

**PERPETUAL
CREDIT
INCOME
TRUST**

ARSN 626 053 496



15 November 2022
ASX Limited
ASX Market Announcements Office
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

**Perpetual Credit Income Trust
Monthly Investment Update announcement**

Perpetual Credit Income Trust (the Trust) (ASX: PCI) advises that it has released the Monthly Investment Update (the Report) for the period ending 31 October 2022 (as attached).

If shareholders or other interested parties have any queries regarding the Report, they can contact:

Karen Trau
Investor Relations, PCI
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E: karen.trau@perpetual.com.au

Yours faithfully

Teresa Lee-Antonas
Senior Client Manger
Perpetual Trust Services Limited

INVESTMENT UPDATE October 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 31 OCTOBER 2022	AMOUNT
ASX unit price	\$0.955
NTA per unit ¹	\$1.074

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 31 OCTOBER 2022

ASX code:	PCI
Structure:	Listed Investment Trust
Listing date:	14 May 2019
Market capitalisation:	\$383 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 PERFORMANCE⁴

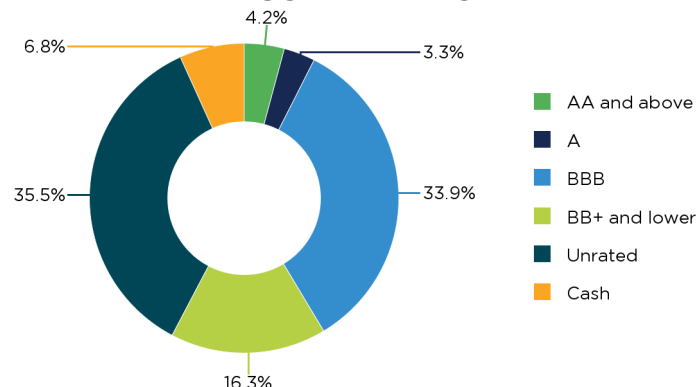
AS AT 31 OCTOBER 2022	1 MTH	3 MTHS	6 MTHS	1 YR	3 YRS P.A.	5 YRS P.A.	SINCE INCEP P.A.
PCI Investment portfolio Returns net of operating expenses	0.2%	1.2%	0.6%	1.2%	3.0%	-	3.1%
RBA Cash Rate	0.2%	0.6%	0.7%	0.8%	0.4%	-	0.5%
Excess returns	0.0%	0.6%	-0.1%	0.4%	2.7%	-	2.6%
Distribution return	0.5%	1.3%	2.6%	4.5%	3.9%	-	3.8%

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. 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 OCTOBER 2022	AMOUNT
Number of holdings	122
Number of issuers	93
Running yield	6.3%
Portfolio weighted average life	2.9 years
Interest rate duration	42 days

RATINGS BREAKDOWN



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

AS AT 31 OCTOBER 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	0.46	0.49	4.38
FY2023	0.42	0.47	0.47	0.51	-	-	-	-	-	-	-	-	1.86

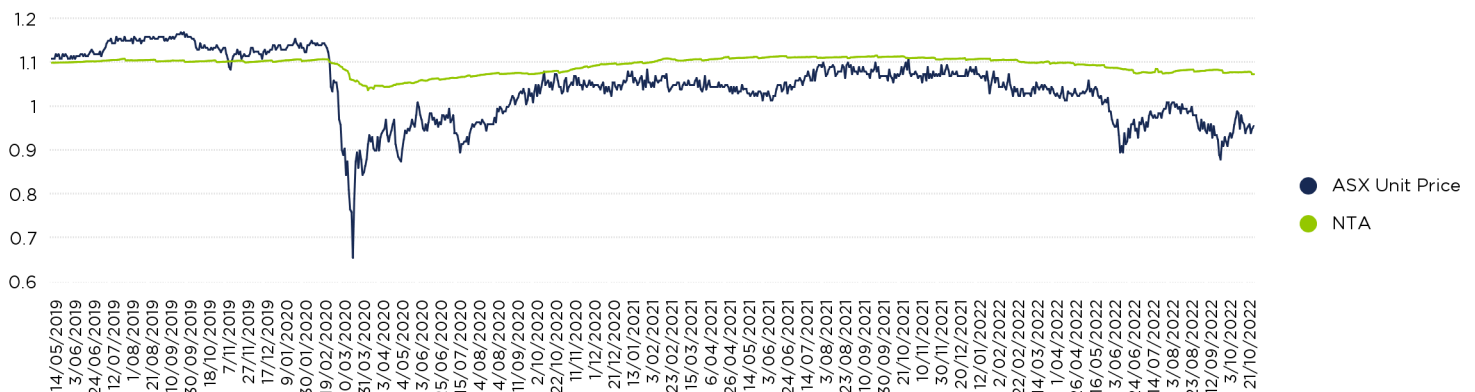
⁵ Distributions are stated as cents per unit and have been rounded to two decimal places. Detailed distribution announcements are available on the [PCI website](#) and are stated in Australian dollars rather than cents per unit. Distribution return has been calculated based on the PCI investment portfolio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

