PERPETUAL CREDIT INCOME TRUST

ARSN 626 053 496

ANNUAL FINANCIAL REPORT
30 JUNE 2019

Perpetual

Perpetual Credit Income Trust
Appendix 4E
For the period 22 May 2018 to 30 June 2019

Details of reporting period

Current: period 22 May 2018 to 30 June 2019

Previous corresponding*: N/A

The directors of Perpetual Trust Services Limited, the Responsible Entity of the Perpetual Credit Income Trust (the Trust) announce the reviewed results of the Trust for the period 22 May 2018 to 30 June 2019 as follows:

* This is the first period of operations of the Trust and hence there are no prior period comparatives.

Results for announcement to the market

Extracted from financial statements for the period 22 May 2018 to 30 June 2019.

	$'000
Revenue from ordinary activities	**2,200**
Profit/(loss) from the period	**1,568**
Total comprehensive income/(loss) for the period	**1,568**

Details of distributions

The distributions for the period from 22 May 2018 to 30 June 2019 is $341,696 (0.0854 cents per ordinary unit).

Subsequent to period end, on 25 July 2019, the directors declared a distribution of 0.3997 cents per ordinary unit which amounted to $1,598,668 and was paid on 8 August 2019.

Details of distribution reinvestment plan

The Responsible Entity has established a Distribution Reinvestment Plan (DRP) on 24 June 2019 in relation to all future distributions.

The Responsible Entity expects to make distributions on a monthly basis. For such distributions, it is expected the record date will be the last ASX trading day of each month and the last day for electing into the DRP will be 5.00pm (Sydney time) on the first business day after the record date.

Units under the DRP are currently issued at the net asset value of a unit as determined in accordance with the Trust's Constitution on the record date.

Net Tangible Assets

	As at 30 June 2019
Total Net Tangible Assets attributable to unitholders ($'000)	**441,226**
Units on issue ('000)	**400,000**
Net Tangible Assets attributable to unit holders per unit (cents)	**110.3**

Control gained or lost over entities during the period

Name of entities	Date of gain of control	Contribution to profit ($'000)
Perpetual Loan Fund	13 May 2019	344

Details of associates and joint venture entities

The Trust did not have any interest in associates and joint venture entities during current period.

Independent audit report

Additional disclosure requirements can be found in the notes to the Perpetual Credit Income Trust financial statements for the period 22 May 2018 to 30 June 2019.

This report is based on the financial report which has been audited.

Perpetual Credit Income Trust

ARSN 626 053 496

Financial Report
For the period 22 May 2018 to 30 June 2019

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Investment Manager's report

Dear Investors,

We are pleased to present the first Annual Financial Report for the Perpetual Credit Income Trust – ASX Code PCI ('the Trust'). The Trust commenced trading on the Australian Securities Exchange (ASX) on 14 May 2019.

Strong demand from investors saw the maximum A$440 million being raised through the issue of 400,000,000 units at a subscription price of A$1.10 per unit. As at 30 June 2019, the Trust had a market capitalisation of A$448 million and a net asset value per unit of $1.103.

The Trust is designed to deliver sustainable monthly income with a target total return of the RBA Cash Rate plus 3.25% per annum (net of fees) through the economic cycle.

To achieve this, the Trust's portfolio will typically contain 50-100 domestic and global credit and fixed income assets, diversified by asset type, credit quality, maturity, country and issuer through investment in corporate bonds, floating rate notes, securitised assets and private debt (mainly corporate loans).

The Trust's flexible investment strategy means the Manager can actively access a broad opportunity set to address changing market conditions. Due to Perpetual Limited's size and market position, the Trust can offer investors access to credit and fixed income assets not typically available to individual investors.

The experienced Portfolio Manager for the Trust, Michael Korber, supported by the broader Credit and Fixed Income team within Perpetual Investments, have been adopting a methodical and disciplined approach to investing the cash holdings raised during the initial public offer period (IPO) of the Trust.

As noted in the Trust's Product Disclosure Statement, dated 8 March 2019 (PDS), the time frame to achieve target portfolio construction was three months from listing on the ASX. We are pleased to note this target has now been achieved, with the assets of the Trust fully invested by late July 2019.

