

PERPETUAL EQUITY INVESTMENT COMPANY LIMITED

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ASX Announcement

7th August 2019

CommSec Webinar Presentation Slides

Please find attached a copy of the presentation slides to be delivered by Vince Pezzullo, Perpetual Investments' Deputy Head of Equities and Perpetual Equity Investment Company Limited Portfolio Manager at a CommSec Webinar in Sydney today. A copy of the presentation will also be available on the Company's website.

7 August 2019

PERPETUAL
EQUITY
INVESTMENT
COMPANY

WEBINAR

SPOTTING MARKET OPPORTUNITIES

VINCE PEZZULLO

PORTFOLIO MANAGER, PERPETUAL EQUITY INVESTMENT COMPANY (ASX: PIC)

DEPUTY HEAD OF EQUITIES, PERPETUAL INVESTMENTS

IMPORTANT NOTE

This information 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 or PIC) ACN 601 406 419. 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 the Company'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.

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PERPETUAL EQUITY INVESTMENT COMPANY LIMITED (ASX:PIC)

INVESTING FOR REGULAR INCOME AND LONG-TERM CAPITAL GROWTH



Immediate exposure
to an actively managed
portfolio of stocks



Flexibility to invest
up to 25% in global listed
securities and
up to 25% in cash



Provides a regular
fully franked
dividend stream



Committed to
transparency and
keeping investors
informed

INVESTMENT OBJECTIVES

- Deliver a growing income stream
- Provide long term capital growth
- Exceed its benchmark

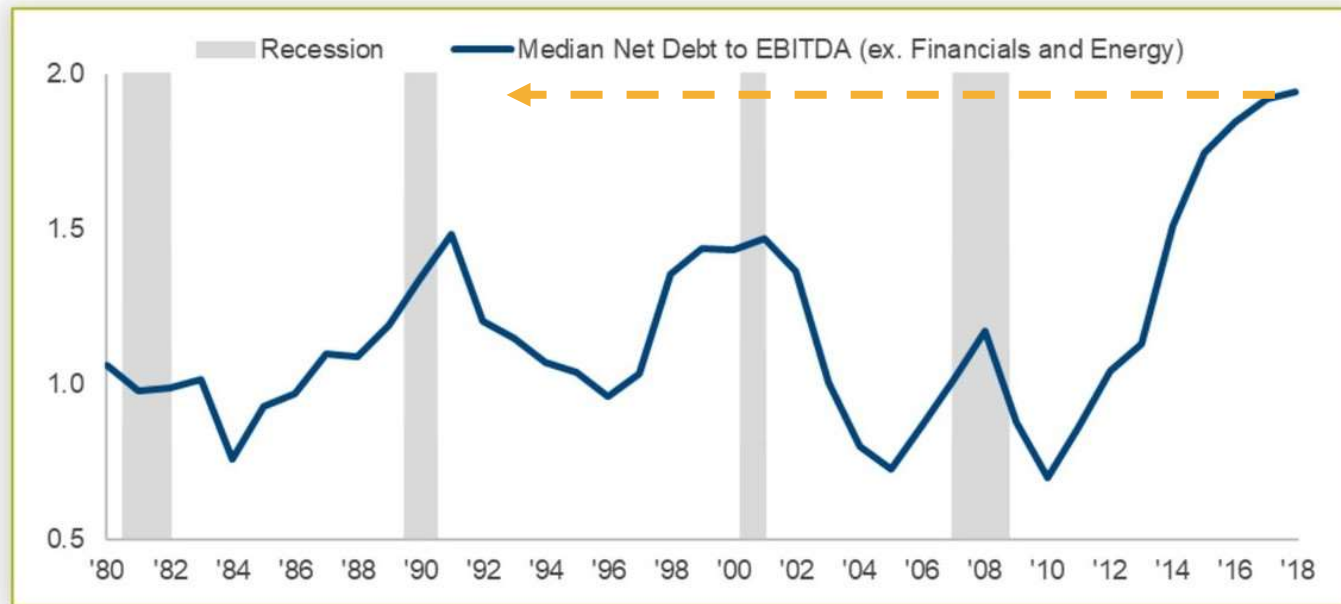
PORTFOLIO MANAGER – VINCE PEZZULLO

- 20+ years in financial services industry
- Extensive domestic and global equity experience

