

INVESTMENT UPDATE AND NTA REPORT

MAY 2026

PORTFOLIO SNAPSHOT

NET TANGIBLE ASSET (NTA) BACKING PER SHARE

AS AT 31 MAY 2026	AMOUNT
NTA after tax	\$1.194
NTA before tax	\$1.201

Daily NTA is available at www.perpetualequity.com.au

All figures are unaudited and approximate.

The before and after tax numbers relate to provisions for deferred tax on unrealised gains and losses of the Company's investment portfolio.

NTA figures are calculated as at the end of day on the last business day of the month.

KEY ASX INFORMATION

AS AT 31 MAY 2026

ASX Code:	PIC
Structure:	Listed Investment Company
Listing Date:	18 December 2014
Market Capitalisation:	\$462 million
Share Price:	\$1.20
Shares on Issue:	385,264,407
Dividends:	Half-yearly
Management Fee	1.00% p.a.*
Manager	Perpetual Investment Management Limited

* exclusive of GST

INVESTMENT PERFORMANCE

AS AT 31 MAY 2026	1 MTH	3 MTHS	6 MTHS	1 YR	3 YRS p.a.	5 YRS p.a.	7 YRS p.a.	10 YRS p.a.	SINCE INCEP p.a.
PIC Investment Portfolio <small>Net of fees, expenses and before tax paid</small>	2.1%	-2.8%	-1.3%	4.4%	6.0%	5.2%	9.0%	8.9%	8.6%
S&P/ASX 300 Acc Index	1.2%	-4.0%	2.8%	7.0%	11.0%	7.9%	8.4%	9.1%	8.9%
Excess Returns	0.9%	1.2%	-4.1%	-2.7%	-5.0%	-2.8%	0.6%	-0.2%	-0.2%

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.

TOP 10 STOCK HOLDINGS

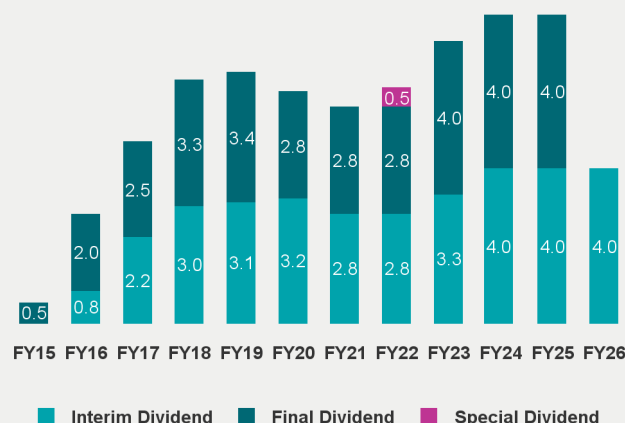
COMPANY	PORTFOLIO WEIGHT
BHP Group Ltd	10.9%
Washington H. Soul Patt.	7.3%
Rio Tinto Limited	5.6%
News Corporation	5.5%
Goodman Group	5.2%
Cobram Estate Olives Ltd.	4.5%
Aspen Group Limited	4.1%
Bluescope Steel Limited	3.0%
Newmont Corporation	2.7%
Mainfreight Limited	2.7%

Portfolio weight based on direct investments in securities and does not include any derivative exposure

