

INVESTMENT UPDATE MARCH 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 MARCH 2023	AMOUNT
ASX unit price	\$0.990
NTA per unit ¹	\$1.083

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 INFORMATION ²

AS AT 31 MARCH 2023

ASX code:	PCI
Structure:	Listed Investment Trust
Listing date:	14 May 2019
Market capitalisation:	\$397 million
Units on issue:	400,967,882
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 PERFORMANCE ⁴

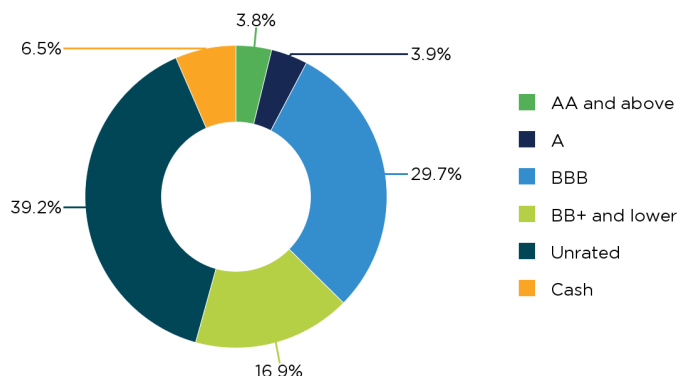
AS AT 31 MARCH 2023	1 MTH	3 MTHS	6 MTHS	1 YR	3 YRS P.A.	5 YRS P.A.	SINCE INCEP P.A.
PCI Investment portfolio	0.1%	1.9%	3.6%	4.1%	5.2%	-	3.7%
Returns net of operating expenses							
RBA Cash Rate	0.3%	0.8%	1.5%	2.0%	0.7%	-	0.8%
Distribution return	0.6%	1.6%	3.1%	5.6%	4.3%	-	4.1%

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. The comparison to the RBA Cash Rate is not intended to compare an investment in PCI to a cash holding. The RBA Cash Rate is displayed as a reference to the target return for PCI. The PCI investment portfolio is of higher risk than an investment in cash.

PORTFOLIO SUMMARY

AS AT 31 MARCH 2023	AMOUNT
Number of holdings	127
Number of issuers	91
Running yield	7.2%
Portfolio weighted average life	3.1 years
Interest rate duration	30 days

RATINGS BREAKDOWN



Source: Standard & Poor's and Perpetual Asset Management Australia. Data is as at 31 March 2023. 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.

AS AT 31 MARCH 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	-	-	-	4.63

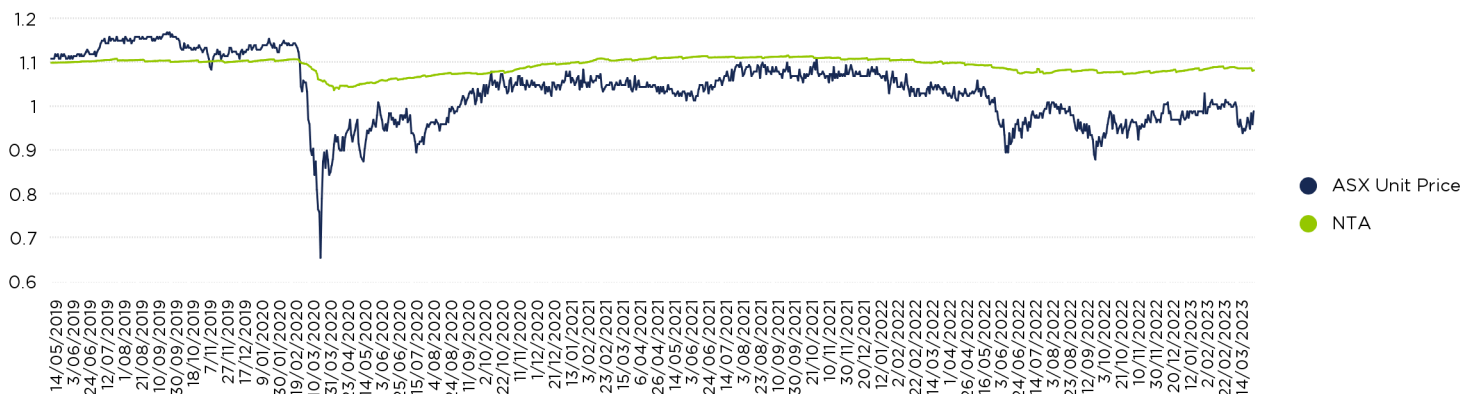
⁵ Distributions are stated as cents per unit and have been rounded to two decimal places. Detailed distribution announcements are available on the [PCI website](#) and are stated in Australian dollars rather than cents per unit. Distribution return has been calculated based on the PCI investment portfolio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

TOTAL UNITHOLDER RETURN⁶

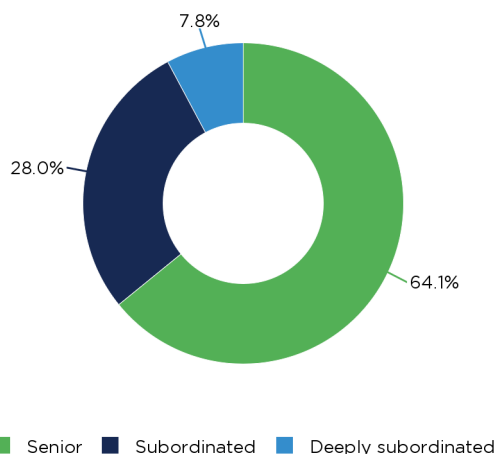
AS AT 31 MARCH 2023	1 MTH	3 MTHS	6 MTHS	1 YR	3 YRS P.A.	5 YRS P.A.	SINCE INCEP P.A.
Total unitholder return	-1.9%	3.8%	10.1%	0.7%	8.0%	-	1.6%

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. 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.

