

PERPETUAL CREDIT INCOME TRUST

ASX: PCI

Investment update

February 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 29 February 2024	Amount
ASX unit price	\$1.080
NTA per unit ¹	\$1.101

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 29 February 2024

ASX code:	PCI
Structure:	Listed Investment Trust
Listing date:	14 May 2019
Market capitalisation:	\$433 million
Units on issue:	401,016,766
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 29 February 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)	0.9%	2.6%	5.0%	9.2%	5.5%	-	4.8%
Target Return ⁴	0.6%	1.9%	3.8%	7.6%	5.4%	-	4.8%
Distribution Return	0.6%	1.8%	3.8%	7.9%	5.7%	-	4.8%
RBA Cash Rate	0.3%	1.1%	2.1%	4.2%	2.0%	-	1.5%

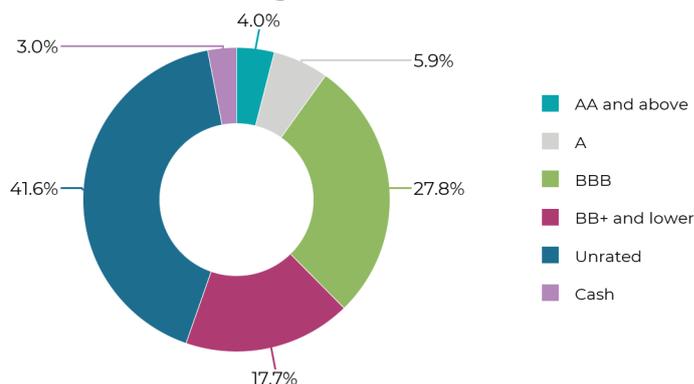
³ Investment returns have been calculated on the growth of Net Tangible Assets (NTA) after taking into account all operating expenses (including management costs) and assuming reinvestment of distributions on the ex-date. Distribution return has been calculated based on the PCI investment portfolio return 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 29 February 2024	Amount
Number of holdings	119
Number of issuers	82
Running yield	7.9%
Portfolio weighted average life	2.8 years
Interest rate duration	29 days

Ratings breakdown



Source: Standard & Poor's and Perpetual Asset Management Australia. Data is as at 29 February 2024. All figures are unaudited and approximate.

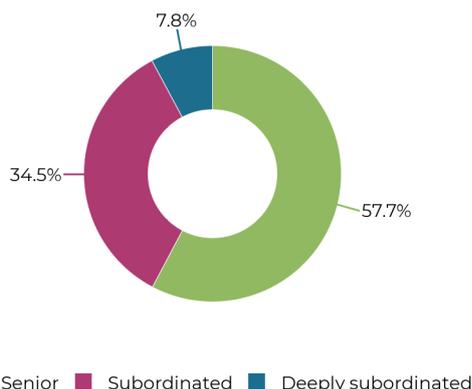
Distributions CPU ⁵

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

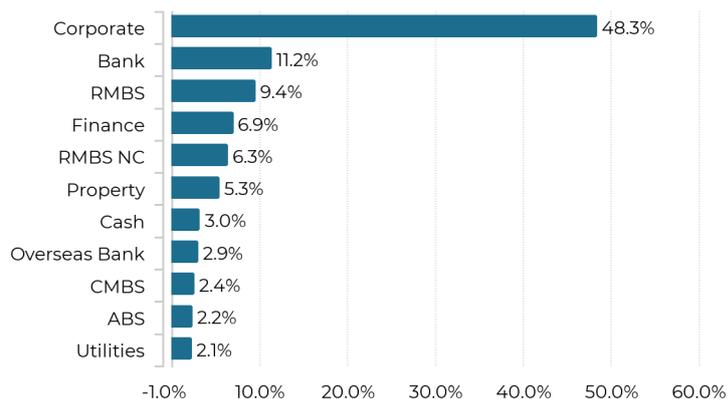
As at 29 February 2024	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FYTD
FY2020	0.40	0.40	0.39	0.37	0.36	0.37	0.37	0.35	0.33	0.30	0.31	0.30	4.26
FY2021	0.32	0.32	0.30	0.31	0.28	0.30	0.30	0.27	0.30	0.29	0.33	0.32	3.63
FY2022	0.32	0.32	0.31	0.32	0.31	0.35	0.35	0.36	0.41	0.39	0.46	0.49	4.38
FY2023	0.42	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	-	-	-	-	5.38

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 29 February 2024. All figures are unaudited and approximate. Allocations may not sum to 100% due to rounding.