TOTAL UNITHOLDER RETURN⁶

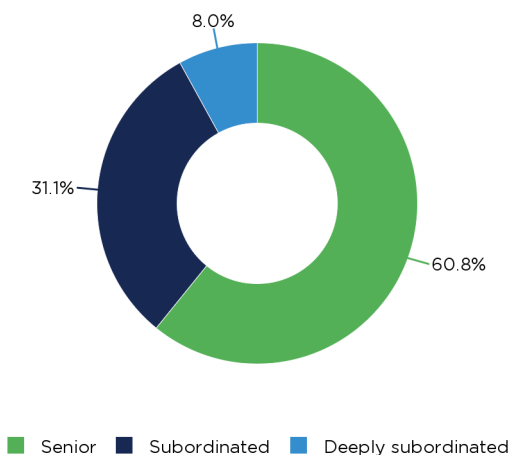
AS AT 31 OCTOBER 2022	1 MTH	3 MTHS	6 MTHS	1 YR	3 YRS P.A.	5 YRS P.A.	SINCE INCEP P.A.
Total unitholder return	3.2%	-2.5%	-4.6%	-7.5%	-1.7%	-	-0.1%
RBA Cash Rate	0.2%	0.6%	0.7%	0.8%	0.4%	-	0.5%
Excess returns	3.0%	-3.1%	-5.3%	-8.3%	-2.0%	-	-0.6%
Distribution return	0.6%	1.5%	2.7%	4.5%	3.9%	-	3.9%

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. 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.

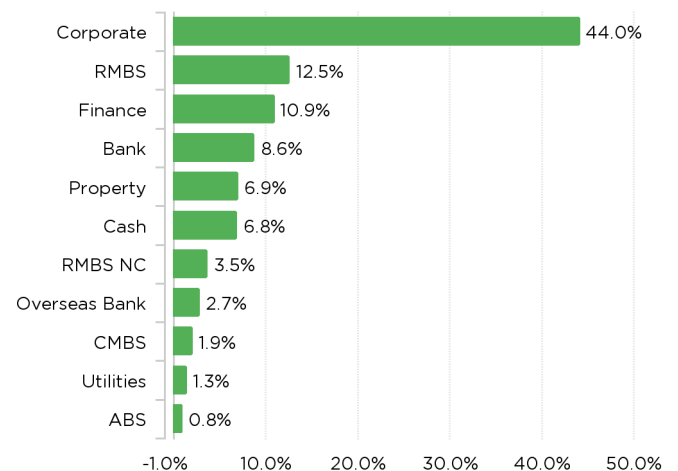
NTA PER UNIT VS ASX UNIT PRICE PERFORMANCE



SENIORITY BREAKDOWN



SECTOR ALLOCATION



Source: Bloomberg and Perpetual Asset Management Australia. Data is as at 31 October 2022. All figures are unaudited and approximate.

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PORTFOLIO UPDATE

The Trust continues to meet its objective, delivering sustainable monthly income and performing in line with its target objective of RBA Cash Rate + 3.25% p.a. net of fees through the economic cycle[^]. The running yield of the Trust's portfolio rose from 5.8% in September 2022 to 6.3% in October 2022, reflective of the rising interest rate environment and the increase in coupons and interest payments received from underlying assets. The Manager expects this to gradually flow to the monthly distributions paid to investors.