The Trust's first distribution of 0.0854 cents per unit was announced for June 2019 with payment to investors occurring on 9 July 2019.

Despite the short period between listing and 30 June 2019, unitholder return* has been 1.9%, exceeding the RBA Cash Rate over this period by 1.7%.

The June 2019 Monthly Investment Report includes an update on global and domestic credit markets and detail on how the Trust's assets are being invested. We would encourage you to read the Monthly Investment Reports, as they provide valuable information on the insights of the Manager. These are released to ASX and are also available on the ASX Announcements page, found under the Investor tab, on the Trust's website www.perpetualincome.com.au.

A tax guide, to help you complete your annual tax return, has also been released to ASX and is available on the Trust's website.

We would like to take this opportunity to again thank all investors for your support and we look forward to providing you with further updates on the progress of the Trust's investments over the coming year.

Perpetual Investments

*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.

Directors' report

The directors of Perpetual Trust Services Limited (ACN 000 142 049, AFSL 236 648), the Responsible Entity of the Perpetual Credit Income Trust (the Trust), present their report together with the financial statements of the Trust for the period 22 May 2018 to 30 June 2019 and the auditor's report thereon.

Directors

The following persons held office as directors of Perpetual Trust Services Limited during the period and up to the date of this report:

Glenn Foster
Michael Vainauskas
Andrew McIver (Alternate Director for Michael Vainauskas)
Vicki Riggio
Christopher Green (resigned 17 October 2018)
Gillian Larkins (Alternate Director for Glenn Foster) (resigned 12 October 2018)
Phillip Blackmore (Alternate Director for Christopher Green and Vicki Riggio) (appointed 6 July 2018)
Phillip Blackmore (Alternate Director for Christopher Green) (resigned 17 October 2018)
Richard McCarthy (appointed 17 October 2018)

Directors were in office for this entire period except where stated otherwise.

Principal activities

The Trust is a registered managed investment scheme domiciled in Australia.

The Trust was constituted on 9 May 2018, registered on 22 May 2018, commenced operations on 8 May 2019 and its units commenced trading on the Australian Securities Exchange (ASX: PCI) on 14 May 2019.

The Trust's investment strategy is to provide investors with monthly income by investing in a diversified pool of credit and fixed income assets. The Responsible Entity of the Trust is Perpetual Trust Services Limited (ACN 000 142 049, AFSL 236 648).

Perpetual Investment Management Limited (AFSL 234 426) has been appointed by the Responsible Entity to be the Investment Manager of the Trust (Investment Manager).

The Trust did not have any employees during the period.

Units on issue

Units on issue in the Trust at the end of the period are set out below:

	As at 30 June 2019 Units ('000)
Units on issue	**400,000**

Review and results of operations

During the period, the Trust invested in accordance with the investment objective and guidelines as set out in the governing documents of the Trust and in accordance with the provisions of the Trust's Constitution.

Directors' report (continued)

Review and results of operations (continued)

The performance of the Trust, as represented by the results of its operations, was as follows:

	For the period 22 May 2018 to 30 June 2019
Operating profit/(loss) ($'000)	1,568
Distributions paid and payable ($'000)	342
Distributions (cents per unit)	0.0854

Interests in the Trust

The movement in units on issue in the Trust during the period is disclosed in note 7 to the financial statements.

The value of the Trust's assets and liabilities is disclosed on the balance sheet and derived using the basis set out in note 2 to the financial statements.

Significant changes in state of affairs

The Trust was constituted on 9 May 2018, registered on 22 May 2018, commenced operations on 8 May 2019 and its units commenced trading on the Australian Securities Exchange (ASX: PCI) on 14 May 2019.

Likely developments and expected results of operations

The Trust will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Trust and in accordance with the provisions of the Trust's Constitution.

Matters subsequent to the end of the financial period

On 25 July 2019, the directors declared a distribution of 0.3997 cents per ordinary unit which amounted to $1,598,668 and was paid on 8 August 2019.

No other matter or circumstance has arisen since 30 June 2019 that has significantly affected, or may significantly affect:

(i) the operations of the Trust in future financial periods; or
(ii) the results of those operations in future financial periods; or
(iii) the state of affairs of the Trust in future financial periods.