CORPORATE DEBT RATIO HIGHEST EVER

THIS NEVER ENDS WELL

Net Leverage of Russell 3000 Companies (Ratio of Net Debt to EBITDA)

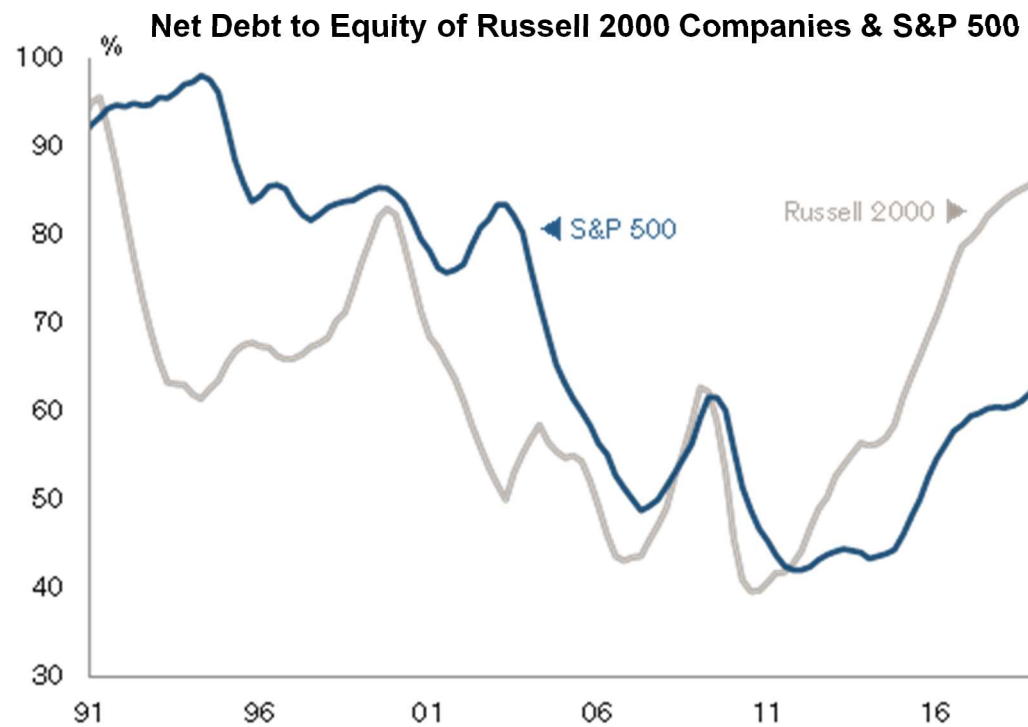


US:
unprecedented
debt levels

Fed* (May 2019): “The historically high level of business debt and the recent concentration of debt growth among the riskiest firms could pose a risk to those firms and, potentially, their creditors”

DEBT BURDENS POSE GREATER RISK

LARGE CAPS VS. SMALL CAPS



Source: Credit Suisse

THIS IS HOW WE DO IT

QUALITY & VALUE FOCUS

We focus on:

- 1** Quality business
- 2** Conservative debt
- 3** Sound management
- 4** Recurring earnings

This means:

