PERPETUAL CREDIT INCOME TRUST

ARSN 626 053 496

INVESTMENT UPDATE

November 2020

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 NOVEMBER 2020	AMOUNT
ASX unit price	$1.060
NTA per unit [1]	$1.091

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 30 NOVEMBER 2020

ASX code:	PCI
Structure:	Listed Investment Trust
Listing date:	14 May 2019
Market capitalisation:	$424 million
Units on issue:	400,333,882
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]

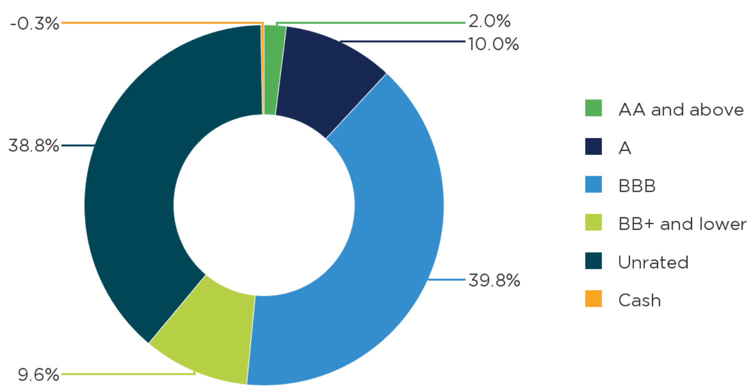
AS AT 30 NOVEMBER 2020	1 MTH	3 MTHS	6 MTHS	1 YR	3 YRS P.A.	5 YRS P.A.	SINCE INCEP P.A.
PCI Investment portfolio Returns net of operating expenses	1.4%	2.3%	5.3%	2.7%	-	-	3.0%
RBA Cash Rate	0.0%	0.0%	0.1%	0.3%	-	-	0.6%
Excess returns	1.4%	2.3%	5.2%	2.3%	-	-	2.3%
Distribution return	0.3%	0.8%	1.8%	3.6%	-	-	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 NOVEMBER 2020	AMOUNT
Number of holdings	110
Number of issuers	82
Running yield	3.7%
Portfolio weighted average life	4.5 years
Interest rate duration	44 days

RATINGS BREAKDOWN



The negative cash exposure as at 30 November 2020 is due to pending, long dated, trade settlements crossing over the month end period.
Source: Standard & Poor's and Perpetual Investments. Data is as at 30 November 2020. All figures are unaudited and approximate.

DISTRIBUTIONS CPU[5]

The table below shows the distribution in cents per unit paid each month in the respective financial year. The annual distribution return is 3.6%. 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 NOVEMBER 2020	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	-	-	-	-	-	-	-	1.52

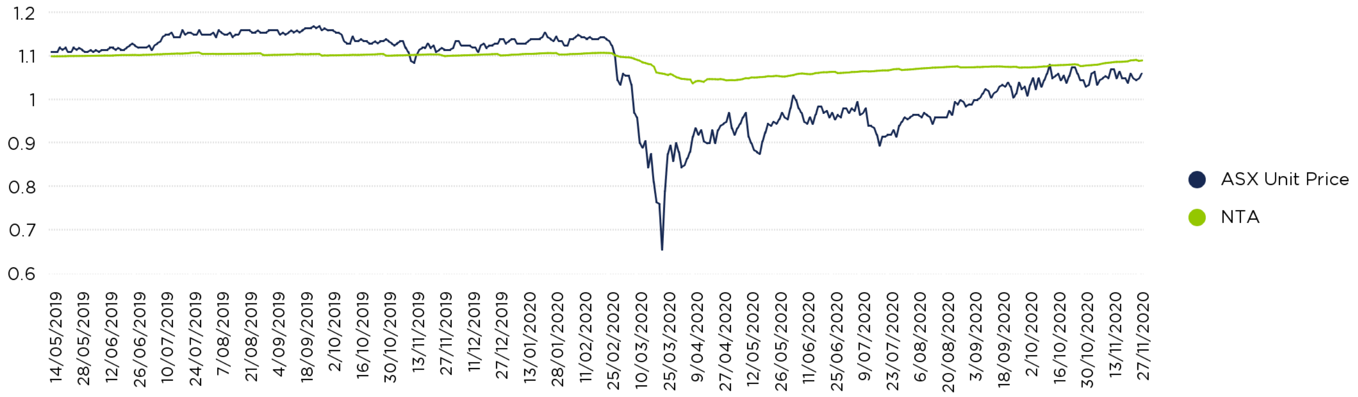
5 Distributions are stated as cents per unit and have been rounded to two decimal places. Detailed distribution announcements are available on the PCI website and are stated in Australian dollars rather than cents per unit. Distribution return has been calculated based on the PCI investment portfolio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