Environmental regulation

The operations of the Trust are not subject to any particular or significant environmental regulations under a law of the Commonwealth, or of a State or Territory.

Fees paid to and interests held in the Trust by the Responsible Entity or its associates

Fees paid to the Responsible Entity and its related parties out of Trust property during the period are disclosed in note 14 to the financial statements.

Directors' report (continued)

Fees paid to and interests held in the Trust by the Responsible Entity or its associates (continued)

No fees were paid out of Trust property to the directors of the Responsible Entity during the period.

The number of interests in the Trust held by the Responsible Entity or its associates as at the end of the financial period are disclosed in note 14 to the financial statements.

Indemnification and insurance of officers and auditors

No insurance premiums are paid for out of the assets of the Trust in regards to insurance cover provided to either the officers of Perpetual Trust Services Limited or the auditor of the Trust. So long as the officers of Perpetual Trust Services Limited act in accordance with the Trust's Constitution and the law, the officers remain indemnified out of the assets of the Trust against losses incurred while acting on behalf of the Trust. The auditor of the Trust is in no way indemnified out of the assets of the Trust.

Rounding of amounts to the nearest thousand dollars

The Trust is an entity of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*. Amounts in the directors' report and financial report have been rounded to the nearest thousand dollars in accordance with the legislative instrument, unless otherwise indicated.

Comparatives

This is the first period of operations of the Trust and hence there are no prior period comparatives. There were no transactions between the date of constitution and date of registration.

Lead auditor's independence declaration

A copy of the lead auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 10.

This report is made in accordance with a resolution of the directors.

Richard McCarthy
Director

Sydney
22 August 2019

Background

Perpetual Trust Services Limited ACN 000 142 049, AFS Licence No. 236648 ("**Responsible Entity**") is the responsible entity for the Perpetual Credit Income Trust ("**Trust**"), a registered managed investment scheme that is listed on the Australian Securities Exchange ("**ASX**").

The Responsible Entity is a wholly-owned subsidiary of Perpetual Limited (ASX:PPT) ("**Perpetual**").

The Responsible Entity is reliant on Perpetual for access to adequate resources including directors, management, staff, functional support (such as company secretarial, responsible managers, legal, compliance and risk, finance) and financial resources. During the year and up to the date of this report, Perpetual has at all times made such resources available to the Responsible Entity.

In operating the Trust the Responsible Entity's overarching principle is to always act in good faith and in the best interests of the Trust's unitholders, in accordance with our fiduciary duty. The Responsible Entity's duties and obligations in relation to the Trust principally arise from: the Constitution of the Trust; the Compliance Plan for the Trust; the Corporations Act 2001 ("Act"); the ASX Listing Rules; the Responsible Entity's Australian Financial Services License; relevant regulatory guidance; relevant contractual arrangements; and other applicable laws and regulations.

Corporate Governance

At Perpetual, good corporate governance includes a genuine commitment to the ASX Corporate Governance Council Principles and Recommendations (ASX Principles).

The Directors of the Responsible Entity are committed to implementing high standards of corporate governance in operating the Trust and, to the extent applicable to registered schemes, are guided by the values and principles set out in Perpetual's Corporate Responsibility Statement and the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations ("**Principles**"). The Responsible Entity is pleased to advise that, to the extent the Principles are applicable to registered schemes; its practices are largely consistent with the Principles.

As a leading independent responsible entity, the Responsible Entity operates a number of registered managed investment schemes ("**Schemes**"). The Schemes include the Trust as well as other schemes that are listed on the ASX. The Responsible Entity's approach in relation to corporate governance in operating the Trust is consistent with its approach in relation to the Schemes generally.

The Responsible Entity addresses each of the Principles that are applicable to externally managed listed entities in relation to the Schemes, including the Trust, for the year ended 30 June 2019. This corporate governance statement is current as at the date of the Trust's financial report and has been approved by the Responsible Entity Board.

