

**PERPETUAL
EQUITY
INVESTMENT
COMPANY**

INVESTMENT INSIGHTS WEBINAR
COVID-19 MARKET AND PORTFOLIO IMPACTS

15 May 2020

IMPORTANT NOTE

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YOUR PRESENTERS



VINCE PEZZULLO
Deputy Head of Equities,
Portfolio Manager
Perpetual Investments



KAREN DAVIS
Investor Relations
Perpetual Equity Investment
Company Limited

AGENDA

| Investment Manager Update

| Q&A

PERPETUAL
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INVESTMENT MANAGER UPDATE

VINCE PEZZULLO
DEPUTY HEAD OF EQUITIES, PORTFOLIO MANAGER
PERPETUAL INVESTMENTS

INVESTMENT PHILOSOPHY

QUALITY & VALUE FOCUS



Investment Objective

- Deliver a growing income stream
- Provide long-term capital growth
- Exceed the S&P/ASX 300 Accumulation Index over minimum 5 year investment periods



Investment Guidelines

Typically 20 – 40 securities

50% - 100% Australian listed securities

0% - 35% Global listed securities

0% - 25% Cash



Investment Process

1

Quality business

2

Conservative debt

3

Sound management

4

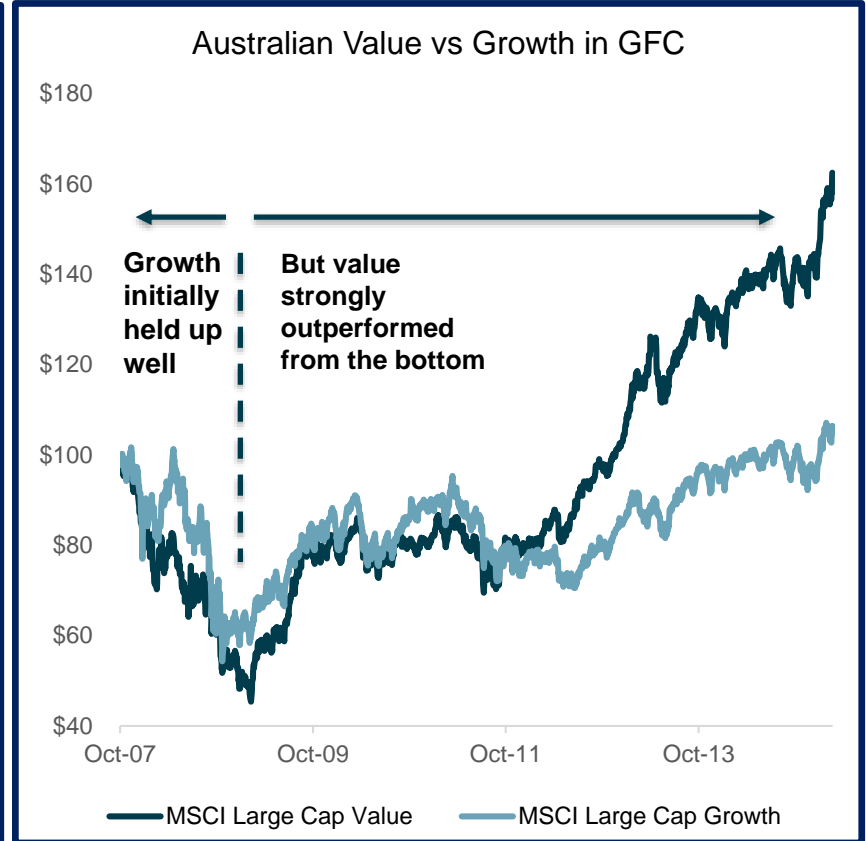
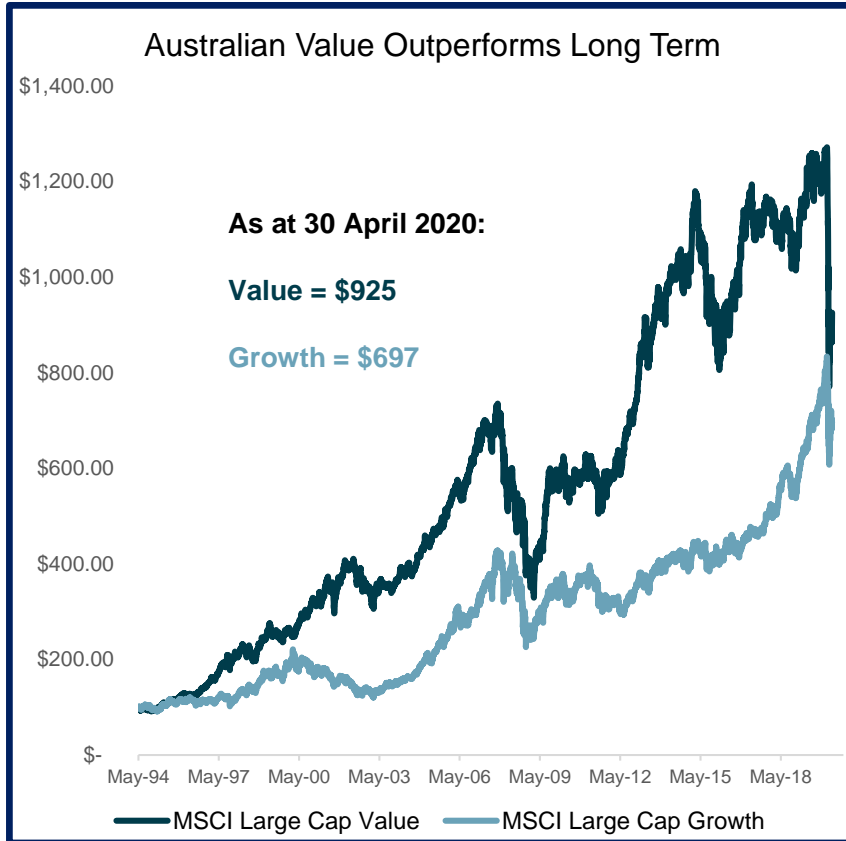
Recurring earnings

