Annual General Meeting & Investment Manager Update

19 October 2023

Important note

Perpetual Equity Investment Company

Board of Directors

Nancy Fox AM
Chairman
Appointed July 2017

Virginia Malley
Non-executive Director
Appointed August 2014

John Edstein
Non-executive Director
Appointed September 2014

Michael Clarke
Non-executive Director
Appointed September 2023

Amanda Gillespie (Apted)
Executive Director
Appointed May 2021

Today’s agenda

- Chairman’s address
- Investment Manager’s Update
- Q & A
- Formal voting
- Closure

Nancy Fox AM
Chairman

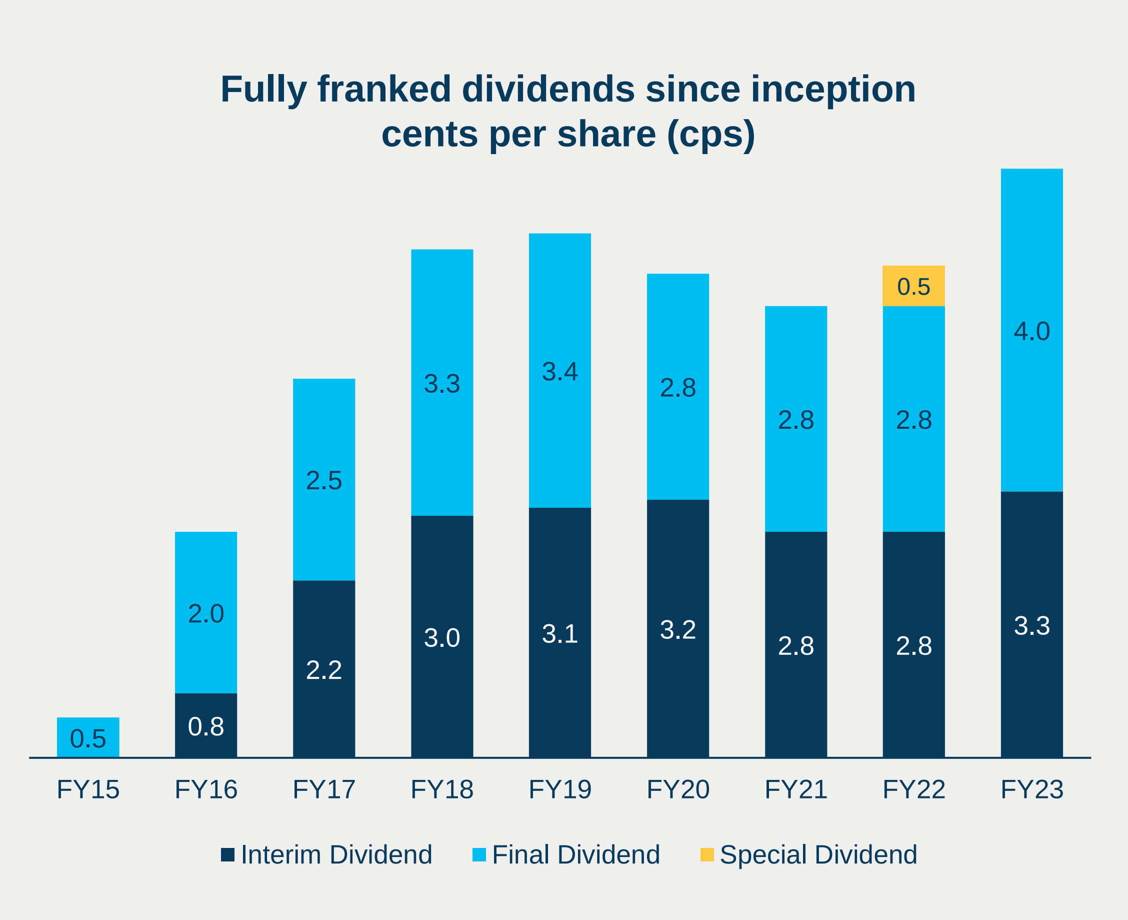
Vince Pezzullo
PIC Portfolio Manager

Louise Sandberg
Senior Equities Analyst

Chairman’s Address

Nancy Fox AM

Overview of FY23 results



16.2%[2]
Investment portfolio performance for 12 months to 30 June 2023

9.7%[2]
Investment portfolio performance per annum over 5 years to 30 June 2023

6.3%[3]
Annual dividend yield

9.0%[3]
Grossed-up dividend yield

$112.9m[1]
Profit reserve

3.7 years[1]
Dividend coverage

Source: Perpetual Equity Investment Company Limited (PIC) as at 30 June 2023.