DIVIDENDS IN CENTS PER SHARE

Annual dividend yield: 6.7%

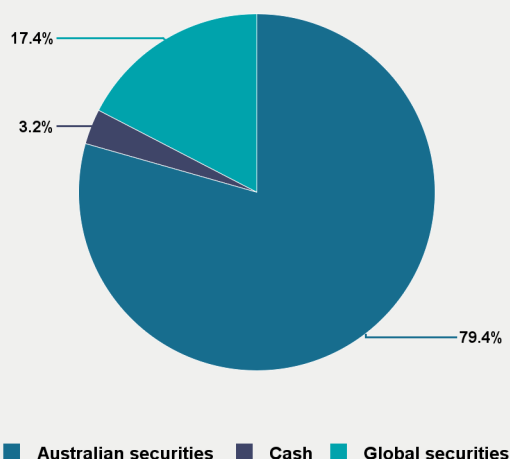
Grossed up annual dividend yield: 9.5%



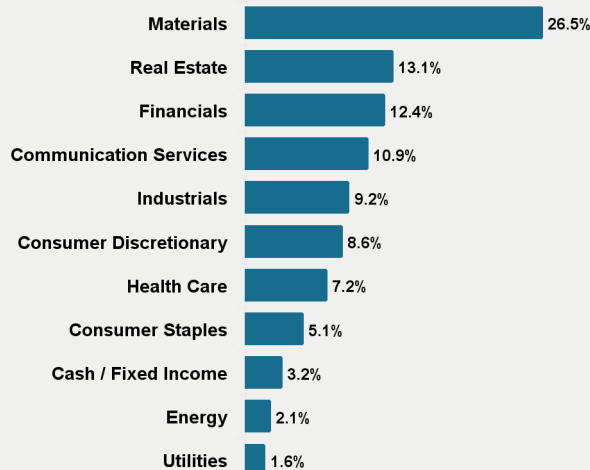
Yield is calculated based on the total dividends of 8.0 cents per share and the closing share price of \$1.200 as at 31 May 2026. Grossed up yield takes into account franking credits at a tax rate of 30%.

ALLOCATION OF INVESTMENTS[^]

96.8% of capital invested in securities



PORTFOLIO SECTORS[^]



[^]Weightings calculated based on direct investments in securities and any indirect exposure via S&P /ASX 200 related derivatives. All figures are unaudited and approximate. Allocations may not sum to 100% due to rounding.

PORTFOLIO COMMENTARY

Market Commentary

Australian equities edged higher in May, with the S&P/ASX300 advancing 1.25% against a backdrop of geopolitical uncertainty and a pivotal domestic policy shift. The federal budget introduced significant changes to capital gains tax and negative gearing arrangements from July 2027, generating sector rotation and weighing on bank sentiment. Global markets continued to track developments in the Middle East, with oil price volatility and uncertain outlook a dominant driver of equity moves.

Materials surged 10.32%, led by double-digit gains in BHP and Rio Tinto on copper strength. Consumer Discretionary and Industrials also posted solid returns, while Health Care fell hard following a major CSL downgrade and Cochlear's April guidance cut. Energy and Utilities weakened as lower energy prices weighed on both sectors, and Financials retreated amid uncertainty around the budget's property-related tax changes.

On the macro side, the RBA raised the cash rate 25 basis points to 4.35%, citing persistent inflation pressures amplified by elevated oil prices. April employment data disappointed, with the unemployment rate rising to 4.5%, while headline CPI eased to 4.2% – aided by the government's fuel excise cut – though trimmed mean inflation ticked higher to 3.4%, keeping rate expectations unsettled through month end.

Portfolio

The portfolio's largest overweight positions include Washington H Soul Pattinson, News Corporation and Cobram Estate Olives. Conversely, the portfolio's largest relative underweight positions include Commonwealth Bank, National Australia Bank and Westpac, all of which were not held.

Contributors

Not Holding Major Banks

The four major banks underperformed in May, with CBA, WBC and NAB each declining more than 4%. Together they contributed 1.31% of alpha for the period, with CBA alone accounting for half of this underperformance. This extends a three-month period of underperformance through to the end of May, especially for NAB and WBC, with their share prices falling 23.85% and 15.37% respectively. Several catalysts drove this weakness. The initial driver was the bank result updates, which highlighted increased bad debt overlay provisions across the sector, lifting the overall bad debt charge. This put downward pressure on earnings outcomes relative to consensus expectations. Later in the month, the federal budget introduced changes to negative gearing rules, dampening expectations for housing credit growth. Markets reacted particularly sharply to this in the case of CBA, with the share price falling more than 10% in a single session following the announcement. Additionally, rising copper prices encouraged rotation from the major banks into miners such as BHP. As mentioned in prior updates, the fund has no holding in the major banks. The core thesis for this position has been that the banks are fundamentally very expensive in both absolute and relative terms, with earnings struck off favourable banking conditions including elevated credit growth and historically low bad debts. CBA's 3Q26 trading update brought some of these risks into sharper focus, with management flagging a weaker capital position than the market had anticipated. CBA has also appeared the most expensive of the majors, trading above 3x price-to-book at a price-to-earnings ratio in the mid-20s – roughly a 50% premium to its 20-year average. Looking ahead, we see building headwinds for the sector. Credit growth appears set to slow given the shift in rate expectations, and while higher rates initially support net interest margins, a broader economic slowdown presents a challenging environment for the sector – one we believe is not yet fully reflected in current valuations.