Fixed income markets were mixed during October, domestic bond yields rallied as markets priced a slower rate of monetary tightening from the Reserve Bank of Australia (RBA) while US yields continued to surge higher. The Manager is seeing credit spreads widen which typically occurs in times of uncertainty or when economic conditions are expected to deteriorate. However, wider credit spreads mean that the income offered on new credit issuance is higher as compensation for higher risk. Thus far throughout 2022, credit spreads have moved materially wider from their post COVID-19 low and are near their highest levels in a decade, notwithstanding the March 2020 selloff.

The Trust's portfolio returned 0.2% in October. Income return was the most significant contributor to performance during October, fully offsetting the impact of credit and swap spread widening. Credit and swap spread expansion detracted from return over the month. The Trust's allocation to domestic banks and non-financial corporates were the most substantial detractors from credit spread return. The Manager is comfortable with the level of credit risk in the Trust and none of the Trust's assets are of current concern or subject to impairment. As credit spreads have widened consistently throughout 2022, it is worth reiterating that the Trust's running income remains the most substantial and predictable component of return, offsetting the impact of credit volatility.

At the same time, a rising interest rate environment is expected to present opportunities to invest in debt from quality issuers offering attractive yields. The Manager believes that current conditions are likely to provide relative value opportunities as blue-chip companies offer robust yields on short-dated debt, high in their capital structure. The Trust has been defensively positioned for some time which has mitigated the recent volatility while maintaining a moderate cash position that is ready to deploy as attractive opportunities are presented.

Sector and risk allocations within the portfolio were broadly maintained during October. The Manager elected to take part in the new subordinated deal from Rabobank which offered attractive value relative to comparable domestic bank subordinated issues. The Manager believes that the Trust is well positioned to weather challenging conditions presented by elevated inflation, tightening financial conditions and slowing economic growth. The Trust's defensive positioning, robust running income and diverse exposure to quality issuers continue to mitigate the impact of indiscriminate spread widening and the Trust retains the capacity to add risk at attractive valuations offered by widening spreads.

Issuer Profile - AUB Group (High Yield Analyst: Michael Murphy)

Private debt markets offer opportunities to invest with mature, quality issuers that might not be available via publicly traded bonds. AUB Group Limited (AUB) is an ASX200 listed company, and the second largest insurance broking network in Australia and New Zealand. The Manager sees benefits in investing with listed issuers as they have easy access to equity markets to raise capital and often have more conservative financial policies and controls due to increased regulation and public scrutiny.

In May, AUB announced that it had agreed to acquire Tysers, a leading Lloyd's wholesale insurance broker, a deal which required funding via a term loan. While the acquisition itself was not at the core of the investment thesis, the capital raising offered the chance to invest with a prominent publicly listed issuer offering an attractive yield.

The Manager has seen resilient revenue growth across the insurance broking industry and believes AUB's market position offers stable revenue and the ability to meet debt obligations. The insurance broking industry has a number of promising fundamentals. The sector is benefitting from rising premiums and increased demand for coverage. As commissions are calculated as a percentage of premiums, customer retention is crucial and the Manager has observed AUB maintaining a strong premium retention rate.

More broadly, the insurance sector typically exhibits resilience during periods of tightening financial conditions and recession. This positions AUB well given it is the second largest insurance broking network in Australia and New Zealand. Hence, the Manager is attracted to its strong market position, robust industry fundamentals and secure cash flows.

[^] This is a target 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

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.

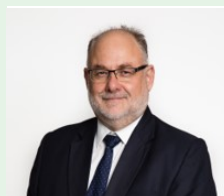
Typical investments will include corporate bonds, floating rate notes, securitised assets and private debt (for example, corporate loans). Exposure to corporate loans may be gained indirectly through the Perpetual Loan Fund.

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 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

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This monthly report has been prepared by Perpetual Investment Management Limited ABN 18 000 866 535, AFSL 234426 (PIML). It is issued and 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 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.

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