

PERPETUAL EQUITY INVESTMENT COMPANY LIMITED

ACN 601 406 419

Wednesday, 23 February 2022

Perpetual Equity Investment Company Limited delivers investment portfolio outperformance and strengthens profit reserve

1H22 Summary:

- Net operating profit after tax of \$21.8 million
- A fully franked interim dividend of 2.8 cents per share
- Annual dividend yield of 4.3% and a grossed up dividend yield of 6.2%¹
- Profit reserve of \$108.4 million, equating to 5.2 years dividend coverage²
- Investment portfolio performance for the six months to 31 December 2021 was 5.4%³, outperforming the benchmark by 1.4%

The Perpetual Equity Investment Company Limited (ASX:PIC; the Company) has announced an operating profit before tax of \$27.9 million and an operating profit after tax of \$21.8 million for the six months to 31 December 2021. This contributed to a strong profit reserve of \$108.4 million which positions the Company well for future growth.

The Board has declared a fully franked interim dividend of 2.8 cents per share, consistent with the FY21 final dividend, which equates to an annual dividend yield of 4.3% and a grossed up dividend yield of 6.2%¹. The dividend reinvestment plan (DRP) is available to shareholders for the interim dividend.

Commenting on the half year performance, Chairman, Nancy Fox said, "The Company continues its upward trajectory, having delivered investment outperformance over the period, while also building its profit reserve and franking account.

"For our shareholders, we are pleased to declare an interim dividend of 2.8 cents per share and are confident that the growth of the profit reserve will continue to strengthen the Company's ability to deliver a sustainable income stream.

"We would like to thank our shareholders for their ongoing support and continued confidence in both our effective management of capital and the Manager's proven ability to navigate various market cycles."

Shareholders are reminded that last year, the Company announced a one-for-one issue of bonus options which provides holders with the opportunity to acquire a PIC ordinary share for \$1.35 (exercise price) per option before the expiry date of 2 September 2022. The options are trading on the ASX under the ASX code PICOA.

¹ Yield is calculated based on the total dividends of 5.6 cents per share and the closing share price of \$1.30 as at 31 December 2021. Grossed up yield takes into account franking credits at a tax rate of 30%.

² Profit Reserve of \$108.4 million as at 31 December 2021, equating to 28.9 cents per share. This represents 5.2 years dividend coverage based on a total dividend payment of 5.6 cents per share per annum. This does not take into account the payment of the interim dividend, any changes to share capital or options exercised in the future.

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 unrealised gains and losses are excluded. The benchmark is the S&P/ASX 300 Accumulation Index. Past performance is not indicative of future performance.

The options provide shareholders with the opportunity to purchase additional shares and participate in the potential growth of the Company without incurring brokerage or transaction costs. Option holders that elect to exercise some or all of their PIC options before the ex-date will also be entitled to the interim dividend.

PIC performance and market conditions

The PIC portfolio delivered a return of 5.4%³ for the six months to 31 December 2021, outperforming the benchmark by 1.4%. Over the 12 months to 31 December 2021, the PIC portfolio returned 23.4%, outperforming the benchmark by 5.8%³.

PIC Portfolio Manager Vince Pezzullo said, “We were afforded numerous opportunities amid the COVID-19 led volatility and subsequent market recovery and have delivered strong performance during this challenging period. Markets have now transitioned to a period we believe most investors have never experienced before with inflation risks, looming prospects of yield curve movements, changes in global commerce and businesses being forced to pivot in their supply chains, current carbon footprint and future way of working.

“We believe these factors create opportunities to generate positive investment performance against the benchmark and are confident in our ability to navigate these fast evolving market conditions. Our strategy provides a breadth of investment opportunity across Australian and global stocks and allows us to invest with high conviction based on our in-depth research.”

As at 31 December 2021, the portfolio held 76.4% in Australian listed securities, 19.4% in global listed securities and 4.2% in cash.

Key dates

Interim Dividend

- Ex date Tuesday, 5 April 2022
- Record date Wednesday, 6 April 2022
- DRP election date Thursday, 7 April 2022
- Payment date Friday, 29 April 2022