Supported by a large and experienced investment team of portfolio managers and analysts

MACRO SUMMARY

- We may only be at the beginning of a market shakeout
- Bear market rallies are the rule not the exception in major downturns
- Economic and market contagion yet to kick in: corporate debt
- In macro driven shocks value underperforms growth first, but recovers better
- There are good opportunities out there in quality and value

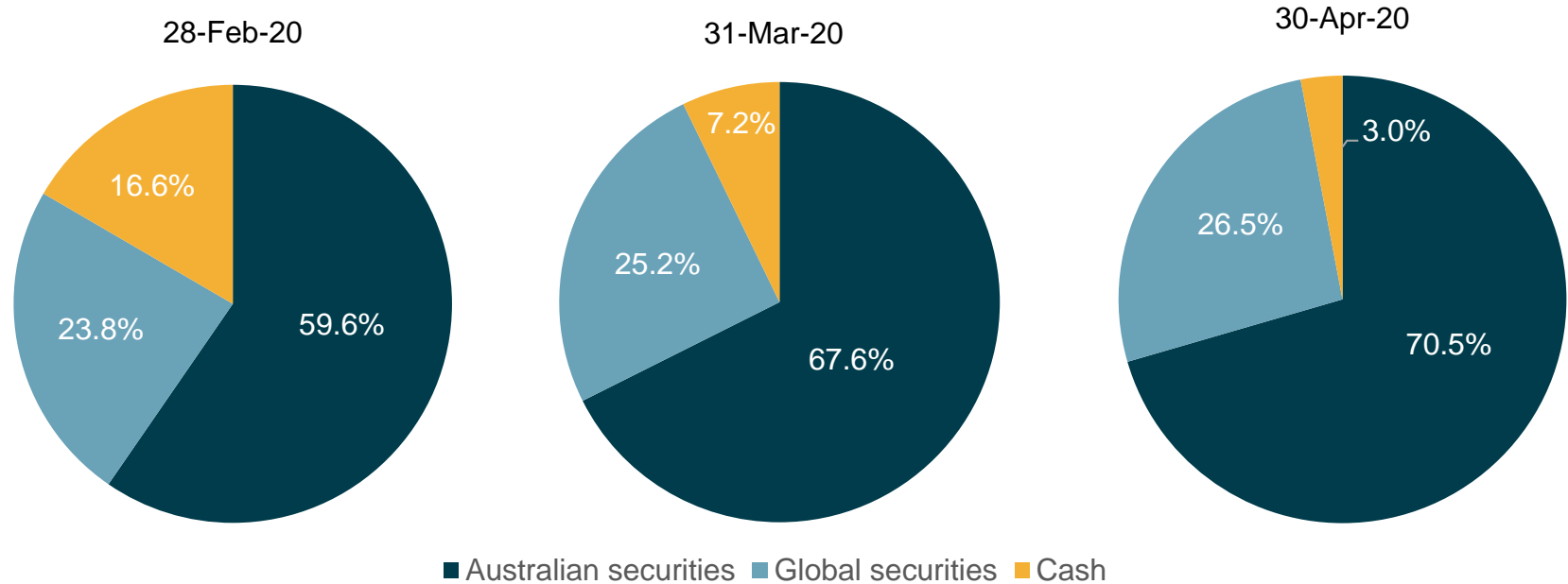
STYLE: VALUE PERFORMS BETTER LONG TERM & AFTER MACRO CRISES



Past performance is not indicative of future performance.
Source: Perpetual Equity Investment Company Limited, FactSet.

ACTIVE MANAGEMENT OF THE PORTFOLIO

CHANGE IN STRATEGIC ASSET ALLOCATION



Weightings actively changed based on market conditions and opportunities.

ACTIVE MANAGEMENT OF THE PORTFOLIO

FOCUS ON DOWNSIDE PROTECTION

PORTFOLIO MOVEMENTS BETWEEN 28 FEBRUARY AND 30 APRIL 2020

- Deployed cash through the sell-off
- Used put options which generated additional portfolio income
- Used derivatives to hedge currency risk where appropriate
- No investments in real estates and REITs
- Diversified portfolio by investing offshore, diversifying across sectors and companies

	Company
Exited positions	National Australia Bank Ltd
	Norwegian Cruise Line Holdings Ltd
	Close Brothers Group Plc
	Qube Holdings Ltd
	Amcor Plc
Significantly reduced positions	Lloyds Banking Group

ACTIVE MANAGEMENT OF THE PORTFOLIO

TOOK ADVANTAGE OF OPPORTUNITIES TO INVEST

PORTFOLIO MOVEMENTS BETWEEN 28 FEBRUARY AND 30 APRIL 2020

- Long term view - positioning the portfolio to combat market volatility and expectations of an economic downturn.
- Identified high quality companies with solid balance sheets trading at discounted valuations as a result of market volatility - some trading at 40% - 50% discounts.
- Realised some gains as the market recovered in April.
- Participated in Flight Centre and Oil Search capital raisings which have been positive contributors to absolute performance.

ACTIVE MANAGEMENT OF THE PORTFOLIO

TOOK ADVANTAGE OF OPPORTUNITIES TO INVEST

PORTFOLIO MOVEMENTS BETWEEN 28 FEBRUARY AND 30 APRIL 2020

Key new positions

- Auto Trader Group Plc
- Flight Centre Travel Group Limited
- Persimmon Plc
- Premier Investments Limited