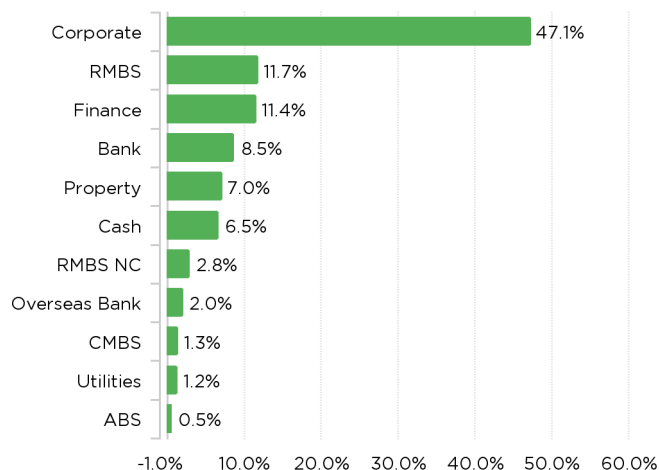
NTA PER UNIT VS ASX UNIT PRICE PERFORMANCE



SENIORITY BREAKDOWN



SECTOR ALLOCATION



Source: Bloomberg and Perpetual Asset Management Australia. Data is as at 31 March 2023. All figures are unaudited and approximate.

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PORTFOLIO UPDATE

The Trust's portfolio running yield increased from 6.8% to 7.2% in March, reflective of increasing interest rates flowing through to increased coupons and interest payments received from underlying assets. Similar to previous months, income received from assets in the portfolio was the most substantial contributor to performance. While concerns surrounding the global banking system impacted credit markets and the value of assets in the portfolio, the portfolio's healthy running income mitigated this impact and is expected to flow to monthly distributions paid to investors. During the month, the Trust's income was predominantly generated by coupon payments and interest income from the Trust's exposure to non-financial corporate bonds and Residential Mortgage-Backed Securities (RMBS) alongside banks and diversified financials.

Fixed income markets saw mixed fortunes during March with fixed rate bonds performing well as yields fell precipitously while credit spreads were impacted by concerns over the strength of the global banking system. Domestic and global bond yields rallied strongly through March as monetary policy tightening expectations moderated on the back of concerns surrounding the banking sector and moderating inflation.

Domestic credit spreads shifted wider over the month as pressure in the European and regional US banking sectors led to indiscriminate selling. Credit spreads moved sharply wider and secondary market liquidity was impacted by the collapse of Silicon Valley Bank (SVB) and Signature Bank. As at 31 March 2023, PCI has no direct or indirect exposure to US issuers including US banks. The Trust's bank exposure centres on large banking franchises which the Manager considers to be systemically important in their domestic and/or global jurisdictions. The majority (87.5%) of the portfolio's assets are from Australian domiciled issuers. It is worth noting that the Australian banking system's tighter regulation and more conservative capital ratios provide a measure of risk mitigation relative to the wider global banking sector.

Whilst the US regional banking market remained the epicentre of concern, spread widening, softening liquidity and risk aversion spread globally. Later in March, Swiss headquartered global bank Credit Suisse lost significant investor confidence as it revealed in its annual reporting, an audit finding material weakness in its internal controls over financial reporting and – as a result – UBS entered a merger agreement to take the bank over. One element of this transaction was the write down to zero of the value of Credit Suisse's additional tier 1 capital convertible notes. The write off of these hybrid securities precipitated a sharp selloff in bank hybrid notes as investors sought to reduce capital structure risk. The portfolio holds very low exposure to bank hybrids given valuation and capital structure concerns and as a result has mitigated the impact of sharply widening bank hybrid spreads.

The Trust was not immune to the impact of widening spreads with negative credit spread return being the key detractor from performance during the month. Spread widening among domestic and offshore banks as well as diversified financials detracted from the return. Credit spread return in the non-financial corporate sector was also slightly negative over the month reflecting the broader selloff in credit markets as investors reduced risk.

Sector and risk allocations within the Portfolio were broadly maintained during March. The Trust took part in new deals from Telstra, National Australia Bank and Commonwealth Bank early in the month. The Trust holds 127 assets across 91 issuers which the Manager believes is well diversified and spreads risk in the current market environment.

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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
< 5%	Perpetual Securitised Credit Fund

The Trust will diversify exposure and will have maximum exposure limits to issuers.

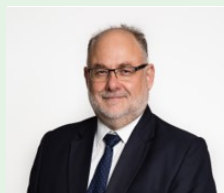
Typical investments will include corporate bonds, floating rate notes, securitised assets and private debt (for example, corporate loans). Exposure to corporate loans may be gained indirectly through the Perpetual Loan Fund.

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 MANAGER

Michael Korber



Managing Director, Credit & Fixed Income

Portfolio Manager:
Perpetual Credit Income Trust
Perpetual Pure Credit Alpha
Perpetual Loan Fund

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.

PERPETUAL KEY CONTACTS

INVESTOR RELATIONS

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

QLD

Tony Harte
Regional Manager
P: 0407 708 109
E: tony.harte@perpetual.com.au

NSW

Mark Williams
Key Account Manager
P: 0405 385 960
E: mark.williams@perpetual.com.au

WA

Tim McCallum
Regional Manager
P: 0411 209 403
E: tim.mccallum@perpetual.com.au

VIC/SA/NT/TAS

Daniel Moore
Regional Manager
P: 0400 032 819
E: daniel.moore@perpetual.com.au

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CONTACT DETAILS

Phone: 1300 778 468 within Australia,
or +61(2) 9299 9621 outside Australia
Email: perpetual@automicgroup.com.au
www.perpetualincome.com.au