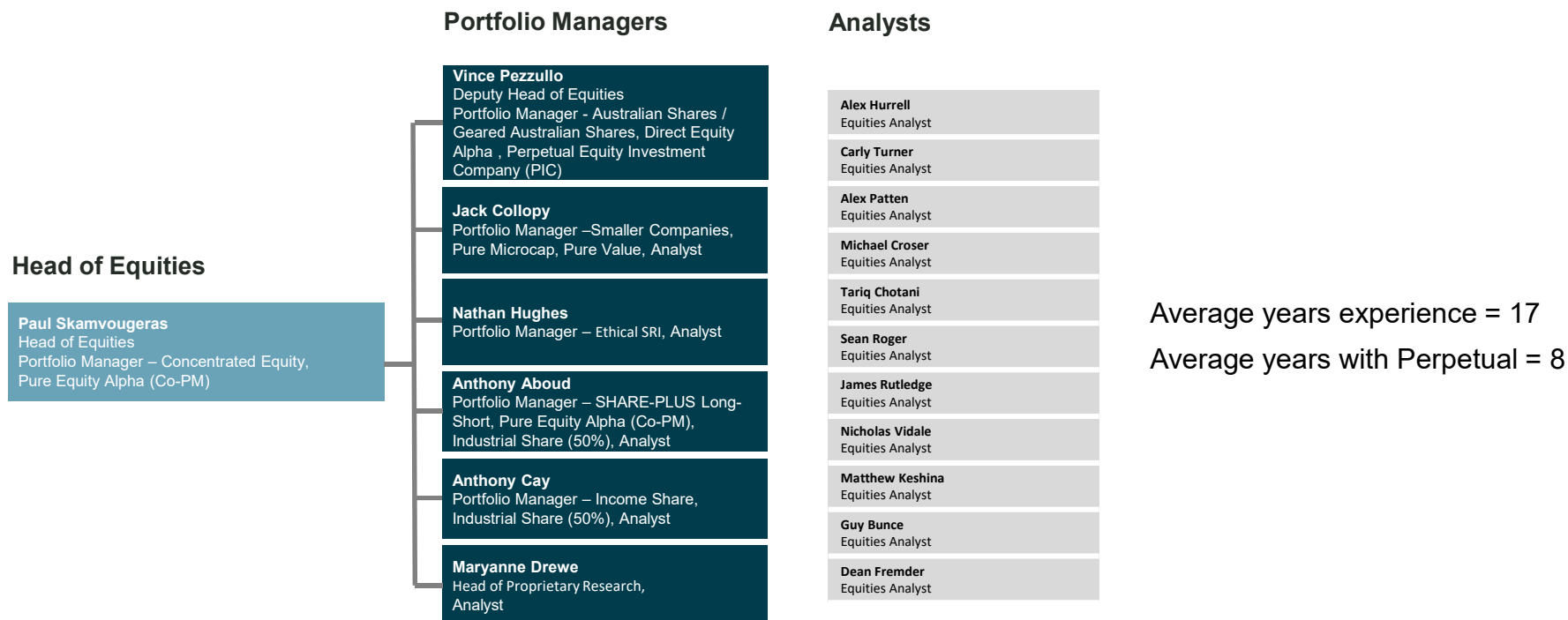
We seek quality companies at attractive valuations



We are committed to cautiously deploying your capital



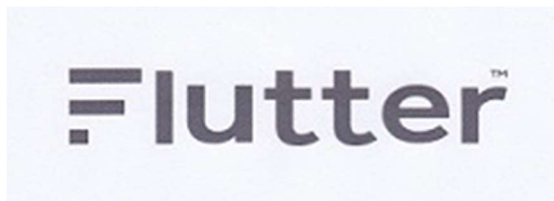
LARGE AND EXPERIENCED INVESTMENT TEAM FOCUSED ON PROPRIETARY RESEARCH



Source: Perpetual Investment Management Limited.

FLUTTER ENTERTAINMENT PLC.

- UK listed bookmaking business created by the merger of Paddy Power and Betfair in 2015
- Top 3 global gaming business with over £1.5bn revenue in FY18
- Primarily an online business with ~90% of profits generated online. Positioned to capitalise from structural shift to online
- Operates under a mix of brands across different regions but primarily Paddy Power and Betfair brands in UK, Sportsbet in Aus and FanDuel in the US



FLUTTER ENTERTAINMENT PLC.

- High quality operators and
 - 1 of the top 2 operators in all of its markets including US
 - Balance sheet in excellent shape – provides optionality compared to peers
 - net debt £160m at FY18 result (0.35x EBITDA)
- Sound management
 - Recent turnover has resulted in quality new hires that are highly experienced
- Lowest risk and most advanced US strategy
 - Now largest online sports gaming operator in US.
 - Approximately 50% market share in New Jersey

BRAMBLES LTD. (ASX:BXB)

- Supply-chain logistics company operating primarily through the CHEP brand, in over 50 countries
- Specialises in the pooling of unit-load equipment and associated services, focusing on the outsourced management of pallets, crates and containers
- BXB owns 299 million pallets as well as 30 million reusable plastic crates and containers, with a network of more than 850 service centres.