Principle 1 – Lay solid foundations for management and oversight

The role of the Responsible Entity's Board ("**RE Board**") is generally to set objectives and goals for the operation of the Responsible Entity and the Schemes, to oversee the Responsible Entity's management, to regularly review performance and to monitor the Responsible Entity's affairs acting in the best interests of the unitholders of each of the Schemes. The RE Board is accountable to the unitholders of each of the Schemes, and is responsible for approving the Responsible Entity's overall objectives and overseeing their implementation in discharging their duties and obligations and operating the Schemes.

The role of the Responsible Entity's management is to manage the business of the Responsible Entity in operating the Schemes. The RE Board delegates to management all matters not reserved to the RE Board, including the day-to-day management of the Responsible Entity and the operation of the Schemes. Directors, management and staff are guided by Perpetual's Code of Conduct which is designed to assist them in making ethical business decisions.

Principle 2 – Structure the board to add value

At present the RE Board consists of 4 executive directors and 2 alternate directors. The names of the current Directors and year of appointment is provided below:

Richard McCarthy	2018
Glenn Foster	2015
Michael Vainauskas	2015
Andrew McIver (Alternate)	2017
Vicki Riggio	2018
Phillip Blackmore (Alternate)	2018

As the RE Board consists of only executive directors, a Compliance Committee is appointed in relation to each of the Schemes (refer to Principle 7). The Committee has a majority of independent members and is chaired by an independent member who is not the chair of the RE Board.

Principle 3 – Promote ethical and responsible decision-making

The Responsible Entity has a Code of Conduct and espoused Core Values and a further values framework known as “The Way We Work” within which it carries on its business and deals with its stakeholders. These apply to all directors and employees of Perpetual, and the Responsible Entity. The Code of Conduct and Core Values, and supporting Risk framework supports all aspects of the way the Responsible Entity conducts its business and is embedded into Perpetual’s performance management process. The Code of Conduct is available on Perpetual’s website (www.perpetual.com.au).

Principle 4 – Safeguard integrity in financial reporting

The RE Board does not have an audit committee. Under delegation by the RE Board, the Responsible Entity Services management and staff operate within a Compliance and Risk Management framework with specific policies and procedures designed to ensure that the Trust’s

- financial reports are true and fair and meet high standards of disclosure and audit integrity; and
- other reports released on ASX are materially accurate and balanced.

This includes policies relating to the preparation, review and sign off process required for the Trust’s financial reports including the operation of an Internal Review Accounts Committee and RE Board approval process, the engagement of the Trust independent auditors and the review and release of certain reports on the ASX.

The declarations under section 295A of the Corporations Act 2001 (**the Act)** provide formal statements to the RE Board in relation to the Trust (refer to Principle 7). The declarations confirm the matters required by the Act in connection with financial reporting. The Responsible Entity receives confirmations from the service providers involved in financial reporting and management of the Trust, including the Investment Manager. These confirmations together with the overarching Responsible Entity’s Risk and Compliance Framework which includes the service provider oversight framework assist its staff in making the declarations provided under section 295A of the Act.

The Responsible Entity manages the engagement and monitoring of independent ‘external’ auditors for the Trust. The RE Board receives periodic reports from the external auditors in relation to financial reporting and the compliance plan for the Trust.

Principle 5 – Make timely and balanced disclosure

The Responsible Entity has a continuous disclosure policy to ensure compliance with the continuous disclosure requirements of the Act and the ASX Listing Rules in relation to the Trust. The policy requires timely disclosure of information to be reported to the Responsible Entity's management and/or Directors to ensure that, information that a reasonable person would expect to have a material effect on the unit price or would influence an investment decision in relation to any of the Trust, is disclosed to the market. The Responsible Entity's employees assist management and/or the Directors in making disclosures to the ASX after appropriate consultation. The Responsible Entity requires service providers, including the Investment Manager, to comply with its policy in relation to continuous disclosure for the Trust.

Principle 6 – Respect the rights of unitholders

The Responsible Entity is committed to ensuring timely and accurate information about the Trust is available to security holders via the Trust's website. All ASX announcements are promptly posted on the Trust's website: https://www.perpetual.com.au/income/pci-investors/asx-announcements. The annual and half year results financial statements and other communication materials are also published on the website.