[1] Profit reserve of $112.9 million as at 30 June 2023 after taking into account the estimated payment of the final dividend. This equates to 29.8 cents per share and provides for 3.7 years dividend coverage based on total dividend payments 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.

[2] 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.

[3] Yield is calculated based on the total dividend of 7.3 cents per share and the closing share price of $1.165 as at 30 June 2023. Grossed up yield takes into account franking credits at a tax rate of 30%.

Upcoming Q & A

Raise your hand

and someone will come
with a microphone

Online

- Click “Ask a question”
- Select **your relevant question category**
- Type in your question
- Click “Submit”

Over the phone

- Shareholders will need to register for a **unique PIN** by calling 1800 990 363.
- To ask a question, call **1800 416 518**
- Dial *1 on your keypad
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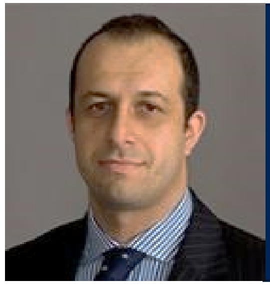
Investment Manager Update

Vince Pezzullo, PIC Portfolio Manager
Head of Australian Equities, Perpetual Asset Management Australia

Australian Equities team



Vince Pezzullo

Head of Equities

Portfolio Manager - Perpetual Equity Investment Company (PIC), Australian Shares, Concentrated Equity and Geared Australian Share

Team's average years experience = 20

Team's average years with Perpetual = 8

Portfolio managers

Anthony Aboud
Deputy Head of Equities
Portfolio Manager - SHARE-PLUS Long-Short, Pure Equity Alpha, Industrial Share

Nathan Hughes
Portfolio Manager – ESG Australian Share, Income Share, Analyst

James Rutledge
Portfolio Manager – Pure Value, Smaller Companies and Pure Microcap, Analyst

Alex Patten
Portfolio Manager – Smaller Companies and Pure Microcap, Analyst

Sean Roger
Deputy Portfolio Manager – Share Plus and Pure Equity Alpha, Analyst

Maryanne Drewe
Head of Proprietary Research, Analyst

Analysts

Guy Bunce
Senior Equities Analyst

Clarke Wilkins
Senior Equities Analyst

Brett Le Mesurier
Senior Equities Analyst

Louise Sandberg
Senior Equities Analyst

Jakov Maleš
Senior Equities Analyst

Rosemary Tan
Equities Analyst

Mitchell Hubble
Equities Analyst

Nick Buisman
Equities Analyst

Tom Horn
Analyst, Proprietary Research

Perpetual quality filters

Quality of business

- Products or services the company offers
- Competitive landscape, positioning and market dynamics
- Barriers to entry, monopoly, duopoly, and sources of competitive advantage
- Operational efficiency
- Environmental, social and governance (ESG) risks and impacts

Conservative debt

- Strong balance sheet to ensure the company is sustainable across various economic cycles
- Quantitative test:
  - Debt to equity generally should be less than 50% (net debt / equity), but if not
  - Interest cover should be 3x or greater (5x for pre-production)

Sound management

- Track record of a company's management
- Use of shareholder capital
- Corporate governance practices

Recurring earnings

- Track record of generating earnings
- Sustainable businesses for the future

A company must generally pass all these filters to be included in the Perpetual Universe and considered for investment. Our focus on the quality of a company explicitly considers the analysis of ESG factors that may impact the current or future financial performance of the company.