TOTAL UNITHOLDER RETURN[6]

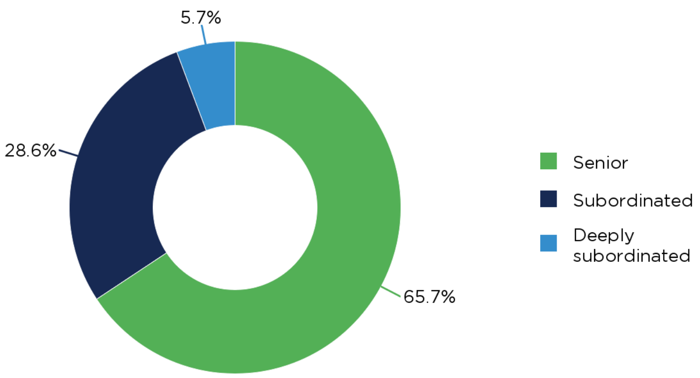
AS AT 30 NOVEMBER 2020	1 MTH	3 MTHS	6 MTHS	1 YR	3 YRS P.A.	5 YRS P.A	SINCE INCEP P.A.
Total unitholder return	1.7%	7.4%	12.4%	-1.3%	-	-	0.6%
RBA Cash Rate	0.0%	0.0%	0.1%	0.3%	-	-	0.9%
Excess returns	1.7%	7.4%	12.4%	-1.6%	-	-	-0.3%
Distribution return	0.3%	0.9%	2.0%	3.7%	-	-	3.0%

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

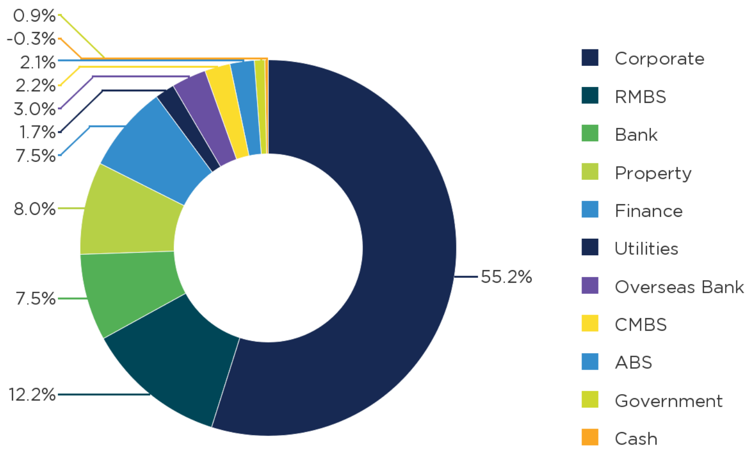


SENIORITY BREAKDOWN



Source: Bloomberg and Perpetual Investments. Data is as at 30 November 2020. All figures are unaudited and approximate.

SECTOR ALLOCATION



The negative cash exposure as at 30 November 2020 is due to pending, long dated, trade settlements crossing over the month end period.
Source: Bloomberg and Perpetual Investments. Data is as at 30 November 2020. All figures are unaudited and approximate.

PORTFOLIO UPDATE

The Trust's portfolio returned 1.4% in November, outperforming the Reserve Bank of Australia (RBA) Cash Rate (benchmark). The key contributor to performance was the significant tightening of credit spreads over the month following positive COVID-19 vaccine news, the US presidential election, easing of domestic restrictions and increased monetary support. Key sectors contributing to credit spread performance were non-financial corporates and property. A number of the top performing assets in the portfolio were from issuers that were disproportionately impacted by COVID related restrictions. Easing of restrictions in Victoria and the resumption of interstate travel benefited Scentre Group and Qantas credit spreads respectively.

The Manager was active in primary and secondary markets throughout November, increasing the number of issuers in the Trust's portfolio from 77 to 82 and assets from 103 to 110. The Trust's issuer and asset count provides a diversification benefit reducing sector, issuer and credit duration risks. The Trust's portfolio was a net buyer in November deploying cash in order to take advantage of the improving credit outlook and relative value opportunities identified by the Manager.

Key changes to the portfolio are detailed below.

The Trust increased allocation to short dated Qantas Airways debt in anticipation of further easing of restrictions on interstate travel. Qantas spreads benefited from vaccine announcements from Pfizer, Moderna and AstraZeneca which improved the outlook for international travel in 2021 and beyond.