Options Expiry Friday 2 September 2022

- Ends -

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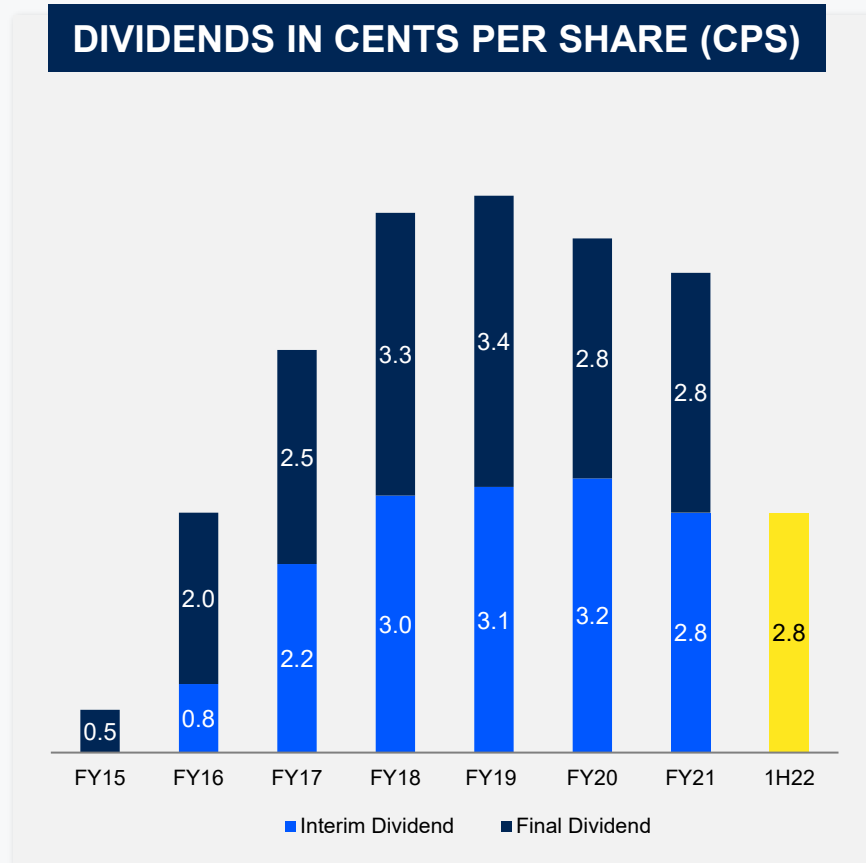
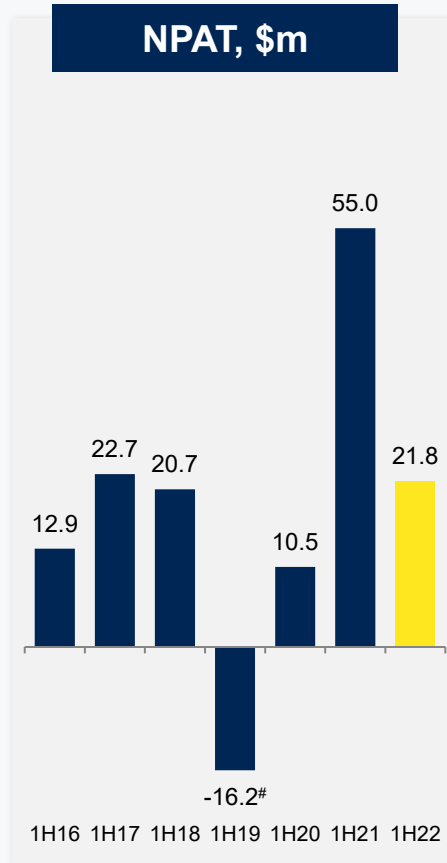
The issuer of the securities referred to in this announcement is Perpetual Equity Investment Company Limited ACN 601 406 419 (PIC). Further information on PIC is available at www.perpetualequity.com.au.

PIC's investment portfolio is managed by Perpetual Investment Management Limited (ACN 000 866 535 AFSL 234426) (PIML), part of the Perpetual Group (Perpetual Limited ABN 86 000 431 827 and its subsidiaries). This information has been prepared by PIML. It is general information only 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. This information does not constitute an offer, invitation, solicitation or recommendation with respect to the purchase or sale of PIC's securities. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. Past performance is not indicative of future performance.

This information is believed to be accurate at the time of compilation and is provided in good faith. Neither PIC, PIML, nor any company in the Perpetual Group guarantees the performance of or any return on an investment made in PIC.

1H22 Results Overview

Delivering a consistent fully franked income stream



2.8 cps
Fully franked
interim dividend

6.2%¹
Grossed up
dividend yield

28.9 cps²
Profit reserve

5.2 years²
Dividend coverage

5.4%³
Investment portfolio
performance 6 months to
31 December 2021

\$1.327[^]
Net tangible assets (NTA)
after tax
per share

Source: Perpetual Equity Investment Company Limited (PIC) as at 31 December 2021.

[#] Reflects predominantly unrealised losses attributed to market weakness.

¹ Yield is calculated based on grossed up dividends of 8.0 cents per share (taking franking credits into account) and the closing share price of \$1.30 as at 31 December 2021.

² Profit Reserve of \$108.4 million as at 31 December 2021, equating to 28.9 cents per share. This represents 5.2 years dividend coverage based on a total dividend payment of 5.6 cents per share per annum. This does not take into account the payment of the interim dividend, any changes to share capital or options exercised in the future.

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[^] 'After tax' refers to tax paid and provisions for deferred tax on unrealised gains and losses in the Company's investment portfolio as at 31 December 2021.

Investment Performance

Delivering long-term capital growth in excess of the benchmark

As at 31 December 2021

	1 Mth (%)	3 Mths (%)	6 Mths (%)	1y (%)	2Y (%) pa	3Y (%) pa	5Y (%) pa	Since inception (%) pa
PIC Investment Portfolio ¹ Net of fees, expenses and before tax paid	4.5	0.0	5.4	23.4	19.7	18.3	12.6	11.5
S&P/ASX 300 Accumulation Index	2.7	2.2	4.0	17.5	9.4	14.0	9.9	9.7
Excess Returns	1.9	-2.2	1.4	5.8	10.3	4.3	2.6	1.8

Source: Perpetual Equity Investment Company Limited

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 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.