

PERPETUAL CREDIT INCOME TRUST

ASX: PCI

Investment update

October 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 October 2023	Amount
ASX unit price	\$1.050
NTA per unit ¹	\$1.090

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 October 2023

ASX code:	PCI
Structure:	Listed Investment Trust
Listing date:	14 May 2019
Market capitalisation:	\$421 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 October 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%	2.1%	4.7%	9.0%	5.5%	-	4.4%
Target Return ⁴	0.6%	1.9%	3.7%	7.1%	4.9%	-	4.6%
Distribution Return	0.6%	1.9%	4.1%	7.5%	5.1%	-	4.6%
RBA Cash Rate	0.3%	1.0%	2.1%	3.7%	1.5%	-	1.2%

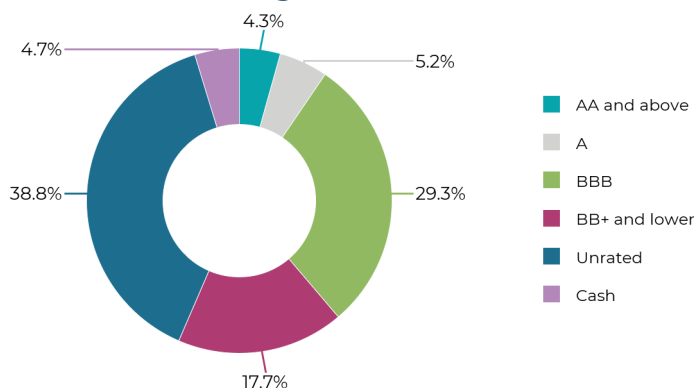
³ Investment returns have been calculated on the growth of Net Tangible Assets (NTA) after taking into account all operating expenses (including management costs) and assuming reinvestment of distributions on the ex-date. Distribution return has been calculated based on the PCI investment portfolio return 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 October 2023	Amount
Number of holdings	125
Number of issuers	86
Running yield	8.2%
Portfolio weighted average life	2.8 years
Interest rate duration	57 days

Ratings breakdown



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

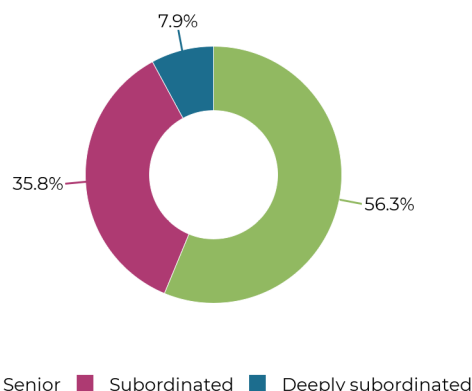
Distributions CPU ⁵

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

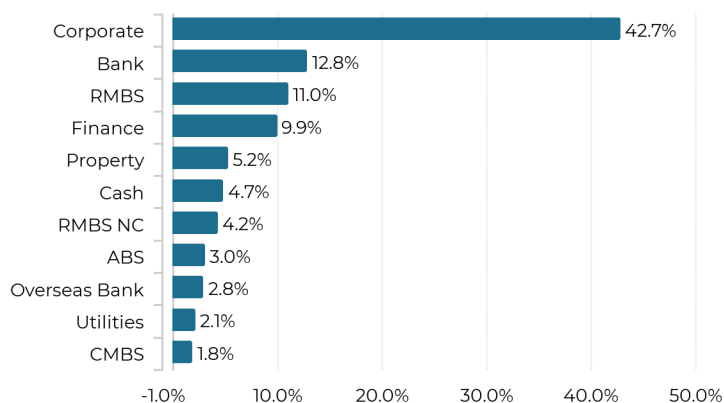
As at 31 October	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FYTD
FY2020	0.40	0.40	0.39	0.37	0.36	0.37	0.37	0.35	0.33	0.30	0.31	0.30	4.26
FY2021	0.32	0.32	0.30	0.31	0.28	0.30	0.30	0.27	0.30	0.29	0.33	0.32	3.63
FY2022	0.32	0.32	0.31	0.32	0.31	0.35	0.35	0.36	0.41	0.39	0.46	0.49	4.38
FY2023	0.42	0.47	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	-	-	-	-	-	-	-	-	2.70

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

Portfolio update

Bond markets continued to selloff in October with the sharp increase in bond yields reflecting investors adjusting to the expectation of a higher-for-longer interest rate regimes in recognition of resilient economic data and intransigent inflation print. The continued selloff in long-term bond yields, alongside the evolving crisis in the Middle East, also precipitated a widespread selloff in global equities.

Australian 10-year yields rose above 5% during the month before receding to end October 0.44% higher. Rising yields impacted the Bloomberg Ausbond Composite Bond Index which declined 1.85% during the month. While traditional fixed rate bonds extended their recent selloff, the Trust's floating rate structure mitigated the impact of rising bond yields.

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 8.2%.

Domestic credit spreads traded in a relatively tight range during October, consolidating following an extended period of tightening. Spread widening among the Trust's domestic bank and non-financial corporate exposures detracted marginally from return. This was offset by the contribution of the Trust's allocation to securitised sectors including RMBS which tightened.

During a busy month for primary issuance, the Manager was selective in issues added to the portfolio. Primary market issuance was active throughout October and the month was notable for elevated investor demand with a number of large deals oversubscribed multiple times and spreads tightening sharply ahead of the issue date. The Trust invested in the new \$1.25B tier-2 subordinated issuance from Commonwealth Bank. The Trust also added Auto ABS and RMBS issues. Securitised assets amortise over time and the Manager will add to holding in both the primary and secondary markets depending on relative value and fundamental outlook to ensure a prudent allocation to the sector.

The Manager remains focused on identifying attractively priced issues from companies or issuers with significant market share, strong balance sheets and attractively priced issues. The Manager believes that in the current deteriorating outlook for credit markets, this is crucial to managing risk and identifying sources of return across the spectrum of credit and fixed income assets. 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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