Our views on markets: contrasting last year and now

- Rapid population growth keeping aggregate GDP growing despite “per capita recession” starting to bite in Australia
- Central banks think that they have done enough, raising rates repeatedly through 2022 and 2023, although they are keeping their options open
- Inflation appears to have peaked, however risks of inflation not returning to below 2% as tail drivers persist (services inflation, plus a return to some goods inflation, higher wages growth)
- Energy inflation will be critical as the confluence of OPEC cuts to supply, a 40 year low in the US strategic energy reserve and drive towards decarbonisation create a perfect storm in the broader energy sector
- US Inflation Reduction Act (IRA) & CHIPS Act* has helped keep the US out of recession despite banking problems. The IRA is the largest industrial policy since WWII.
- However bond markets are concerned: real yields are on the rise as bond vigilantes worry about inflation, more rate hikes and rising deficits.

* Creating Helpful Incentives to Produce Semiconductors and Science Act of 2022 (CHIPS Act)

Markets: consequences and opportunities

What we believe are consequences

- Recession risks are falling (or at least delayed)
- But stagflation risks are rising (stagnant growth with elevated inflation).
- Higher than 2% inflation will linger, creating headaches for policymakers and markets.
- Bond yields could be higher for longer.
- Should still favour value (Energy, Utilities, Insurance)
- Could be a headwind for growth as rising bond yields challenge expensive, longer duration stocks

How we are positioned*: value stocks

Energy transition – balance returning

- AGL Energy
- LGI
- Origin Energy

Active ownership: engaging with board and management

- Insurance Australia Group
- Endeavour Group
- Ramsay Health Care
- Healius

Uncorrelated

- Bapcor
- A2 Milk
- EVT

High quality and attractively valued

- Flutter Entertainment (global)
- La Francaise Des Jeux (global)
- Goodman Group

* Securities are provided for illustrative purposes only. They are not recommendations. Past performance is not indicative of future performance.

Stocks in focus

Louise Sandberg, Senior Equities Analyst
Perpetual Asset Management Australia

Goodman Group (ASX: GMG)

Australian integrated property group

The opportunity

- Established a position late last year when the market was concerned about the impact of rising rates on large property groups' performance
- Goodman's focus on the industrial & logistics property in key global gateway cities with limited supply and high rental growth has supported asset values despite rising interest rates. In addition, its extensive landbank allows for development-fuelled growth through the cycle.
- GMG posted FY23 eps growth of 16% versus property sector average (ex GMG) of -0.6%
- Currently 5.0% of PIC portfolio

