

# PERPETUAL CREDIT INCOME TRUST

ASX: PCI

## Investment update

### May 2024

#### 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 May 2024	Amount
ASX unit price	\$1.080
NTA per unit <sup>1</sup>	\$1.107

<sup>1</sup> Daily Net Tangible Asset (NTA) is available at [www.perpetualincome.com.au](http://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 May 2024

ASX code:	PCI
Structure:	Listed Investment Trust
Listing date:	14 May 2019
Market capitalisation:	\$433 million
Units on issue:	401,156,287
Distributions:	Monthly
Management costs:	0.88% p.a. <sup>2</sup>
Manager	Perpetual Investment Management Limited
Responsible Entity:	Perpetual Trust Services Limited

<sup>2</sup> Estimate inclusive of net effect of GST.

#### Investment performance <sup>3</sup>

As at 31 May 2024	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%	2.4%	5.0%	10.2%	5.8%	5.1%	5.1%
Target Return <sup>4</sup>	0.6%	1.9%	3.9%	7.8%	5.8%	5.0%	5.0%
Distribution Return	0.7%	1.9%	3.8%	8.1%	6.0%	5.0%	4.9%
RBA Cash Rate	0.4%	1.1%	2.2%	4.3%	2.4%	1.6%	1.6%

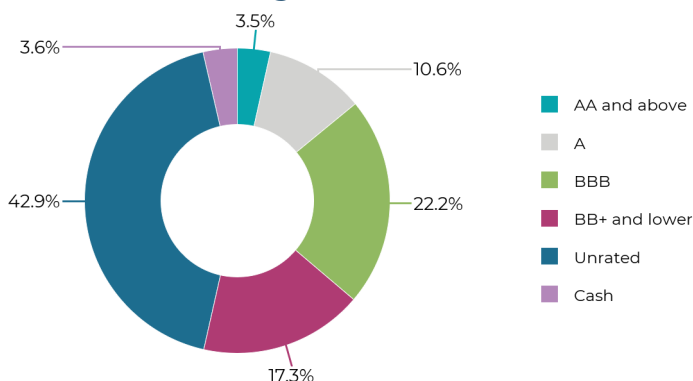
<sup>3</sup> Investment returns have been calculated on the growth of Net Tangible Assets (NTA) after taking into account all operating expenses (including management costs) and assuming reinvestment of distributions on the ex-date. Distribution return has been calculated based on the PCI investment 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.

<sup>4</sup> 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 May 2024	Amount
Number of holdings	121
Number of issuers	82
Running yield	8.1%
Portfolio weighted average life	2.7 years
Interest rate duration	35 days

#### Ratings breakdown



Source: Standard & Poor's and Perpetual Asset Management Australia. Data is as at 31 May 2024. All figures are unaudited and approximate.

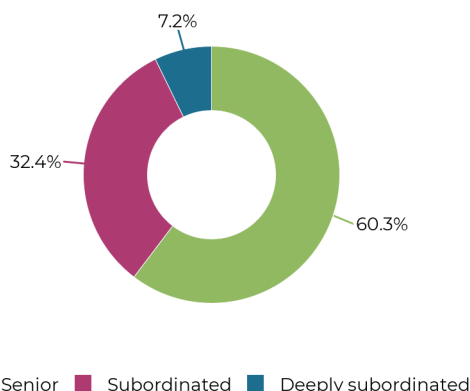
## Distributions CPU <sup>5</sup>

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

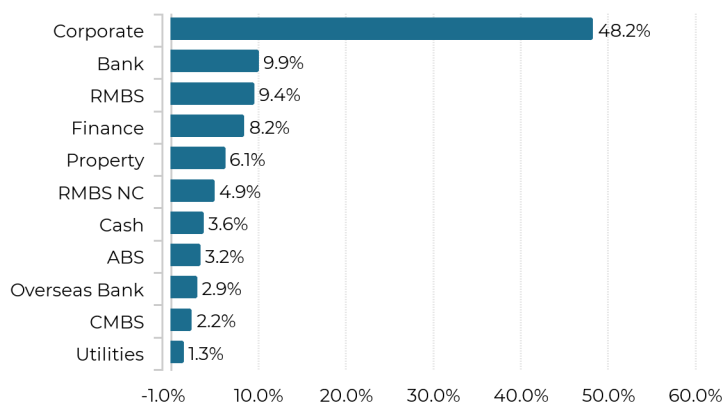
As at 31 May 2024	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FYTD
FY2020	0.40	0.40	0.39	0.37	0.36	0.37	0.37	0.35	0.33	0.30	0.31	0.30	4.26
FY2021	0.32	0.32	0.30	0.31	0.28	0.30	0.30	0.27	0.30	0.29	0.33	0.32	3.63
FY2022	0.32	0.32	0.31	0.32	0.31	0.35	0.35	0.36	0.41	0.39	0.46	0.49	4.38
FY2023	0.42	0.47	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	0.68	0.68	0.64	0.69	0.67	0.73	-	7.46

<sup>5</sup> 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 <sup>^</sup>



### Sector allocation <sup>^</sup>



<sup>^</sup> Source: Bloomberg and Perpetual Asset Management Australia. Data is as at 31 May 2024. All figures are unaudited and approximate. Allocations may not sum to 100% due to rounding.

## Portfolio update

PCI celebrated its fifth anniversary during May. Since inception, the PCI portfolio has delivered 5.1% p.a. (investment performance including the reinvestment of distributions and net of fees) exceeding its target return of RBA Cash Rate + 3.25% p.a. through the economic cycle<sup>^</sup>.

Financial markets resumed their rally during May with equity and bond markets generating positive performance. There was a notable risk-on trend best exemplified in the outperformance of high growth technology sectors. In these conditions, global credit spreads tightened, notably USD and Euro denominated high yield.

PCI's robust running yield was the most significant contributor to return during the month. The Portfolio's running yield was 8.1% at month end, drawn from a diversified mix of assets led by non-financial corporates alongside banks, non-bank financials and securitised sectors.

Credit spread dynamics were marginally positive for performance over the month. Domestic credit spreads were subdued, consolidating their recent rally. Our allocation to domestic and offshore banks were the key contributors with subordinated major bank exposures performing well as senior and subordinated curves continued to converge. Financials also benefitted from ratings agency Fitch upgrading their rating on the four major banks and Macquarie during the month reflecting the build-up of equity to meet loss absorbing requirements and protect creditors in the event of a default.

A notable development in the private credit space during May was the travails faced by Healthscope, a private hospital operator. Healthscope is in ongoing discussions with lenders to restructure their debt and there remain concerns of the borrower to meet their obligations. We have actively avoided the for-profit healthcare sector – including not investing in Healthscope loans – for some time in recognition of increasingly competitive markets, rising wages costs, a tightening of payments from the insurers who fund the sector and competition for specialist doctors. We continue to focus on relative value opportunities among quality sectors and issuers.

Sector allocations were broadly maintained over the month. The credit outlook remained neutral throughout May reflecting positive technical and macroeconomic indicators, offset by elevated valuation in domestic and US credit. The portfolio remains defensively positioned, retaining the capacity to take advantage of relative value opportunities as they arise.

<sup>^</sup> This is a target only and may not be achieved

## 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](http://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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