

PERPETUAL CREDIT INCOME TRUST

ASX: PCI

Investment update

August 2023

Investment objective

To provide investors with monthly income by investing in a diversified pool of credit and fixed income assets.

Portfolio snapshot

As at 31 August 2023	Amount
ASX unit price	\$1.030
NTA per unit ¹	\$1.088

¹ Daily Net Tangible Asset (NTA) is available at

www.perpetualincome.com.au

All figures are in Australian dollars (AUD), unless otherwise stated. All figures are unaudited and approximate. Past performance is not indicative of future performance. NTA figures are calculated as at the end of day on the last business day of the month.

Key information

As at 31 August 2023

ASX code:	PCI
Structure:	Listed Investment Trust
Listing date:	14 May 2019
Market capitalisation:	\$413 million
Units on issue:	400,967,882
Distributions:	Monthly
Management costs:	0.88% p.a. ²
Manager	Perpetual Investment Management Limited
Responsible Entity:	Perpetual Trust Services Limited

² Estimate inclusive of net effect of GST.

Investment performance ³

As at 31 August 2023	1 mth	3 mths	6 mths	1 yr	3 yrs p.a.	5 yrs p.a.	Since incep. p.a.
PCI Investment Portfolio (net)	0.7%	2.6%	4.0%	7.8%	5.3%	-	4.2%
Target Return ⁴	0.6%	1.9%	3.7%	6.8%	4.7%	-	4.5%
Distribution Return	0.6%	2.2%	4.0%	7.1%	4.9%	-	4.5%
RBA Cash Rate	0.3%	1.0%	2.0%	3.4%	1.3%	-	1.1%

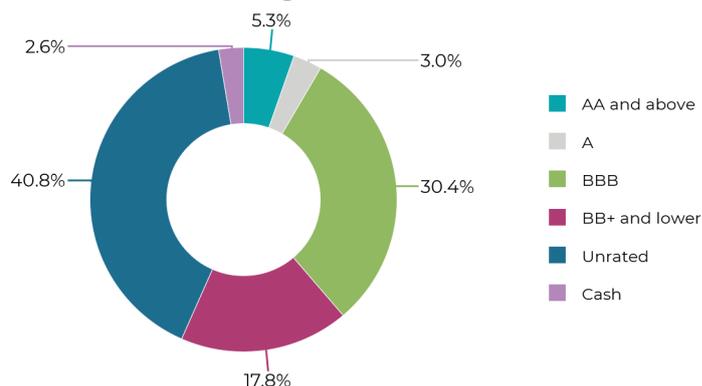
³ Investment returns have been calculated on the growth of Net Tangible Assets (NTA) after taking into account all operating expenses (including management costs) and assuming reinvestment of distributions on the ex-date. Distribution return has been calculated based on the PCI investment portfolio return less the growth of NTA. Past performance is not indicative of future performance. Since inception return is from allotment on 8 May 2019. The comparison to the RBA Cash Rate is not intended to compare an investment in PCI to a cash holding. The PCI investment portfolio is of higher risk than an investment in cash.

⁴ Target Return is RBA Cash Rate + 3.25% p.a. (net of fees) through the economic cycle. This is a target only and may not be achieved.

Portfolio summary

As at 31 August 2023	Amount
Number of holdings	122
Number of issuers	83
Running yield	8.3%
Portfolio weighted average life	2.9 years
Interest rate duration	6 days

Ratings breakdown



Source: Standard & Poor's and Perpetual Asset Management Australia. Data is as at 31 August 2023. All figures are unaudited and approximate.

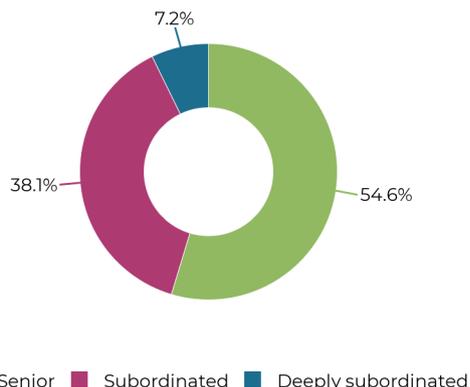
Distributions CPU ⁵

The table below shows the distribution in cents per unit for each distribution period in the respective financial year.

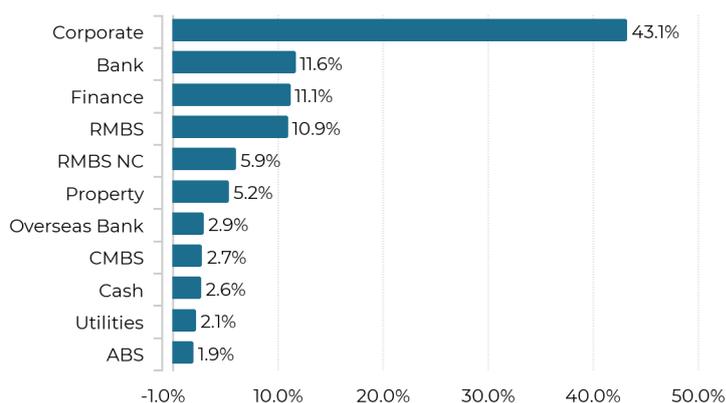
As at 31 August 2023	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FYTD
FY2020	0.40	0.40	0.39	0.37	0.36	0.37	0.37	0.35	0.33	0.30	0.31	0.30	4.26
FY2021	0.32	0.32	0.30	0.31	0.28	0.30	0.30	0.27	0.30	0.29	0.33	0.32	3.63
FY2022	0.32	0.32	0.31	0.32	0.31	0.35	0.35	0.36	0.41	0.39	0.46	0.49	4.38
FY2023	0.42	0.47	0.47	0.51	0.52	0.56	0.56	0.53	0.60	0.61	0.70	0.97	6.90
FY2024	0.67	0.68	-	-	-	-	-	-	-	-	-	-	1.35