Portfolio update

February saw bond yields sell off while credit and equities continued to perform. Stronger than expected US economic and inflation data pulled back expectations around the timing and scale of rate cuts resulting in rising bond yields over the month. PCI's floating rate structure continues to help mitigate interest rate risk including the impact of rising bond yields.

Domestic credit spreads participated in the global rally and tightened slightly in February, and shorter dated credit outperformed. PCI's exposure to non-financial corporates and RMBS were the most substantial contributors to spread performance. Corporate spreads kept pace with Financials, bucking the recent trend which has seen sustained outperformance of financial spreads, led by domestic and offshore banks. Securitised spreads – including RMBS – repriced during February reflecting reduced recent supply and robust demand. Offshore spreads continued to rally, and a number of the PCI's US dollar denominated positions contributed over the month. All foreign currency exposures held in PCI are hedged back to Australian Dollars.

Income return was broad based, with robust contributions from non-financial corporates, financials and securitised sectors. At month end, the Trust's running income was 7.9%.

Primary markets were active in February, however we remained selective in adding new names to the portfolio. We took the opportunity to lengthen exposure to domestic financials across insurers and regional banks, rotating out of shorter dated positions and adding longer dated bonds in the secondary market.

PCI also invested in a new loan via the Perpetual Loan Fund. AVC is an Australian based pub operator with a portfolio of predominantly inner-city venues. Aspects of the deal we considered favourable included the attractive margins as a result of scale, and growth opportunities both via acquisition and realisation of synergies. AVC is in a good market position given the several barriers to entry including government approvals and site availability that apply for the hospitality industry. Finally, we find the loan to have an attractive legal structure with sound protections and conservative leverage.

Despite the easing macroeconomic outlook and improved lending conditions, the outlook for credit remains delicately poised. The portfolio remains defensively positioned, retaining the capacity to take advantage of relative value opportunities as they arise.

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



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

This monthly report has been prepared by Perpetual Investment Management Limited ABN 18 000 866 535, AFSL 234426 (PIML). It is authorised for release by Perpetual Trust Services Limited ABN 48 000 142 049, AFSL 236648 (PTSL). PTSL is the responsible entity and issuer of the units in Perpetual Credit Income Trust ARSN 626 053 496 (Trust). PTSL has appointed PIML to act as the manager of the Trust. This monthly report is general information only and is not intended to provide you with financial advice or take into account your objectives, financial situation or needs. You should consider, with a financial adviser, whether the information is suitable for your circumstances. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. Past performance is not indicative of future performance. This information is believed to be accurate at the time of compilation and is provided in good faith. This report may contain information contributed by third parties. PIML and PTSL do not warrant the accuracy or completeness of any information contributed by a third party. Any views expressed in this monthly report are opinions of the author at the time of writing and do not constitute a recommendation to act.

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.

This report may contain information, data or material, including ratings (Content) obtained from third parties, including ratings from credit ratings agencies such as Standard & Poor's. Reproduction and distribution of the Content in any form is prohibited except with the prior written permission of the relevant third party. Third party content providers, and their affiliates and suppliers (Content Providers), do not guarantee the accuracy, adequacy, completeness, timeliness or availability of the Content, and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such Content. In no event shall Content Providers be liable for any damages, costs, expenses, legal fees, or losses (including lost income or lost profit and opportunity costs) in connection with any use of the Content. A reference to a particular investment or security, a rating or any observation concerning an investment that is part of the Content obtained from the Content Providers is not a recommendation to buy, sell or hold such investment or security, does not address the suitability of an investment or security and should not be relied on as investment advice. Credit ratings are statements of opinions and are not statements of fact.

