

PERPETUAL EQUITY INVESTMENT COMPANY LIMITED

ACN 601 406 419

Dear Fellow Shareholders,

In February, the Board declared a fully franked interim dividend of 4.0 cents per share, consistent with the interim and final dividend payment in the 2024 financial year. This equates to an annual dividend yield of 6.8% and a grossed up dividend yield of 9.6%, both which the Board believes is attractive for our shareholders particularly in the current environment¹.

The Board has continued its focus on the management of the Company's profit reserve to maximise the potential of providing shareholders with a reliable income stream. Following the payment of the interim dividend, the Company has a profit reserve of \$73.1 million which equates to 19.1 cents per share and provides for 2.4 years dividend coverage². The Company's franking account balance is \$14.6 million which equates to 8.9 cents per share and provides for 1.1 years dividend coverage². We believe this position will support the market dynamics ahead and sustain dividends over the long-term.

On 7 March 2025, the Board was delighted to announce the appointment of Sean Roger as Co-Portfolio Manager of the Company, working alongside current Portfolio Manager Vince Pezzullo. Sean has worked with Vince for 10 years and has a deep understanding of Perpetual's investment approach, process and philosophy. This appointment strengthens the management of the PIC portfolio and we are confident in Vince, Sean and the broader Perpetual Australian Equity Investment Team's ability to identify the opportunities to generate returns for our PIC shareholders.

Thank you for your ongoing support in PIC and I look forward to updating you in the future.

Yours sincerely,



Nancy Fox AM
Chairman

1H25 Dividend

4.0 cps fully franked FY24 interim dividend

6.8%¹ annual dividend yield

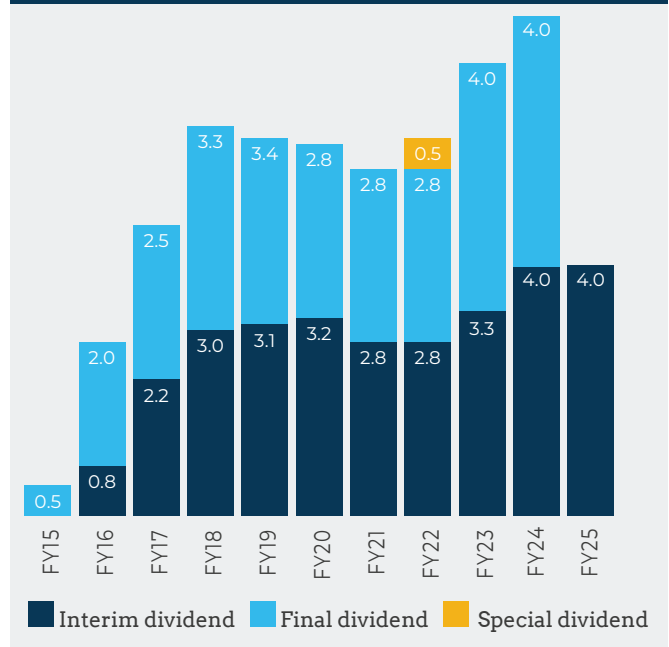
9.6%¹ grossed up dividend yield

Sustainable income

Profit reserve of 19.1 cents per share which provides for 2.4 years dividend coverage²

Franking account balance of 8.9 cents per share which provides for 1.1 years dividend coverage²

Fully franked dividends since inception in cents per share (cps)



Portfolio Manager's update

Since 1H25 results, we have been encouraged by improved performance against a backdrop of a shift in market dynamics. The PIC portfolio performed well against the market in February's reporting season, outperforming the S&P/ASX 300 Accumulation Index (benchmark) by 3.6%.

February was the first reporting season in recent history where valuation and fundamentals trumped earnings and share price momentum. Generally, stocks that had underperformed leading in and delivered sound results, were rewarded, while trendy stocks that delivered weaker or in-line results often endured sharp underperformance. Sector divergence was dominant, where high-quality management teams and companies with strong market positions delivered significantly better results than peers. Several holdings in the portfolio, including A2 Milk and BlueScope Steel performed strongly in response to operational improvements against tough market back-drops.

Locally, the macro environment appears to be stabilising with green shoots observed in advertising markets, the residential housing cycle and easing construction costs. Valuations in commercial real estate continue to show signs of bottoming out, most notably in the office sector, though activity in transaction markets remains sluggish.

Globally, equity markets that had seemed extended—specifically growth stocks—began rebalancing. Shifts in expectations around U.S. fiscal and trade policy are bringing another level of uncertainty, and there's fear that government budget cuts and periodic trade tension will weigh on consumer and business sentiment more than anticipated.

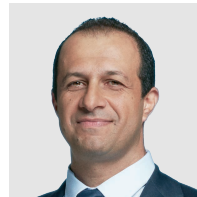
In this environment, PIC's strategy remains committed to holding quality businesses that have strong balance sheets and management teams. Recent volatility in markets is presenting potential new investment opportunities in Australia and globally. As at 28 February 2025, the PIC portfolio comprises 72.1% Australian listed securities, 22.1% global listed securities and 5.8% cash.

PIC is designed to be a long term investment and over 5 years, the PIC portfolio has returned 12.0%³ p.a. outperforming the benchmark by 3.2%. For our shareholders that have been with us for 10 years, the PIC Portfolio has returned 9.3%³ p.a., outperforming the benchmark by 1.8%.

Thank you for your ongoing support in PIC and we look forward to updating you in the future.

Please visit our website, perpetualequity.com.au, to access our Monthly Investment Update that provides an update on markets and the portfolio.

Yours sincerely,



Vince Pezzullo
Co-Portfolio Manager
Head of Equities,
Perpetual Asset
Management Australia



Sean Roger
Co-Portfolio Manager
Perpetual Asset
Management Australia

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- 1 Yield is calculated based on the dividends announced in the prior 12 months, being a total of 8.0 cents per share and the closing share price of \$1.185 as at 31 December 2024. Grossed up yield includes franking credits at a tax rate of 30%.
 - 2 Profit reserve of \$73.1 million and franking account balance of \$14.6 million as at 31 December 2024 after taking into account the estimated payment of the interim dividend. The profit reserve equates to 19.1 cents per share and provides for 2.4 years dividend coverage based on a total dividend payment of 8.0 cents per share per annum. The franking account balance equates to 8.9 cents per share and provides for 1.1 years dividend coverage based on a total dividend payment of 8.0 cents per share per annum. This does not take into account any changes to share capital. No representation is made in relation to the payment of future dividends, which will be at the discretion of the Company's Board.
 - 3 The benchmark is the S&P/ASX 300 Accumulation Index. Returns have been calculated on the growth of 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.
For details of the Company's investment performance, please visit <https://www.perpetualequity.com.au/tools-and-resources/research-reports>.

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