

PERPETUAL CREDIT INCOME TRUST

ASX: PCI

Investment update

November 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 30 November 2023	Amount
ASX unit price	\$1.075
NTA per unit ¹	\$1.093

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 30 November 2023

ASX code:	PCI
Structure:	Listed Investment Trust
Listing date:	14 May 2019
Market capitalisation:	\$431 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 30 November 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)	0.9%	2.3%	5.0%	9.1%	5.3%	-	4.5%
Target Return ⁴	0.6%	1.9%	3.8%	7.3%	5.0%	-	4.6%
Distribution Return	0.6%	1.9%	4.1%	7.6%	5.2%	-	4.6%
RBA Cash Rate	0.4%	1.0%	2.1%	3.8%	1.6%	-	1.3%

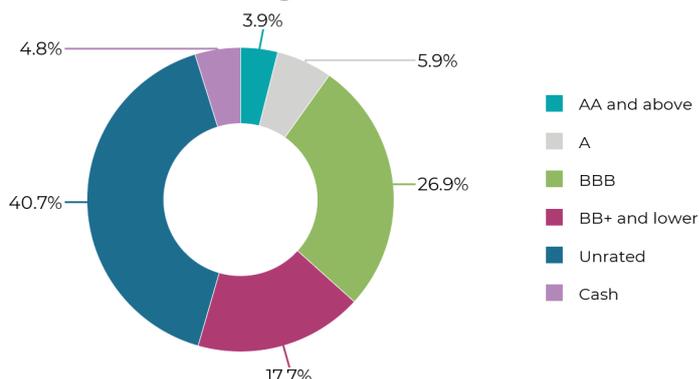
³ Investment returns have been calculated on the growth of Net Tangible Assets (NTA) after taking into account all operating expenses (including management costs) and assuming reinvestment of distributions on the ex-date. Distribution return has been calculated based on the PCI investment portfolio return 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 30 November 2023	Amount
Number of holdings	124
Number of issuers	84
Running yield	8.1%
Portfolio weighted average life	2.8 years
Interest rate duration	46 days

Ratings breakdown



Source: Standard & Poor's and Perpetual Asset Management Australia. Data is as at 30 November 2023. All figures are unaudited and approximate.

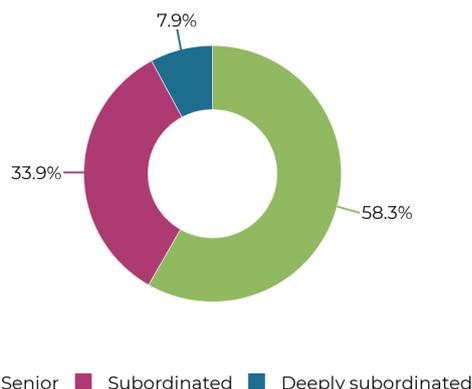
Distributions CPU ⁵

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

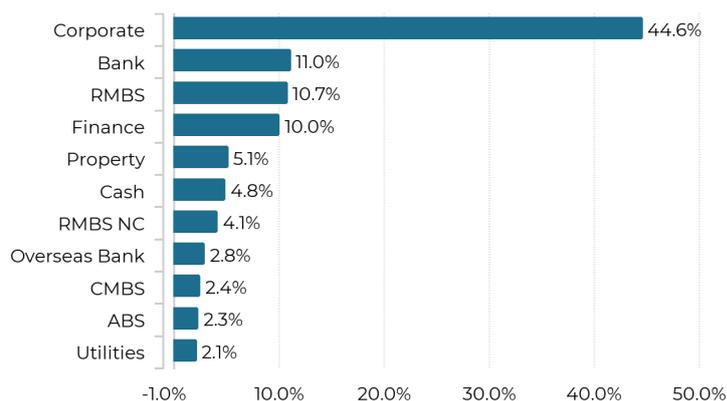
As at 30 November	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FYTD
FY2020	0.40	0.40	0.39	0.37	0.36	0.37	0.37	0.35	0.33	0.30	0.31	0.30	4.26
FY2021	0.32	0.32	0.30	0.31	0.28	0.30	0.30	0.27	0.30	0.29	0.33	0.32	3.63
FY2022	0.32	0.32	0.31	0.32	0.31	0.35	0.35	0.36	0.41	0.39	0.46	0.49	4.38
FY2023	0.42	0.47	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	0.67	0.68	0.68	-	-	-	-	-	-	-	3.38

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 30 November 2023. All figures are unaudited and approximate. Allocations may not sum to 100% due to rounding.

Portfolio update

November proved to be a strong month for both equities and bonds, spurred by the large falls in global bond yields. The rally in government bonds was led by the US as the market speculated that the Fed would embark on a dovish pivot. At the 1 November Federal Open Market Committee (FOMC) meeting, where the Committee repeated that financial conditions had tightened “significantly”, the fall in bond yields started to gain momentum. The rally was further propelled by a downside surprise in October’s US CPI, as well as Fed-speak that started to sound more optimistic that the rate rises were doing the job.

Credit spreads were mixed over the month. The Australian iTraxx Index, which is a proxy for the performance of the credit market, traded in a wide range finishing 22 basis points (bps) tighter to close at 75bps. Australian physical credit spreads on the other hand widened. Spread tightening among infrastructure was the best performing sector whilst the worst performing sector was supra-nationals which widened. Semi-government bonds performed well, narrowing to commonwealth government bonds. Globally we saw US high yield rally strongly on the back of equity and bonds rallying.

Primary issuance was active in November with the return of financials plus a new offering from Coles and UBS being met with strong investor interest, many of these issues being oversubscribed.

In November, the Trust benefitted from credit spreads tightening through its exposure to corporates and financials and this contributed positively to total returns.

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 8.1%.

The Trust took advantage of additional liquidity and stronger pricing to sell down some bonds at attractive prices to lock in some profits and use the proceeds to increase its allocation to the Perpetual Loan Fund.

The Manager remains focused on identifying attractively priced issues from companies or issuers with market leading positions and strong balance sheets. Whilst the short-term technical indicators have improved with sentiment and liquidity more positive, the Manager remains concerned as we head into 2024. A slowing economy combined with higher rates and an increase in defaults in US high yield bring caution to being too overweight risk in this environment.

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



Karen Trau
P: 02 9229 3138
E: karen.trau@perpetual.com.au

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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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