NBN Co came to market for its inaugural issuance with a $1.2 billion deal with a 5-year term in late November. The Trust took part in the deal before taking profits on the position with the Manager considering it to have performed well in the secondary market.

The Trust participated in the Ampol Limited $500 million hybrid issuance of subordinated notes with a 5 year non-call period and 60 year maturity. The deal was met with robust demand and was oversubscribed. The credit spread of the hybrid immediately tightened in the secondary market. The Manager believes this reflected improving market conditions and/or a more positive view on the risk profile of the borrower. In line with this trend, the Manager has also observed an increase in demand in the market for instruments lower on the capital structure which generally offer more competitive yields.

The Manager invested in Bendigo and Adelaide Bank's $650 million senior unsecured deal which represented the first significant senior unsecured issuance from an Australian bank since February 2020. Senior issuance has been very subdued since the RBA's Term Funding Facility was established. The Manager took profits on the position shortly after it priced. The Trust also took part in the bank's $150 million subordinated deal from early November which offered a competitive yield. The Trust remains invested in the subordinated position.

Sector, seniority and credit rating exposures were broadly maintained throughout the month. The Manager took the opportunity to rebalance issuer exposures within the domestic bank sector.

The Trust's income was predominantly generated by coupon payments and interest income from portfolio exposure to non-financial corporates, residential mortgage backed securities (RMBS), property and non-bank financials. The Trust portfolio's running yield reduced slightly from 4.0% in October to 3.7% in November. The Trust's distribution was also reduced in November to reflect the lower official cash rate following the RBA's announcement in November to bring the official cash rate from 0.25% to 0.10%.

HOW WE INVEST

The Manager employs a robust, active and risk aware investment process to invest across the broad credit and fixed income universe. It aims to find the most attractive credit investment opportunities on a risk-adjusted basis at any point in time. The investment strategy is outlined in more detail below.

Diversification - the Trust is actively managed and through its flexible investment strategy diversification can be achieved across asset type, credit quality, maturity, country and issuer. The allocation to high yield assets (sub-investment grade and unrated assets) provides the opportunity to generate higher returns for the portfolio while complementing the allocation to investment grade assets. The Manager typically focuses on assets at the top of the capital structure such as senior or subordinated debt as these assets are higher in the order of priority for payment in the event the issuer of the asset is liquidated.

Australian focused credit LIT - while the Trust has the flexibility to invest globally, the preference generally is to focus on Australian issuers which can be listed or unlisted and denominated in AUD or foreign currencies. The Manager believes its local presence and ability to meet borrowers and their management team provides an advantage in assessing opportunities and managing credit risk for the portfolio.

Income - the Trust's income is primarily generated by coupon payments from corporate bonds and asset backed securities, and interest income from investment in loans. Importantly, there is reliability in the receipt of these payments from borrowers as there is an obligation to pay unlike dividend payments from listed companies which are at the discretion of the Board. Therefore, predictability of coupon payments is typically high. The Trust's income also contributes to the running yield which is the expected return (based on net tangible assets) of the portfolio assuming assets are held to maturity. The Trust achieves its running yield by investing in a diverse mix of assets across issuers, sectors and asset types.

Investment performance - this is generally determined by the Manager's selection of assets for the portfolio and the movement of credit spreads. Credit spreads refer to the compensation or return provided for accepting credit risk, which is the risk that a borrower or counterparty does not meet its principal and/or interest payment obligations as they fall due. When credit spreads tighten, this indicates improving market conditions and/or a more positive view on the risk profile of borrowers. This means the value of an existing asset in the portfolio will increase. Conversely, when credit spreads widen, the value of the asset in the portfolio will decrease. This is usually the result of uncertain economic conditions or where the perceived creditworthiness of the borrower has deteriorated.

Valuation of assets - the assets in the portfolio are typically bonds and floating rate notes which are tradeable with daily pricing and liquidity. The loan assets are valued at fair value having considered any impairment. Critical to the Manager's investment process is having regular access to information to enable credit risk to be monitored on an ongoing basis. This allows the assessment of the loans to be current and timely. The full value of the portfolio's assets is reflected in the Trust's estimated Net Tangible Asset (NTA) released to the ASX daily.

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 Investments in 2014. Anne is the portfolio manager of the Perpetual Loan Fund with a focus on higher yielding income opportunities.

PERPETUAL KEY CONTACTS

INVESTOR RELATIONS
Karen Davis
P: 02 9229 9114
E: karen.davis@perpetual.com.au

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

VIC/SA/NT/TAS
Daniel Moore
Regional Manager, Perpetual Investments
P: 0400 032 819
E: daniel.moore@perpetual.com.au

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

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

CONTACT DETAILS

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

Perpetual