In addition to the continuous disclosure obligations, the Responsible Entity receives and responds to formal and informal communications from unitholders and convenes formal and informal meetings of unitholders as requested or required. The Responsible Entity has an active program for effective communication with the unitholders and other stakeholders in relation to Trust.

The Responsible Entity handles any complaints received from unitholders in accordance with Perpetual's Complaints Handling Policy. The Responsible Entity is a member of the Australian Financial Complaints Authority (AFCA), an independent dispute resolution body, which is available to unitholders in the event that any complaints cannot be satisfactorily resolved by the Responsible Entity.

Principle 7 – Recognise and manage risk

The RE values the importance of robust risk management systems and maintains a current risk register as part of its formal risk management program. The RE has established a Compliance Committee, comprised of Virginia Malley, Michelene Collopy (Chairperson) and Michael Vainauskas. The Compliance Committee meets at least quarterly. In 2018/19 financial reporting period all five meetings were attended by all Compliance Committee members.

The Compliance Committee Charter sets out its role and responsibilities, which is available on request. The Compliance Committee is responsible for compliance matters regarding the RE's Compliance Plan and Constitution and the Corporations Act.

Perpetual's Audit, Risk and Compliance Committee is responsible for oversight of the Perpetual's risk management and internal control systems. The Audit, Risk and Compliance Committee is comprised of Ian Hammond, Philip Bullock, Nancy Fox and P Craig Ueland. The Audit, Risk and Compliance Committee terms of reference sets out its role and responsibilities. This can be obtained on the Perpetual website. The majority of the Compliance Committee and the Audit, Risk and Compliance Committee members are external members. They are chaired by external members.

1. The RE manages the engagement and monitoring of independent external auditors for the Trust. The RE board receives periodic reports in relation to financial reporting and the compliance plan audit outcomes for the Trust.

Perpetual has a risk management framework in place which is reviewed annually. The declarations under section 295A of the Act provide assurance regarding sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks. The RE also receives appropriate declarations from the service providers involved in financial reporting.

Perpetual has an Internal Audit function which reports functionally to Perpetual Limited Audit Risk & Compliance Committee (ARCC), and for administrative purposes, through the General Manager – Risk & Internal Audit, and is independent from the external auditor. Perpetual Internal Audit establishes a risk based audit plan each year that is approved formally by the ARCC, and executes internal audits of Perpetual Business Units in accordance with the plan. The plan is re-assessed quarterly and reviewed to ensure that it is dynamic and continues to address the key risks faced by the Group. Progress against the plan, changes to the plan, and the results of audit activity are reported quarterly to the ARCC.

The Investment Manager incorporates ESG matters into its investment analysis and decision-making practices.

The Investment Manager's approach is to seek the best risk-adjusted investment returns over specified time periods. This obligation is satisfied by focusing on both the quality and value of

possible investments. This investment philosophy recognises that while traditional financial measures are an important consideration, extra-financial factors such as ESG matters can also influence investment performance. Consistent with this philosophy, to the extent that information is available, the Investment Manager takes into account ESG issues in investment analysis and decision making.

At this stage, the Investment Manager considers ESG matters primarily from a risk perspective. Analysis may include:

- What ESG issues (risks) the investment is exposed to
- How material the ESG issues are, taking into account industry and individual issuer exposures
- What impact material ESG issues are likely to have on the value, earnings and future prospects of the investment, and
- How well ESG issues are being managed, and therefore how likely the possible impacts are to occur.

Considering ESG factors in investment decision-making can have three possible outcomes:

1. The risks are too high compared to the likely reward and so the investment is not made or is fully or partly sold.
2. The risks are significant, but the likely reward is sufficient compensation for the risk and so an investment is made or is held.
3. The risks are low and so ESG factors are not a major consideration in making the investment decision.

Principle 8 – Remunerate fairly and responsibly

The fees and expenses which the RE is permitted to pay out of the assets of the Trust are set out in the Trust constitution. The Trust financial statements provide details of all fees and expenses paid by the Trust during the financial period.