We have maintained our nil-holding position in the major banks as we continue to see more attractive opportunities in other parts of the market.

Mainfreight (MFT-NZ)

Macroeconomic and geopolitical uncertainty weighed on MFT through much of May, with the stock declining more than 9% from the start of the month to its mid-May trough before recovering to finish the period up 11.5%. The recovery was driven in part by a well-received FY26 full year result, with the stock jumping almost 7% on the day. Despite a challenging trading backdrop, MFT delivered revenue and profit before tax (PBT) in line with consensus. The standout was Australia, where PBT margins reached 10%, surpassing COVID-era highs, supported by strong market share gains. With Australia and New Zealand accounting for over 80% of group PBT, the strength of the Australian and New Zealand result more than offset underperformance in the smaller Americas and European segments. Management also provided an encouraging trading update, noting that conditions in April and May had improved on the prior corresponding period. We believe MFT is a high-quality cyclical with a strong balance sheet, and as conditions normalise, improved network density and recent investment in warehouse and transport facilities should drive material operating leverage, translating even modest revenue growth into an outsized PBT and free cash flow uplift.

Detractors

Tabcorp Holdings (TAH-AU)

After ranking among the portfolio's top contributors over the prior three-and six-month periods to end of April, Tabcorp returned -31.6% in May. The sharp decline was triggered by AUSTRAC launching an enforcement investigation into the company over alleged anti-money laundering (AML) and counter-terrorism financing compliance concerns. With the investigation at an early stage, it is important to note that outcomes range from financial penalties to no further action. However, at a time when the market is showing little tolerance for uncertainty, the stock sold off heavily. Analysis of historical investigations suggests that the company response is likely to result in increased compliance costs, which we have factored into our assessment of fair value. In our view, if there are shortfalls in AML or counter-terrorism financing, key to the ongoing impact on the company is the willingness of the board and management to implement the required changes. Public commentary from the CEO and Chair suggests those in control are willing to make these changes, and we note the appointment of the former CEO of AUSTRAC as TAH's new head of financial crime. Overall, while there remains risk until the facts of the AUSTRAC investigation are known, our view is that the share price fall is capitalising a very material fine and impact to ongoing earnings, which we see as a low-probability outcome. The stock recovered some losses to close the month, climbing 13.5% over the final four sessions.

Outside of the AUSTRAC investigation, we continue to maintain a positive view on the company and its prospects into FY27. The implementation of strategic initiatives under the refreshed management team looks set to revitalise the TAH offer, driving improved market share and financial outcomes. Further, the industry backdrop is improving, with racing trends stabilising and near-term volumes supported by a favourable sporting calendar dominated by the Football World Cup.

Ferguson Enterprises Inc. (FERG-US)

Ferguson Enterprises returned -15.3% in May, despite delivering a solid Q1 result early in the month. The decline was driven by conservative management guidance and a broader de-rating of cyclical amid persistent inflation concerns. However, as a distributor, we believe Ferguson's operating leverage positions it well to navigate macro headwinds that more directly threaten cyclical more broadly. Management reported another quarter of strong non-residential revenue growth, underpinned by demand for essential water and air solutions across large capital projects such as data centres – a structural growth driver we expect to persist. Importantly, despite the share price volatility over the past six months, the next 12 months of EPS has risen steadily to all-time highs over the same period, reflecting the underlying earnings quality of the business and reinforcing our confidence in the position. For these reasons we took the opportunity to add to our exposure in mid-May as sell-off pressure eased and the share price stabilised.

