

INVESTMENT UPDATE

April 2022

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 APRIL 2022	AMOUNT
ASX unit price	\$1.030
NTA per unit ¹	\$1.096

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 TRUST INFORMATION²

AS AT 30 APRIL 2022

ASX code:	PCI
Structure:	Listed Investment Trust
Listing date:	14 May 2019
Market capitalisation:	\$413 million
Units on issue:	400,745,662
Distributions:	Monthly
Management costs:	0.88% p.a. ³
Manager:	Perpetual Investment Management Limited
Responsible Entity:	Perpetual Trust Services Limited

² Perpetual Credit Income Trust ARSN 626 053 496.

³ Estimate inclusive of net effect of GST.

INVESTMENT PERFORMANCE⁴

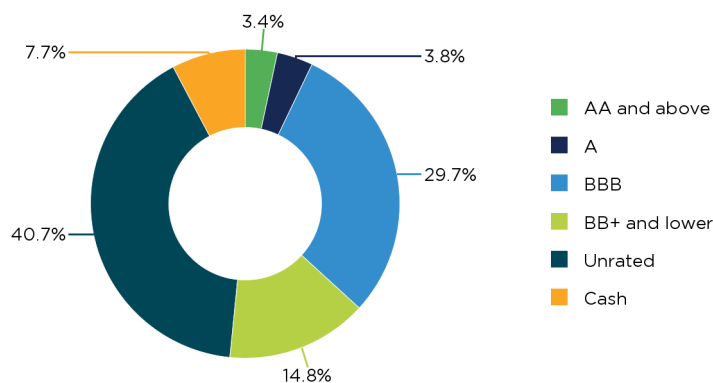
AS AT 30 APRIL 2022	1 MTH	3 MTHS	6 MTHS	1 YR	3 YRS P.A.	5 YRS P.A.	SINCE INCEP P.A.
PCI Investment portfolio	0.1%	0.2%	0.6%	2.4%	-	-	3.4%
Returns net of operating expenses							
RBA Cash Rate	0.0%	0.0%	0.0%	0.0%	-	-	0.4%
Excess returns	0.1%	0.1%	0.5%	2.4%	-	-	3.1%
Distribution return	0.4%	1.1%	2.0%	3.7%	-	-	3.5%

⁴ Investment returns, net of management costs 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. Investment return and index return may not sum to excess return due to rounding.

PORTFOLIO SUMMARY

AS AT 30 APRIL 2022	AMOUNT
Number of holdings	118
Number of issuers	92
Running yield	4.0%
Portfolio weighted average life	3.0 years
Interest rate duration	31 days

RATINGS BREAKDOWN



Source: Standard & Poor's and Perpetual Asset Management Australia. Data is as at 30 April 2022. All figures are unaudited and approximate.

DISTRIBUTIONS CPU⁵

The table below shows the distribution in cents per unit for each distribution period in the respective financial year. The annual distribution return is 3.7%. This is in line with the Trust's target return of RBA Cash Rate +3.25% (net of fees) through the economic cycle. This is a target only and may not be achieved.

AS AT 30 APRIL 2022	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	-	-	3.43

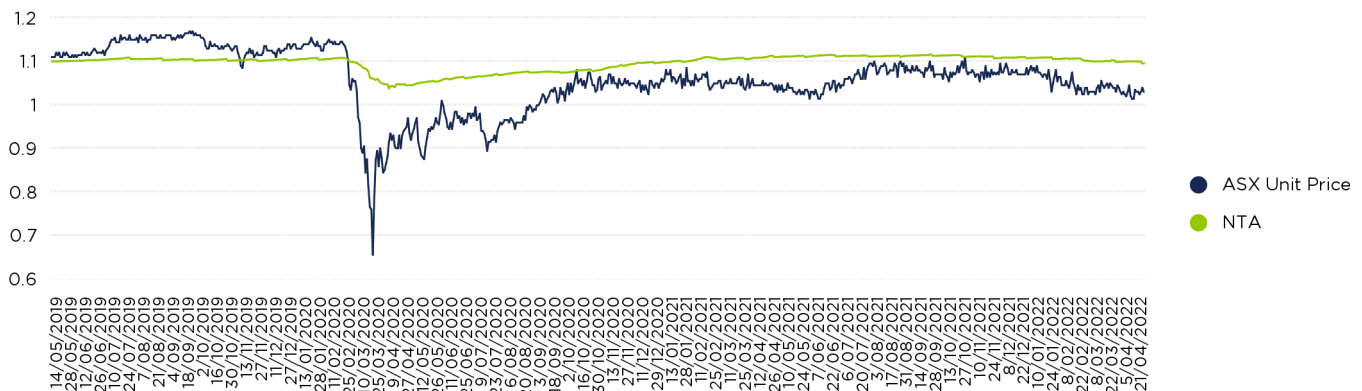
⁵ Distributions are stated as cents per unit and have been rounded to two decimal places. Detailed distribution announcements are available on the [PCI website](#) and are stated in Australian dollars rather than cents per unit. Distribution return has been calculated based on the PCI investment portfolio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