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Perpetual Credit Income Trust

I declare that, to the best of my knowledge and belief, in relation to the audit of Perpetual Credit Income Trust for the financial period ended 30 June 2019 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

J.Davis

Jessica Davis

Partner

Sydney

22 August 2019

Statement of comprehensive income

	Notes	For the period 22 May 2018 to 30 June 2019 $'000
Investment income		
Distribution income		**519**
Interest income	3	**1,203**
Net gains/(losses) on financial instruments at fair value through profit or loss	4	**487**
Net foreign exchange gains/(losses)		**(9)**
Total net investment income/(loss)		**2,200**
Expenses		
Responsible Entity's fees	5, 14	**20**
Investment manager's fees	5	**469**
Other operating expenses	5	**143**
Total expenses		**632**
Profit/(loss)		**1,568**
Other comprehensive income		**-**
Total comprehensive income/(loss) for the period		**1,568**
Earnings per unit		
Basic and diluted earnings per unit - cents per unit	8	0.39

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Balance sheet

	Notes	30 June 2019 $'000
Assets		
Cash and cash equivalents	13(b)	**149,358**
Financial assets at fair value through profit or loss	9	**297,029**
Receivables	11	**839**
Total assets		**447,226**
Liabilities		
Financial liabilities at fair value through profit or loss	10	**692**
Distributions payable	6	**342**
Payables for securities purchased		**4,526**
Payables	12	**440**
Total liabilities		**6,000**
Net assets attributable to unitholders - equity	7	**441,226**

The above balance sheet should be read in conjunction with the accompanying notes.

Statement of changes in equity

	Notes	For the period 22 May 2018 to 30 June 2019 $'000
Total equity at the beginning of the period	7	**-**
Comprehensive income for the period		
Profit/(loss)		**1,568**
Total comprehensive income for the period		**1,568**
Transactions with unitholders		
Capital raising from the Initial Public Offering (IPO)	7	**440,000**
Distributions to unitholders	6, 7	**(342)**
Total transactions with unitholders		**439,658**
Total equity at the end of the period	7	**441,226**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of cash flows

	Notes	For the period 22 May 2018 to 30 June 2019 $'000
Cash flows from operating activities		
Interest received		927
Investment manager's fees paid		(224)
Other operating expenses paid		(12)
Net cash inflow/(outflow) from operating activities	13(a)	691
Cash flows from investing activities		
Proceeds from sale of investments		4,269
Payments for purchase of investments		(295,602)
Net cash inflow/(outflow) from investing activities		(291,333)
Cash flows from financing activities		
Proceeds from the Initial Public Offering (IPO)		440,000
Net cash inflow/(outflow) from financing activities		440,000
Net increase/(decrease) in cash and cash equivalents		149,358
Cash and cash equivalents at the end of the period	13(b)	149,358

The above statement of cash flows should be read in conjunction with the accompanying notes.

1 General Information

The financial statements cover the Perpetual Credit Income Trust (the Trust) as an individual entity. The Trust was constituted on 9 May 2018, registered with the Australian Securities and Investments Commission on 22 May 2018, commenced operations on 8 May 2019 and its units commenced trading on the Australian Securities Exchange (ASX: PCI) on 14 May 2019. The Trust is domiciled in Australia and is a for-profit entity.

The Responsible Entity of the Trust is Perpetual Trust Services Limited (ACN 000 142 049, AFSL 236 648) (the Responsible Entity). The Responsible Entity's registered office is Level 18, Angel Place, 123 Pitt Street, Sydney, NSW 2000.

The Investment Manager of the Trust is Perpetual Investment Management Limited (AFSL 234 426).

The Trust's investment strategy is to provide investors with monthly income by investing in a diversified pool of credit and fixed income assets.

The financial statements were authorised for issue by the directors on 22 August 2019. The directors of the Responsible Entity have the power to amend and reissue the financial statements.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of this financial report are set out below. These policies have been consistently applied during the reporting period presented, unless otherwise stated.

(a) Basis of preparation

The financial report is a general purpose financial report which has been prepared in accordance with the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001* in Australia.

The financial report is prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

Compliance with International Financial Reporting Standards

The financial report of the Trust also complies with International Financial Reporting Standards and Interpretations issued by the International Accounting Standards Board.

Functional and presentation currency

The financial report is presented in Australian dollars, which is the Trust's functional currency.