Outlook

Markets may be traversing the most acute period of uncertainty in recent memory. Investor sentiment lurches almost daily on Middle East negotiation headlines, while supply anxiety around energy markets has reignited fears not seen in years. Closer to home, Australian consumers are navigating a tough budget and auction clearance rates have fallen sharply – all this coming after years of steadily rising cost of living pressures.

Signs of shaky confidence are also emerging in private markets, with some funds moving to limit redemptions. Yet set against these headwinds, the global technology boom rolls on and US equities continue to trade at record levels.

How these competing realities resolve is the central question. As always, we own a balance of quality as well as value to mitigate the risk of either scenario. Active managers who hold discipline on valuation are positioned to benefit as clarity emerges – and periods of peak uncertainty have historically marked the most consequential entry points for long-term investors.

REMINDER: TAX CERTIFICATION COMPLETION

Under the Australian Government's participation in Automatic Exchange of Information (AEOI) regimes, PIC is required to collect CRS certification information and an investor's tax residency from shareholders. The information in certain circumstances may be reported to the Australian Taxation Office (ATO) which in turn reports to various global tax authorities.

Please check that you have completed your CRS certification by logging into the Link investor portal [here](#).

From there, under the Payments & Tax tab you will find 'CRS', where you can fill in the Self Certification. Completing this information online is straightforward as the questions will guide you, and in some instances, it is only a couple of steps.

If you do not certify, PIC may be required to provide information about your account to the ATO. For more information on the self-certification process via Link please click [here](#). For further information on FATCA and CRS, please visit [here](#).

WHY CHOOSE THE PERPETUAL EQUITY INVESTMENT COMPANY?

- Designed to deliver investors an income stream of **fully franked dividends**.
- **Active management** to vary the portfolio's exposure to equity market risk, and to enhance the value of the portfolio when opportunities arise both domestically and globally.
- **Flexibility** to invest up to 35% in global securities and up to 25% in cash for diversification with the intention to add returns above the benchmark, or to manage downside risk.
- Access to Perpetual's tried and tested **quality and value** investment process that assesses companies on 4 key quality criteria: quality of business, conservative debt, sound management and recurring earnings.
- **Depth and breadth** of Perpetual's investment team enables it to conduct extensive company visits each year and make decisions to invest in high quality and attractively valued securities based on fundamental, in-depth, bottom-up research.
- **Ease of access** as you can buy and sell PIC on the ASX.
- **Daily NTA published on the ASX** to provide transparency of the portfolio.

KEY FEATURES

INVESTMENT OBJECTIVE

The investment objective of the Company is to provide investors with an income stream and long-term capital growth in excess of its benchmark (the S&P/ASX 300 Accumulation Index) over minimum 5 year investment periods.

INVESTMENT STRATEGY

The Company's investment strategy is to create a concentrated and actively managed portfolio of Australian securities with typically a mid-cap focus and global listed securities. The Company will typically hold 20 to 40 securities.

50% - 100%	Australian listed securities
0% - 35%	Global listed securities
0% - 25%	Cash

Currency exposures may be hedged defensively, but no attempt is made to add value to the portfolio by actively managing currency. Derivatives are permitted.

ABOUT THE MANAGER

The Company's investment portfolio is managed by Perpetual Investment Management Limited, part of the Perpetual Group, who has a longstanding commitment to deliver superior outcomes over the long-term for clients. This is underpinned by its proven investment process that focuses on value and quality.



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



Sean Roger
Co-Portfolio Manager

All investments are subject to risk which means the value of investments may rise or fall, which means that you may receive back less than your original investment or you may not receive income over a given time frame. Refer to announcements and other information for the Company lodged with the ASX, which is available at www.asx.com.au. A financial adviser can assist you in determining whether an investment in the Company is suited to your objectives, financial situation or needs.

CONTACT DETAILS

For queries regarding investor shareholdings:

MUFG Corporate Markets

Investor queries:
Telephone: +61 1800 421 712
Email: pic@cm.mpms.mufg.com

This report 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) (ASX: PIC) ACN 601 406 419. This report is in summary form and is not necessarily complete. It should be read together with other announcements for the Company lodged with the ASX, which are available at www.asx.com.au.

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