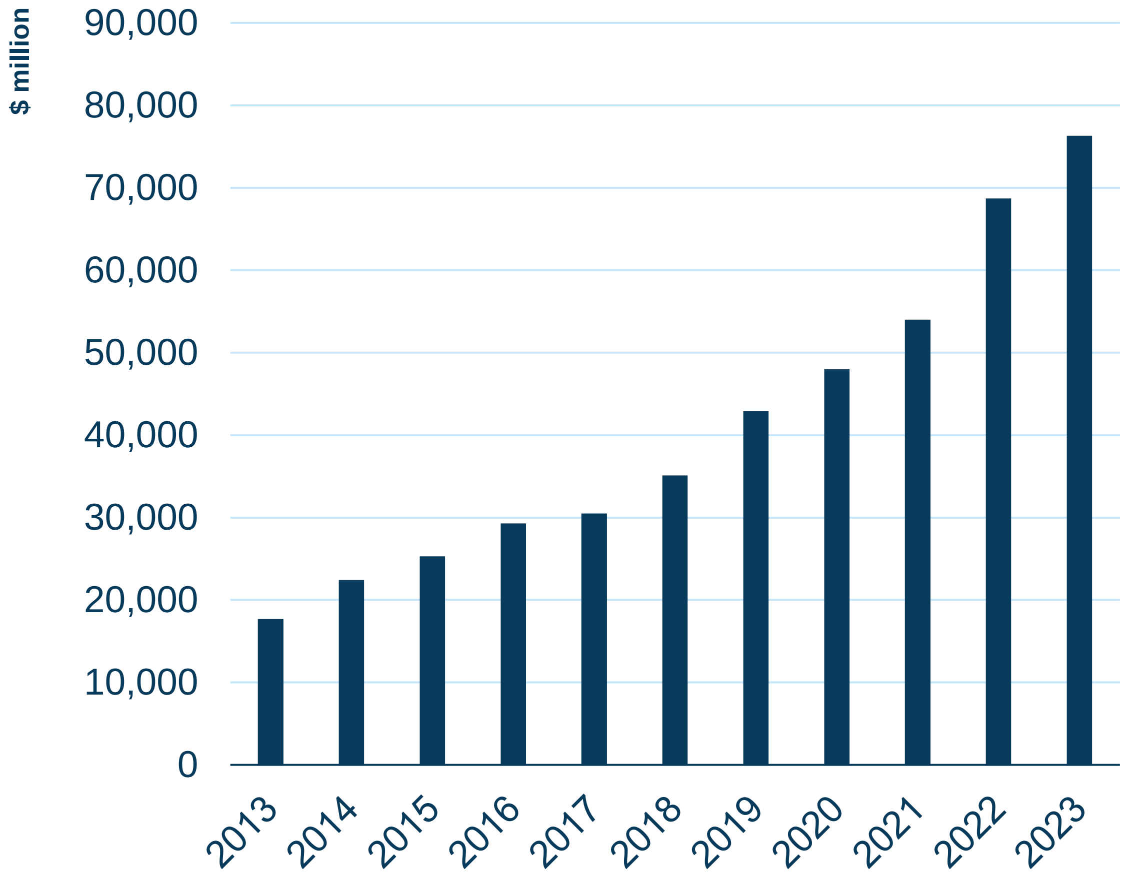
What we see

- **Quality of business** - Goodman has a leading platform of industrial assets in key gateway cities supported by the structural demand for modern, well-located logistics & warehouse space. The company has shown a demonstrated commitment to sustainability and responsible corporate practices
- **Conservative debt and recurring earnings** – a conservatively geared balance sheet provides flexibility to pursue highly profitable development opportunities, growing funds under management and earnings
- **Sound management** – management team has consistently demonstrated their ability to identify strategic locations, secure long-term leases with blue-chip clients, and maximize property value through efficient operations through the cycle.

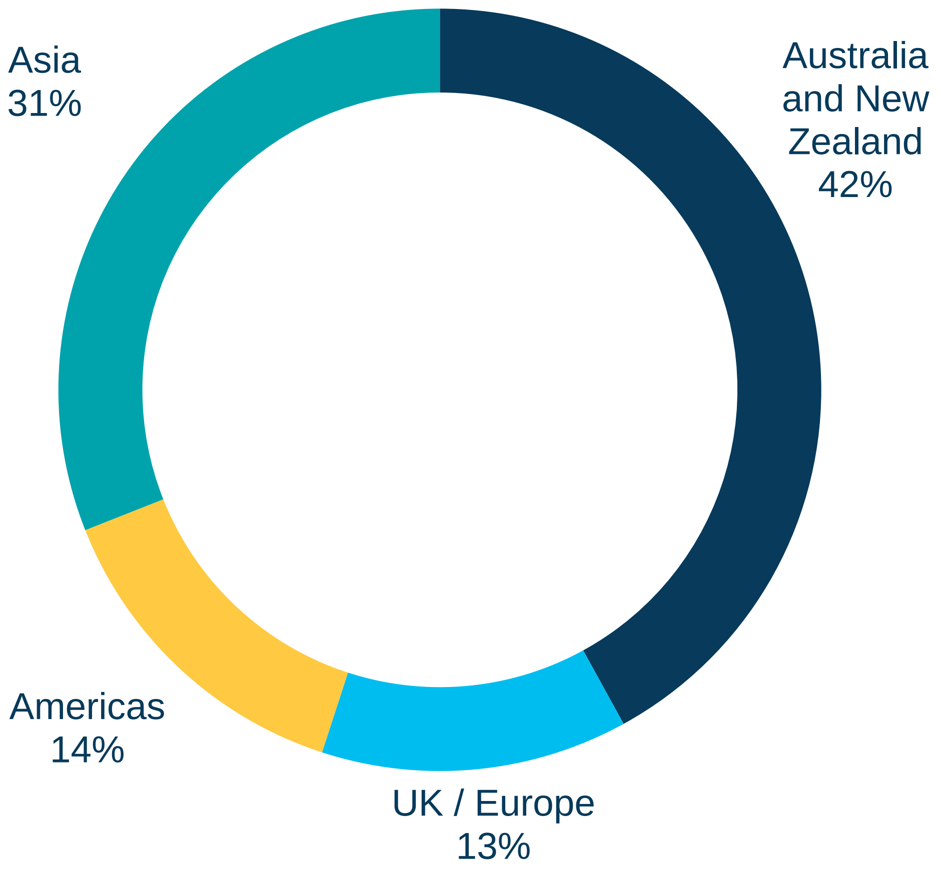
Allocation to PIC portfolio as at 30 September 2023