Brambles is committed to being the global leader in platform pooling solutions, with number one market positions in all major regions of operation

BRAMBLES LTD. (ASX:BXB)

- Outperformed the broader market by 24.0% over the past 12mths
- Yet to fully capture the earnings upside from the likely turnaround of its pallet rental business, CHEP USA
- Operating margins expand and earnings materially grow through FY20 and beyond
- CHEP EMEA should be winning share in Central Europe, likely to help this business maintain returns above 20%
- Good operating performance to be boosted by the company's capital management initiatives
- Forecast final FY19 dividend of A14.5cps, a potential capital return of A29.0cps and an on-market share buyback of up to US\$1.65bn

PORTFOLIO POSITION

AS AT 30 JUNE 2019



TOP 5 AUSTRALIAN SECURITIES

COMPANY	PORTFOLIO WEIGHT %
Commonwealth Bank of Australia	7.2
Westpac Banking Corporation	5.3
Telstra Corporation Limited	5.2
Woolworths Group Limited	5.2
Suncorp Group Limited	4.9



TOP 3 GLOBAL SECURITIES

COMPANY	PORTFOLIO WEIGHT %
Siemens	1.5
Flutter Entertainment Plc	1.2
Ausnutria Dairy Corp. Limited	0.9

Source: Perpetual Equity Investment Company Limited
As at 30 June 2019

INVESTMENT PERFORMANCE

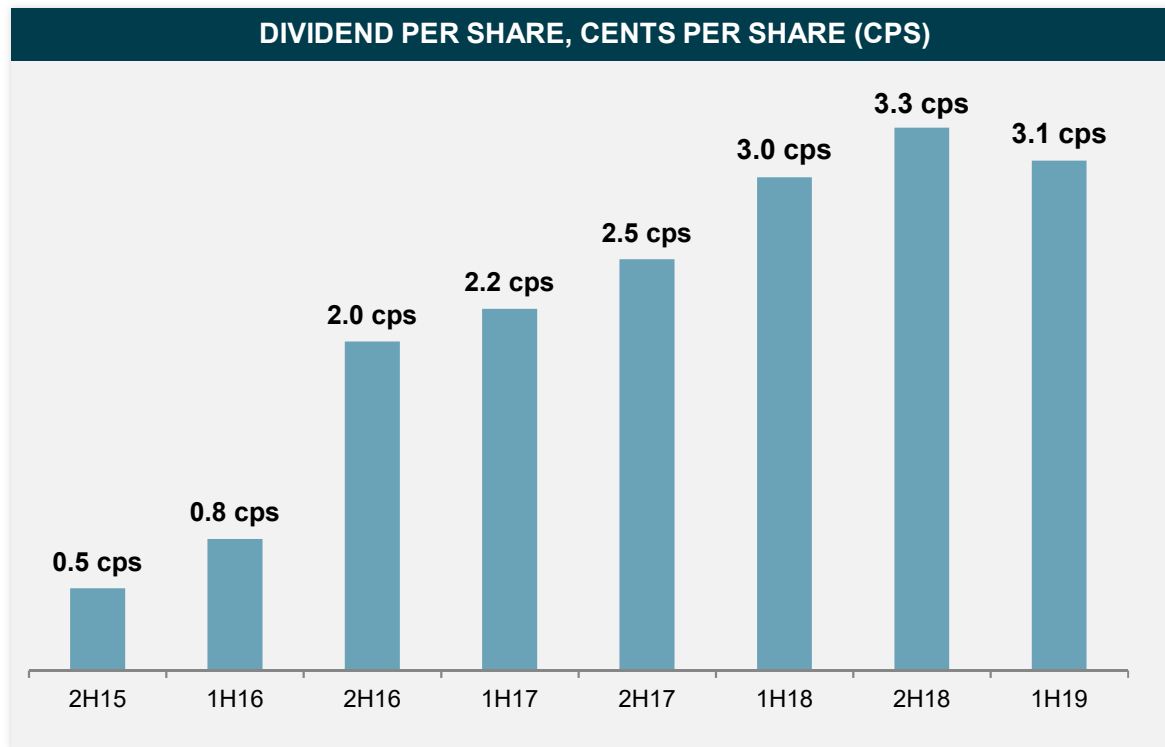
AS AT 30 JUNE 2019

	1 MTH	3 MTHS	6 MTHS	1 YEAR P.A.	3 YEARS P.A.	SINCE INCEPTION P.A.
PIC Investment Portfolio¹ Net of fees, expenses and <u>before tax paid</u>	+2.7%	+6.3%	+11.6%	+4.3%	+11.1%	+8.6%
S&P/ASX 300 Accumulation Index	+3.6%	+8.0%	+19.8%	+11.4%	+12.8%	+10.2%

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. All figures are unaudited and approximate.