⁵ Distributions are stated as cents per unit and have been rounded to two decimal places. Detailed distribution announcements are available on the [PCI website](#) and are stated in Australian dollars rather than cents per unit. Past performance is not indicative of future performance.

Seniority breakdown [^]



Sector allocation [^]



[^] Source: Bloomberg and Perpetual Asset Management Australia. Data is as at 31 August 2023. All figures are unaudited and approximate. Allocations may not sum to 100% due to rounding.

Portfolio update

Global financial markets saw increased volatility in August as markets attempted to assess the impact of shifting economic growth prospects on the path of monetary policy tightening. Stronger-than-expected US data led to a sharp rise in bond yields which impacted global equity markets over the first half of the month before moderating.

The Trust's running income remains a key contributor to return with the portfolio continuing to collect a solid yield premium above the RBA cash rate. Income return was broad based, with robust contributions from non-financial corporates, diversified financials and securitised sectors. At month end, the Trust's running income was 8.3%, more than doubling since the commencement of the RBA's tightening cycle in May 2022.

The tightening of credit spreads contributed to performance during the month. Domestic credit spreads extended their rally, supported by stronger than anticipated corporate earnings results. The RBA's pause has also contributed to the increased optimism in credit market. The key contributing sectors to credit spread return were banks, real estate and RMBS. Non-financial corporates were mixed with a number of USD denominated high yield exposures detracting marginally.

While primary issuance volume was resurgent during August, the Manager remains selective in adding new issues to the portfolio. The Trust took part in new deals in the RMBS and ABS sectors. Securitised assets amortise over time and as a result, the Manager periodically adds new issues to maintain the Trust's exposure to RMBS. The Manager elected to take part in the new 10-year \$750M fixed rate AUD denominated bond from Lloyds Banking Group which was considered to offer an attractive coupon. Duration risk of all fixed rate exposures in the Trust are hedged via short government bond futures.

The Manager views the outlook for credit markets to be neutral with supportive technical indicators offset by fragile economic growth expectations and tightening lending conditions captured in the US Federal Reserve Senior Loan Officer survey. The Manager remains focused on identifying attractively priced issues from companies or issuers with market leading positions and strong balance sheets. The Trust has been defensively positioned for some time while retaining the capability to add risk as the outlook for credit continues to improve.

Investment objective

To provide investors with monthly income by investing in a diversified pool of credit and fixed income assets.

Target return

To target a total return of RBA Cash Rate plus 3.25% p.a. (net of fees) through the economic cycle. This is a target only and may not be achieved.

Investment strategy

The Perpetual Credit Income Trust invests in a diversified and actively managed portfolio of credit and fixed income assets.

The Trust will typically hold 50 to 100 assets.

30% - 100%	Investment grade assets
0% - 70%	Unrated or sub-investment grade assets
70% - 100%	Assets denominated in AUD
0% - 30%	Assets denominated in foreign currencies (which are typically hedged back to AUD)
0% - 70%	Perpetual Loan Fund
< 5%	Perpetual Securitised Credit Fund

The Trust will diversify exposure and will have maximum exposure limits to issuers.

Typical investments will include corporate bonds, floating rate notes, securitised assets and private debt (for example, corporate loans).

About the manager

The Trust's investment portfolio is managed by Perpetual Investment Management Limited, part of the Perpetual Group, who believes the key to investing in credit and fixed income assets is constructing a well diversified portfolio of quality assets. Its experienced and highly regarded investment team actively manages investments based on fundamental research and analysis of quality, value and risk.

Portfolio managers



Michael Korber
Managing Director, Credit & Fixed Income

Portfolio manager:
Perpetual Credit Income Trust
Perpetual Pure Credit Alpha

Michael has over 41 years' experience, having been involved in credit markets since their development in Australia during the 1990's. Unlike many other fixed income portfolio managers in this market, Michael has a background in lending and banking, understanding credit risk in a fundamental way.



Michael Murphy
Senior High Yield Analyst

Portfolio manager:
Perpetual Loan Fund

Michael is an experienced credit markets specialist, having previously worked in high yield, private debt and leverage finance roles. As portfolio manager of the Perpetual Loan Fund, Michael has a focus on sourcing and assessing higher yielding income opportunities.

For more information

Investor relations



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Before making any investment decisions you should consider the Product Disclosure Statement (PDS) for the Trust issued by PTSL and the Trust's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (ASX), which are available at www.perpetualincome.com.au or can be obtained by calling 1300 778 468 (within Australia) or +61(2) 9299 9621 (from overseas).

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