TOTAL UNITHOLDER RETURN⁶

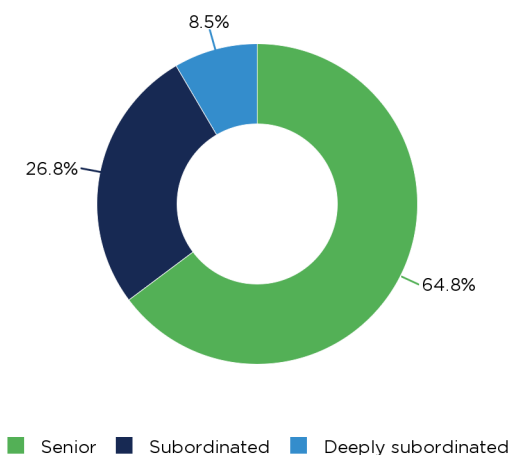
AS AT 30 APRIL 2022	1 MTH	3 MTHS	6 MTHS	1 YR	3 YRS P.A.	5 YRS P.A.	SINCE INCEP P.A.
Total unitholder return	-1.1%	-2.2%	-3.1%	2.4%	-	-	1.4%
RBA Cash Rate	0.0%	0.0%	0.0%	0.0%	-	-	0.3%
Excess returns	-1.1%	-2.2%	-3.1%	2.4%	-	-	1.1%
Distribution return	0.4%	1.1%	2.0%	3.9%	-	-	3.6%

⁶ Total unitholder return - ASX unit price performance with reinvestment of distributions has been calculated on the growth of the ASX unit price and assumes reinvestment of distributions on the ex-date. Distribution return has been calculated based on the total unitholder return less the growth in the ASX unit price over the period. Past performance is not indicative of future performance. Since inception return is from listing on 14 May 2019, initial price used is the subscription price of \$1.10. Unitholder return and index return may not sum to excess return due to rounding.

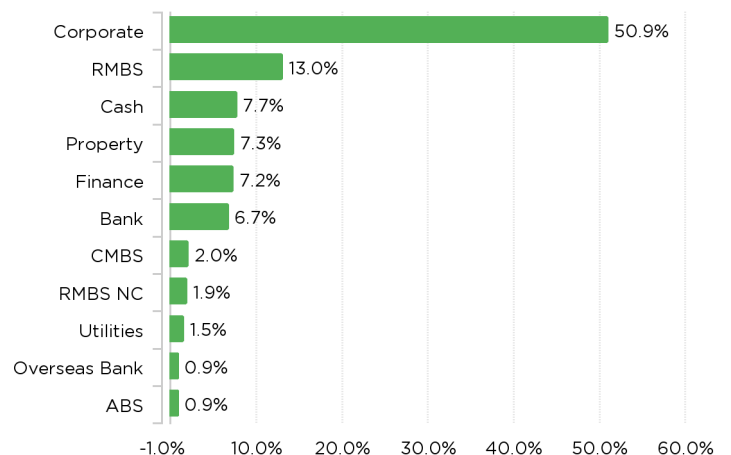
NTA PER UNIT VS ASX UNIT PRICE PERFORMANCE



SENIORITY BREAKDOWN



SECTOR ALLOCATION



Source: Bloomberg and Perpetual Asset Management Australia. Data is as at 30 April 2022. All figures are unaudited and approximate.

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PORTFOLIO UPDATE

The Trust's portfolio has outperformed the Reserve Bank of Australia (RBA) Cash Rate over 1-month and 1-year periods by 0.1% and 2.4% respectively.

The Trust's positive performance is notable in a month of continued turmoil in financial markets. Markets continued to slide through April with equities falling while credit spreads widened, and bond yields rose sharply. Slowing economic growth concerns joined persistent elevated inflation and accelerating monetary policy tightening as the key headwinds for markets. Throughout the recent volatility, the Trust's floating rate structure has continued to insulate the portfolio from the impact of rising yields, while the robust running income has offset widening credit and swap spreads.

Income return was the most significant contributor to performance during April and continues to offset the impact of elevated volatility in fixed income and credit markets. The Trust's income was predominantly generated by coupon payments and interest income from portfolio exposure to non-financial corporate bonds. Residential mortgage-backed securities (RMBS), non-bank financials and property also contributed to income return. The portfolio's running yield was 4.0% at month end.