Key increased positions

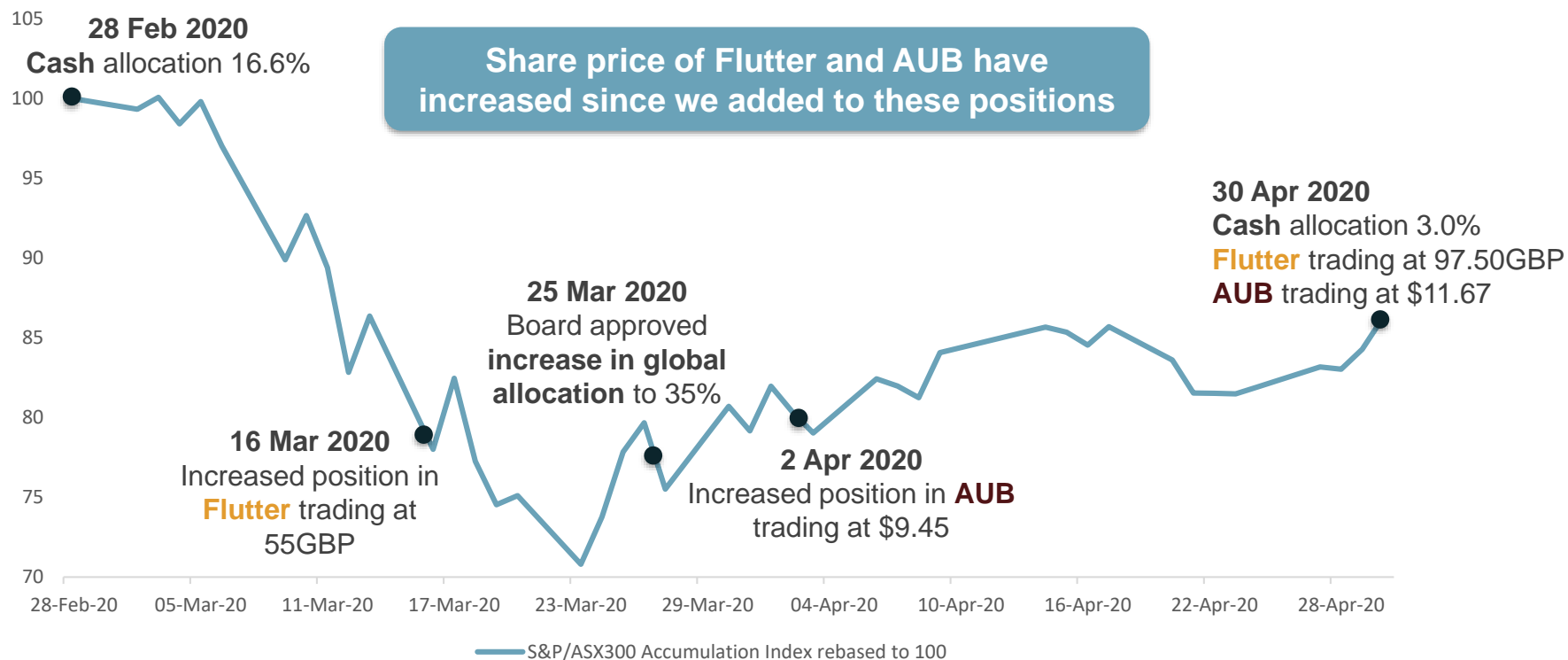
- AUB Group Limited
- Flutter Entertainment Plc
- La Francaise des Jeux SAEM
- BHP Group Limited
- OZ Minerals Limited
- Event Hospitality and Entertainment Ltd
- Saracen Minerals Holdings Limited
- Suncorp Group Ltd

Top contributors to absolute performance

- Flutter Entertainment Plc
- Crown Resorts Limited
- Flight Centre Travel Group Limited
- AUB Group Limited

