multiple positive news points including press speculation of a joint Cleveland-Cliffs Inc and Nucor Corp bid for US Steel. While short-term steel spread dynamics remain challenging, we believe the share price movement aligns with the longer-term opportunity. Steel pricing has reached a level where there is an asymmetric upside potential, and we are observing positive competitive trends with hot-rolled coil steel prices increasing. BlueScope remains one of the highest quality steel producers globally, with a capable management team, low-cost US based steel mill, and the Colorbond brand, which boosts group margins and return levels.

Insurance Australia Group continued to contribute to performance as the market continued to reward the RACQ deal with the potential for IAG to reduce the capital demands of that business and extract higher returns. One aspect of IAG's strategy is an Adverse Development Cover (ADC), designed to shield its existing reserves from significant fluctuations. A second layer of protection comes from a reinsurance arrangement focused on natural perils, which provides a buffer against the unpredictable costs of weather-related events. This arrangement is structured to cover most expected scenarios, helping to stabilize the company's claims expenses. Although this layered protection introduces upfront costs, it reduces financial impact over time and is expected to moderate earnings volatility, protect target margins, and enhance long-term returns by lowering capital strain.

### **Portfolio detractors**

Premier Investments suffered a setback during January, down -4.2%, after issuing a surprisingly disappointing trading update halfway through the month which was below consensus. The combination of Myer and Premier's Apparel Brands business comprising Just Jeans, Jay Jays, Portmans, Jacqui E and Dotti presented a material value unlock opportunity for shareholders and the transaction was completed at the end of the month with Premier shareholders receiving an in-specie distribution of the Myer shares. The transaction also enabled Premier to release its significant franking account balance to shareholders, with the in-specie distribution of Myer shares almost fully franked. Post transaction, Premier will continue to own 25% of Breville Group, 100% of the high margin growth brands Peter Alexander and Smiggle, property assets and have a net cash balance sheet.

The overweight to Myer detracted from portfolio performance (-23.7%) during January as the company released a mid-month trading update which highlighted operating cost pressure, subdued customer demand and ramp up issues at the new distribution centre. The company completed its combination with Premier's Apparel Brands Just Jeans, Jay Jays, Portmans, Dotti and Jacqui E. The combination has created a leading omni-channel retail platform that brings enhanced scale and significant operating leverage benefits. Myer will also benefit from the expected addition of Retail Stalwart Solomon Lew's potential addition to the board.

The overweight position in Iluka Resources detracted from performance over January with the stock falling -12.5% following a soft quarterly update. Ongoing soft end market demand in key products continues to pressure volume and price, with Iluka announcing a decision to curtail production until market conditions improve. Iluka is a major producer of rutile and synthetic rutile that is used to produce pigment (paint) and largest producer of zircon that is used to produce ceramics (tiles) and a recovery in these markets can be met by releasing excess inventory and reducing working capital before production is restarted. Iluka has a very strong balance sheet (net cash) and also owns a valuable stake in Deterra Royalties, which was spun-off in an IPO so is able to buffer these periods of demand distortion that is a feature of these markets.

### **Outlook**

After an initial embrace of Trumponomics, market focus is shifting to the challenges of execution and the risk of inflation returning in 2025. The new administration must navigate deregulation, tax relief, and spending cuts while managing the budget deficit—an ambitious mix that bond markets will closely scrutinize. U.S. equities remain exuberant, with valuations echoing the Dotcom peak in 2000 and the post-COVID surge in 2021. While some Australian sectors appear stretched, overall valuations are more measured, especially in resources, which trade near multi-year lows. China remains the key uncertainty as its economy flirts with deflation. The question is whether authorities can deliver sustained stimulus, akin to QE3 in 2012, to restore confidence and support growth—an outcome with broad implications for global markets.

## 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

Currency exposures may be hedged defensively, 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 30 years' experience in the financial services industry, and has prior global experience as both an analyst and a portfolio manager. Vince is Head of Australian Equities and leads 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](http://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

### For queries regarding investor relations:

**Karen Trau**  
P: 02 9229 3138  
E: [karen.trau@perpetual.com.au](mailto:karen.trau@perpetual.com.au)

### For queries regarding investor shareholdings:

**MUFG Corporate Markets**  
Investor queries:  
Telephone: +61 1800 421 712  
Email: [pic@cm.mpms.mufg.com](mailto:pic@cm.mpms.mufg.com)

## FIND OUT MORE

Visit our website [www.perpetual.com.au/equity](http://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](http://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.