

PERPETUAL CREDIT INCOME TRUST

ASX: PCI

Investment update

July 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 July 2023	Amount
ASX unit price	\$1.005
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 July 2023

ASX code:	PCI
Structure:	Listed Investment Trust
Listing date:	14 May 2019
Market capitalisation:	\$403 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 July 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)	1.1%	2.5%	4.2%	8.0%	5.4%	-	4.1%
Target Return ⁴	0.6%	1.8%	3.5%	6.6%	4.5%	-	4.4%
Distribution Return	0.6%	2.2%	3.8%	6.9%	4.8%	-	4.4%
RBA Cash Rate	0.3%	1.0%	1.9%	3.2%	1.2%	-	1.1%

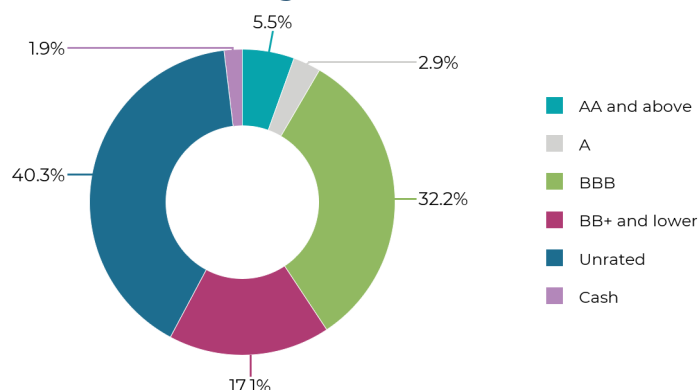
³ Investment returns have been calculated on the growth of Net Tangible Assets (NTA) after taking into account all operating expenses (including management costs) and assuming reinvestment of distributions on the ex-date. Distribution return has been calculated based on the PCI investment portfolio return 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 July 2023	Amount
Number of holdings	127
Number of issuers	87
Running yield	7.7%
Portfolio weighted average life	3.1 years
Interest rate duration	43 days

Ratings breakdown



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

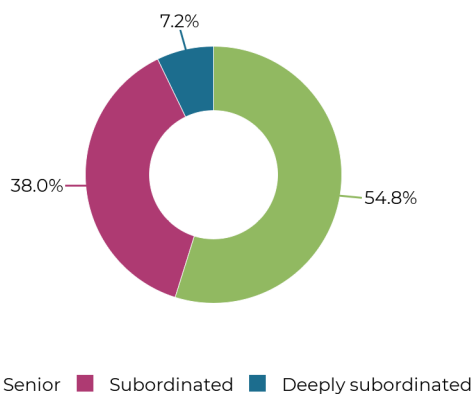
Distributions CPU ⁵

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

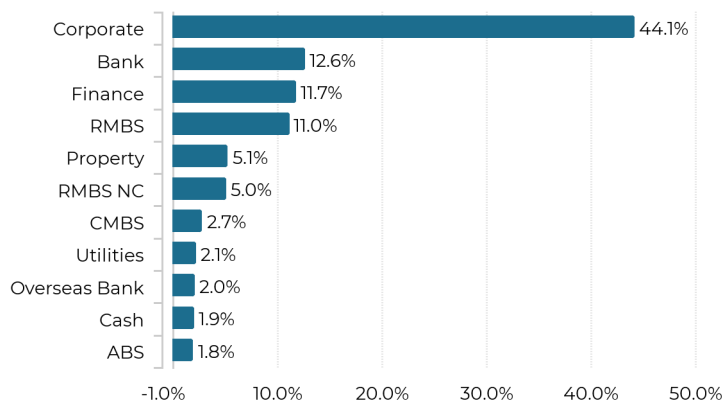
As at 31 July 2023	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FYTD
FY2020	0.40	0.40	0.39	0.37	0.36	0.37	0.37	0.35	0.33	0.30	0.31	0.30	4.26
FY2021	0.32	0.32	0.30	0.31	0.28	0.30	0.30	0.27	0.30	0.29	0.33	0.32	3.63
FY2022	0.32	0.32	0.31	0.32	0.31	0.35	0.35	0.36	0.41	0.39	0.46	0.49	4.38
FY2023	0.42	0.47	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	-	-	-	-	-	-	-	-	-	-	-	0.67

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

Portfolio update

Global financial markets consolidated in July following a strong first half for equities. Equities continued to grind higher, while credit spreads tightened across multiple markets. Bond yields were mixed with domestic long term yields sedate following the RBA's decision to hold in early July, while US long term yields moved higher, responding to further tightening from the Fed.

The Trust's running income remains a key contributor to return. Income was primarily attributable to the Trust's exposure to non-financial corporate bonds alongside Residential Mortgage Backed Securities (RMBS), domestic banks and Real Estate Investment Trusts (REITs). At month end, the Trust's running income was 7.7%.

Credit spread tightening was the most significant contributing factor to performance during the month. Increasing investor risk appetite alongside supportive supply dynamics contributed to narrowing credit spreads, which means the value of underlying assets increases. Subdued primary market issuance and elevated demand in secondary markets created downward pressure on credit spreads which benefitted the portfolio. The Trust's private loan exposures contributed to credit spread return with valuations improving, reflecting recent supportive conditions. Note that wherever external pricing is not available, the Trust's assets are priced at fair value having considered current economic conditions, recent movements in corporate credit spreads and the risk of credit impairment. Elsewhere, allocation to domestic banks performed well, most notably long dated subordinated exposures. Allocation to insurance sectors also positively contributed.

Primary issuance activity was subdued during July and the Trust broadly maintained sector and risk allocations. The Trust added exposure to Commercial Mortgage Backed Securities (CMBS) via a new deal from Think Tank. Elsewhere, the Trust trimmed exposure to a 2033 subordinated NAB bond while adding a shorter dated USD denominated NAB fixed rate bond that was offering attractive relative value. This trade illustrates how the Trust's ability to invest across a broad universe of fixed and floating bonds in multiple currencies can provide additional relative value opportunities to exploit. Note that duration and currency risk of fixed rate and foreign denominated exposures within the Trust are hedged.

The outlook for credit has improved, supported by supply and demand and technical indicators. The Manager is conscious however, of the impact of tightening financial conditions and fragile economic growth expectations. The Manager remains focused on identifying attractively priced issues from firms 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).

No company in the Perpetual Group (Perpetual Group means Perpetual Limited ABN 86 000 431 827 and its subsidiaries) guarantees the performance of the Trust or the return of an investor's capital. This information does not constitute an offer, invitation, solicitation or recommendation with respect to the purchase or sale of the Trust's units.

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