Goodman's global platform provides consistent growth

Assets under management



Assets under management by geography



Source: Goodman Group FY23 Results Presentation (17 August 2023) and FY13-FY23 Annual Reports.

A2 Milk Company Limited (ASX: A2M)

Australian specialist dairy company

The opportunity

- A2M markets and sells premium branded dairy nutritional products including milk, infant formula, milk powders and cream in ANZ, China and the US. A2M has successfully marketed the digestive benefits of milk products containing only the a2 protein, essentially creating a new category for fresh milk and infant formula.
- Despite the current challenges of a weak Chinese birth rate, the a2 brand remains strong with healthy lead indicators and growing market share in emerging cities. Management of inventory and pricing is sound, and we have growing confidence its investment in marketing is generating solid returns.
- Currently 2.4% of PIC portfolio

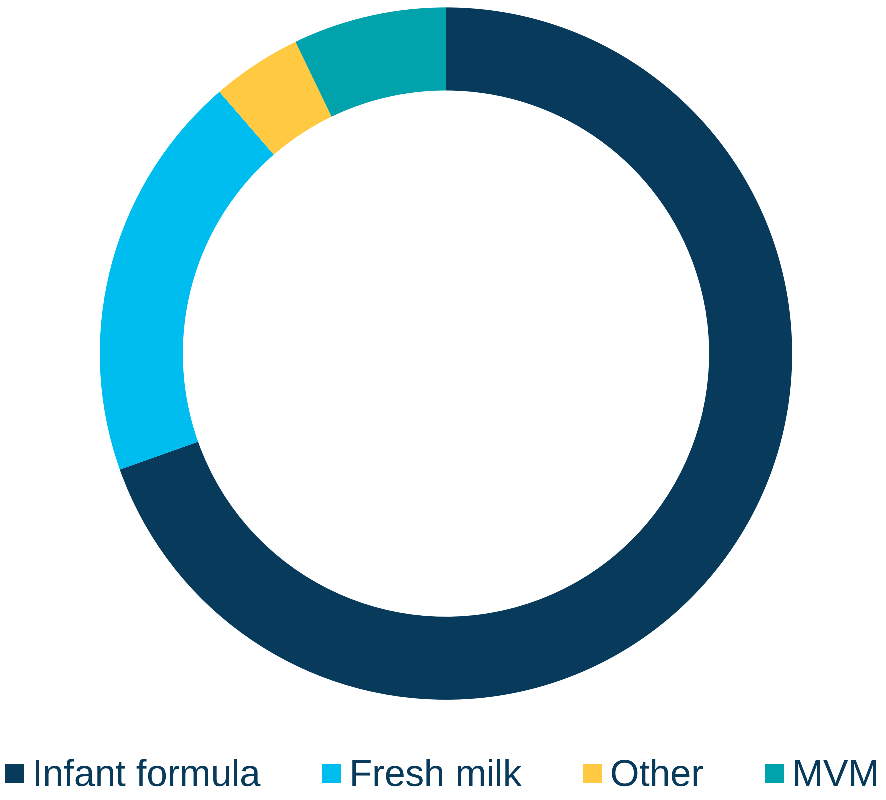
What we see

- **Quality of business** – A2M has obtained gain a strong and growing market share in China's competitive infant formula industry. We see opportunity to leverage its marketing investment and market knowledge across further stock keeping units (SKUs) and product innovation
- **Conservative debt and recurring earnings** – A2M is in a strong net cash position and generates positive cashflow to fund future growth and capital management
- **Sound management** – A2M's current management team has consistently executed since taking over in 2021 and are working towards their stated FY26 targets