ACTIVE MANAGEMENT OF THE PORTFOLIO

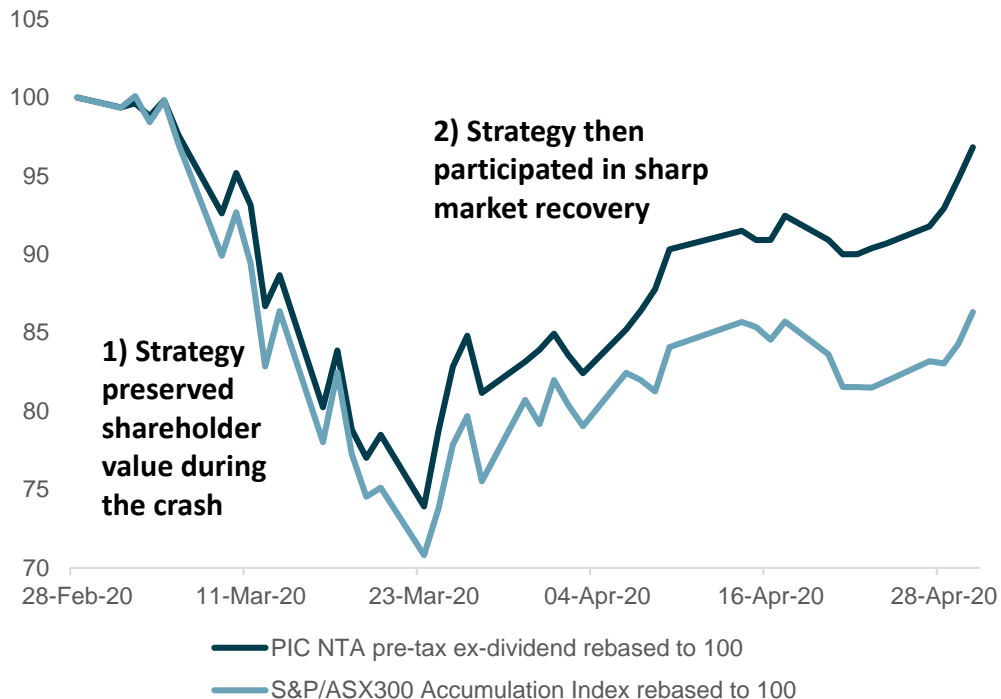
DEPLOYED CASH IN THE MARKET AT THE RIGHT TIME



Past performance is not indicative of future performance.
Source: Perpetual Equity Investment Company Limited, FactSet.

PIC NTA PERFORMANCE AGAINST BENCHMARK DURING COVID-19

A tale of two months PIC vs ASX 28 Feb to 30 April



Relative performance was strong

Month ended	31 Mar 2020	30 Apr 2020
PIC NTA pre-tax ex-dividend (%)	-16.1	15.4
S&P/ASX300 (%)	-20.8	9.0
Value added (%)	+4.7	+6.4

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. Any provisions for deferred tax on unrealised gains and losses are excluded. Past performance is not indicative of future performance

INVESTMENT PORTFOLIO PERFORMANCE

AS AT 30 APRIL 2020

	1 MTH	3 MTHS	6 MTHS	1 YR P.A.	2 YR P.A.	3 YRS P.A.	5 YRS P.A.	SINCE INCEPTION P.A.
PIC Investment Portfolio ¹ Net of fees, expenses and before tax paid	14.1%	-12.3%	-8.9%	-4.6%	-0.9%	2.2%	5.3%	5.5%
S&P/ASX 300 Accumulation Index	9.0%	-20.4%	-15.6%	-9.1%	0.2%	2.0%	3.5%	5.6%
Excess Returns	5.1%	8.1%	6.7%	4.5%	-1.1%	0.3%	1.8%	-0.1%

¹Returns 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 POSITIONING

TOP 10 STOCKS AS AT 30 APRIL 2020



Flutter™

LON: FLTR



PAR: FDJ



ASX: CWN



ASX: AUB



ASX: ILU



ASX: ANZ



ASX: OZL



ASX: SUN



LON: AUTO



ASX: BHP

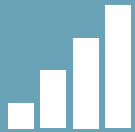
SHAREHOLDER SERVICES



Update your preferences



Daily NTA announcement



Half year and full year financial results



National investor presentations and broker meetings



Monthly Investment Update



Manager insights

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QUESTIONS