Credit spread widening was marginally negative for performance during the month. Credit spread return was mixed by sector with the portfolio's exposure to non-financial corporates performing well while domestic banks and RMBS exposures detracted. Financials, led by domestic major banks widened on accelerated monetary policy tightening expectations which also impacted securitized sectors such as RMBS which are closely correlated to major bank senior spreads. The Trust remains heavily weighted towards corporate credit which is diversified by sector and remains less sensitive to money markets' pricing of monetary policy tightening.

During period of increased volatility in fixed income markets, it is important to reiterate that the Trust's running income remains the most substantial and predictable component of return. While the central bank tightening cycle may weigh on the outlook for credit spreads, the Trust's floating rate structure will benefit from rising interest rates as the running income increases.

Sector and risk allocations were actively managed during the month. The Manager elected to reduce credit risk by selectively trimming exposure to high yield and unrated corporate debt. Elsewhere, the Trust took part in the new \$1.1 billion subordinated deal from CBA in early April, which widened slightly over the remainder of the month. The Manager believes that domestic bank subordinated spreads offer attractive relative value following recent spread widening.

The outlook for credit has degraded somewhat and is now slightly negative. Perpetual's proprietary credit outlook score examines valuation, macroeconomic factors, supply and demand alongside technical indicators to quantitatively assess the outlook for credit spreads. Disrupted liquidity in secondary markets and negative technical indicators contributed to the reduction in the outlook over the month. The Manager is comfortable with the current level of risk in the portfolio and believes the Trust is well positioned to capitalise on buying opportunities presented by spread widening.

Issuer Profile - SCF Group (Analyst: Michael Murphy)

In a context where the outlook for credit markets is challenging and spreads are widening, active management across a diverse range of opportunities is essential to minimise default risks. The Trust's senior secured 3-year syndicated private loan with SCF group (SCF) is an example of the opportunities afforded by the Manager's broad investable universe and depth of experience.

SCF is a privately held Australian based firm that engages in the handling and supply of shipping intermodal and work site shipping containers. Revenue is primarily generated on a contracted lease basis and their fleet of containers are designed specifically for the required application of the end user. The Manager believes the industry outlook is strong and that SCF's diversified range of products exposes them to a broad range of end markets.

SCF has a sound competitive position within the industry, holding a significant market share. Their offering is differentiated by their superior product range, technical expertise and service delivery. SCF's revenues and cashflows are repeatable and sticky, underpinned by term contracts and supported by a diversified customer base with long standing relationships. The Manager believes that the competitive yield offered by the loan is more than adequate compensation for the risk given SCF's cashflows which offer sound debt service coverage.

One element of the loan that stood out to the Manager was the deal structure which afforded greater lender control than comparable US Term Loan B (TLB) offerings available at the time. The loan includes safeguards such as leverage requirements which protect the Trust and put increased restrictions on SCF group to maintain their ability to meet their loan obligations.

With elevated volatility and pressure on credit markets, assessing credit quality and actively managing risk across a broad universe, sector and issuer level is essential to building a portfolio that will defend capital while returning a robust running yield. Opportunities where the Manager is able secure a competitive yield on debt from an issuer such as SCF with sound fundamentals via an institutional offering with robust borrower restrictions is crucial to the Trust's portfolio construction.

INVESTOR COMMUNICATIONS

The [PCI website](#) hosts a range of information including Monthly Investment Updates, Portfolio Manager insights, dividend history and educational resources. The [my investments](#) section of the website also includes details for the Automatic Investor portal, where you can elect to receive regular communications, periodic statements and updates electronically.

INVESTMENT OBJECTIVE

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

TARGET RETURN

The Trust has a target 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 (PCI) (the "Trust") will hold 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

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). Exposure to corporate loans may be gained indirectly through the Perpetual Loan Fund.

ABOUT THE MANAGER

The Trust is managed by Perpetual Investment Management Limited. The Manager has one of the most experienced, proven and stable credit and fixed income teams in the Australian fixed income market. The Manager and the Responsible Entity are wholly owned subsidiaries of Perpetual Limited.

PORTFOLIO MANAGERS

Michael Korber



Managing Director, Credit & Fixed Income

Portfolio Manager: Perpetual Credit Income Trust Perpetual Pure Credit Alpha

Michael has over 37 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.

Anne Moal



Head of Corporate High Yield

Portfolio Manager: Perpetual Loan Fund

Anne is an experienced credit markets specialist, having worked for 22 years in credit and fixed income markets in research, origination and trading roles. Anne joined the Credit and Fixed Income Team at Perpetual Asset Management Australia in 2014. Anne is the portfolio manager of the Perpetual Loan Fund with a focus on higher yielding income opportunities.

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