Source: Perpetual Equity Investment Company Limited

HISTORICAL DIVIDENDS PAID TO SHAREHOLDERS



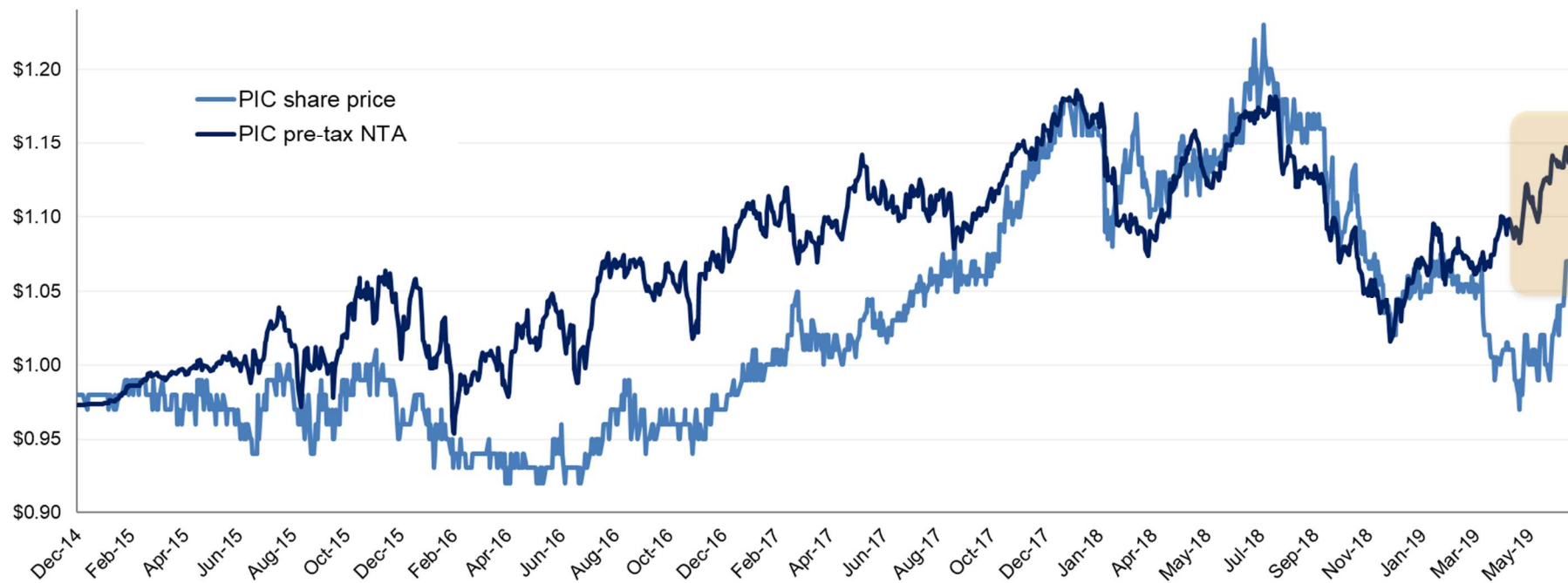
6.2%*
Annual dividend
yield

8.5%*
Gross dividend
yield taking
franking credits
into account

Source: Perpetual Equity Investment Company Limited (PIC) as at 31 December 2018.
*Yield is calculated using the 30 June 2019 share price of \$1.04. Grossed up yield takes franking credits into account.

PIC SHARE PRICE VERSUS ITS UNDERLYING PRE TAX NTA

TRADING AT A DISCOUNT TO UNDERLYING VALUE



Source: Perpetual, RBC as at 10 July 2019

Pre tax NTA returns shown for the Company have been calculated on the growth of Net Tangible Assets (NTA) after taking into account all operating expenses (including management fees and any income tax on realised gains) and assuming reinvestment of dividends. 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.

SUMMARY

- **Balance sheets matter**
- **Avoid red flags**
- **Stay patient and be disciplined**
- **Focus on high quality companies that make a profit**