Allocation to PIC portfolio as at 30 September 2023

A2M is growing its on-the-ground presence in China

Sales by segment

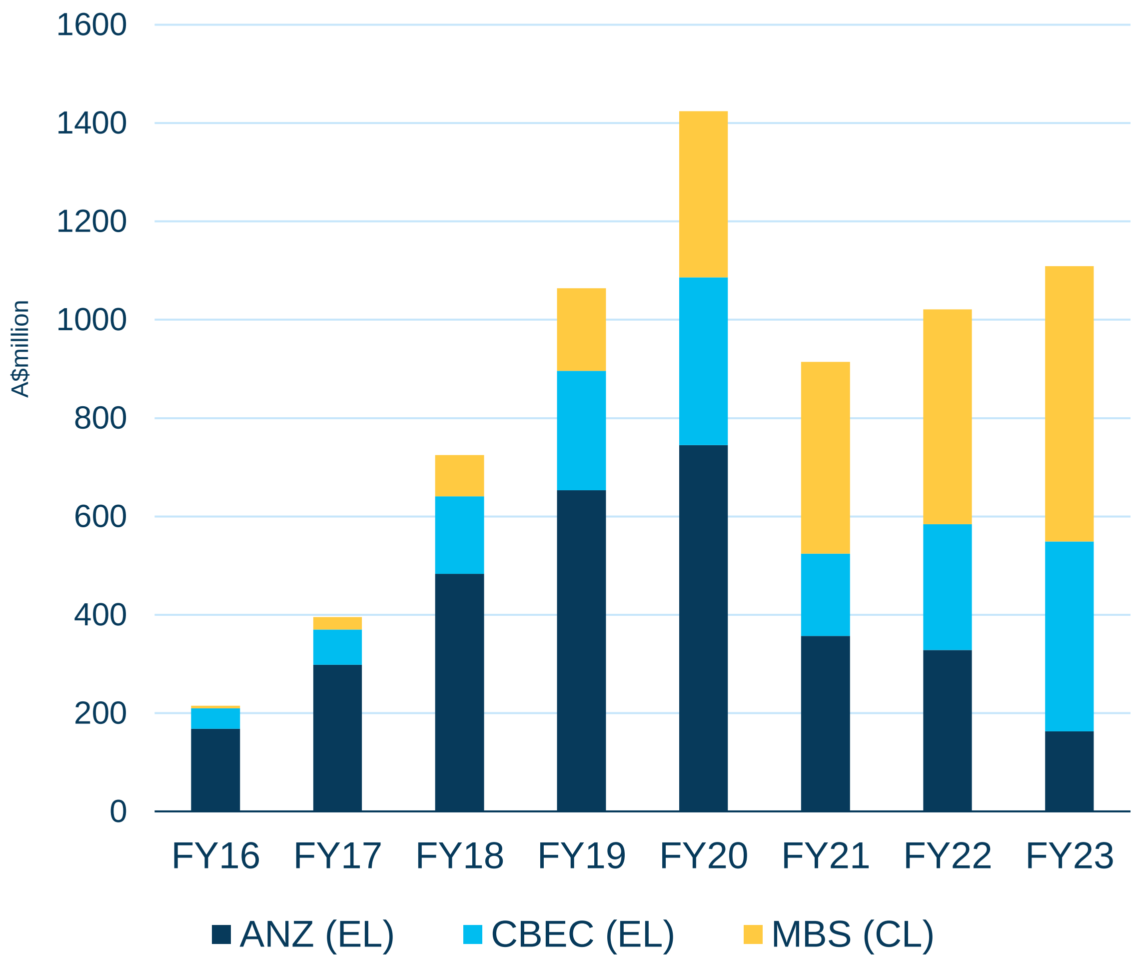


Standard A2M glossary of terms

- MVM – Mataura Valley Milk Limited
- EL – English label
- ANZ – Australia and New Zealand
- CBEC – Cross-border e-commerce
- MBS – Mother & baby stores

Source: A2M FY20 – FY23 Results presentation

Infant formula sales by channel



Investment Manager Update

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

Investment portfolio performance

Delivering long-term performance

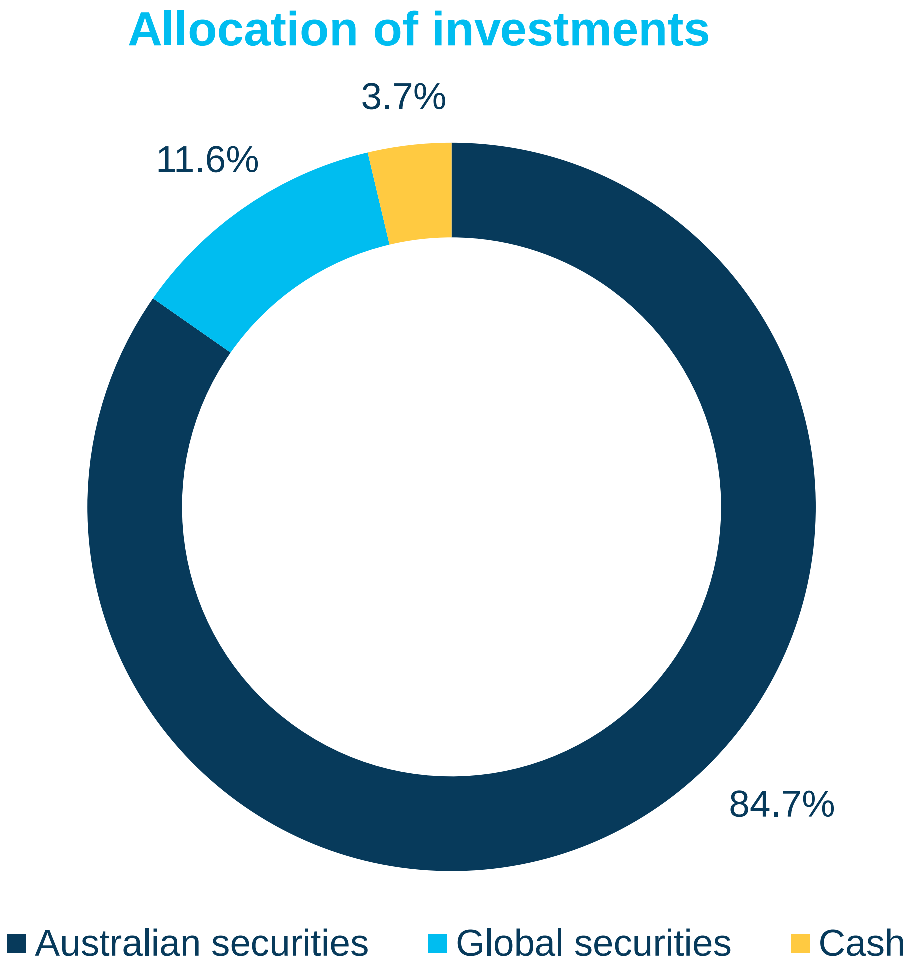
As at 30 September 2023	1 mth	3 mths	1 yr	3 yrs p.a.	5 yrs p.a.	7 yrs p.a.	Since inception p.a.
PIC Investment Portfolio[1] (net of fees, expenses and before tax paid)	-4.0%	-4.2%	9.3%	12.0%	8.5%	9.4%	8.9%
S&P/ASX 300 Accumulation Index	-2.9%	-0.8%	12.9%	10.8%	6.6%	8.0%	7.9%
Excess Returns	**-1.1%**	**-3.3%**	**-3.6%**	**1.2%**	**1.9%**	**1.4%**	**1.0%**

Source: Perpetual Investment Management Limited

[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

Summary

- We think the economic environment remains uncertain.
  - Risks are skewed towards more volatility, rising debt worries and higher real yields in the medium term.
- In our view, the environment favours our quality and value approach.
  - Growth stocks are expensive after a bubble in AI stocks. Higher real rates impact long duration valuations.
- We remain well diversified in this environment.
  - We continue to look for quality businesses with good growth prospects trading at reasonable valuations.
- This includes global listed companies if the opportunity in Australia is limited and we believe those companies can add value above the Australian equity market return.



Source: Perpetual Investment Management Limited. As at 30 September 2023. All figures are unaudited and approximate. Allocations may not sum to 100% due to rounding.

Investment Manager Update – How to ask a question

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