Use of estimates

Management makes estimates and assumptions that affect the reported amounts in the financial statements. These estimates and associated assumptions are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

For the majority of the Trust's financial instruments, quoted market prices are readily available. However, when certain financial instruments are fairly valued using valuation techniques (for example, pricing models) observable data is used to the extent practicable. Management may be required to make estimates which may be based on assumptions and any changes in assumptions would affect the reported fair value of financial instruments.

AASB 9 requires the use of an expected credit loss (ECL) impairment model, which does not materially impact the Trust (refer to note 2(f)).

2 Summary of significant accounting policies (continued)

(b) New accounting standards and interpretations

New and amended accounting standards adopted by the Trust

The following Australian Accounting Standards have been adopted by the Trust for reporting period beginning 22 May 2018.

(i) AASB 9 *Financial Instruments*

AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. It replaces the multiple classification and measurement models in AASB 139 with a new model that classifies financial instruments based on the business model within which the financial instruments are managed, and whether the contractual cash flows under the instrument solely represent the payment of principal and interest. It also introduces revised rules around hedge accounting and impairment.

Under AASB 9, financial instruments are classified as:

• Amortised cost if the objective of the business model is to hold the financial instruments to collect contractual cash flows only and the contractual cash flows under the instrument represent solely payments of principal and interest (SPPI);

• Fair value through other comprehensive income if the objective of the business model is to hold the financial instruments both to collect contractual cash flows from SPPI and for the purpose of sale; or

• All other financial instruments must be recognised at fair value through profit or loss. An entity may however, at initial recognition, irrevocably designate a financial instrument as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

Derivative and equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading, an irrevocable option is taken to measure at fair value through other comprehensive income.

A debt instrument is measured at amortised cost if the objective of the business model is to hold the financial asset for the collection of the contractual cash flows and the contractual cash flows under the instrument represent solely payments of principal and interest (SPPI). A debt instrument is measured at fair value through other comprehensive income if the objective of the business model is to hold the financial asset both to collect contractual cash flows from SPPI and to sell.

All other debt instruments must be recognised at fair value through profit or loss. An entity may however, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

(ii) AASB 15 *Revenue from Contracts with Customers*

AASB 15 establishes a single revenue recognition framework using a five-step model based on the transfer of goods and services and the consideration expected to be received in return for that transfer. The standard was applicable to the Trust from 22 May 2018.

The Trust’s main source of income is investment income, in the form of gains on financial instruments held at fair value as well as interest and distributions income. All of these income types are outside the scope of the standard. Accordingly, the new revenue recognition rules do not have a significant impact on the Trust's accounting policies or the amounts recognised in the financial statements.

2 Summary of significant accounting policies (continued)

(b) New accounting standards and interpretations (continued)

New accounting standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2019. Management has made an assessment and concluded that none of these are expected to have a material impact on the financial statements.

(c) Financial instruments

(i) Classification

The Trust classifies its investments based on its business model for managing those financial assets and their contractual cash flow characteristics. The Trust's portfolio of financial assets is managed and its performance is evaluated on a fair value basis in accordance with the Trust's documented investment strategy. The Trust evaluates the information about its investments on a fair value basis together with other related financial information.

Derivatives and unlisted unit trusts are measured at fair value through profit or loss.

For debt securities, the contractual cash flows are solely payments of principal and interest, however, they are neither held for collecting contractual cash flows nor held for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Trust's business model's objective. Consequently, the debt securities are measured at fair value through profit or loss.

The Trust holds debt securities, unlisted unit trusts and derivatives, these securities are mandatorily classified as fair value through profit or loss.

Derivative contracts that have a negative fair value are presented as financial liabilities at fair value through profit or loss.

(ii) Recognition/derecognition

The Trust recognises financial assets and liabilities on the date it becomes party to the purchase contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

Investments are derecognised on the date the Trust becomes party to the sale contractual agreement (trade date).

(iii) Measurement

At initial recognition, a financial asset or liability is measured at fair value. Transaction costs are expensed in profit or loss as incurred. Subsequently all financial assets and liabilities are measured at fair value without any deduction for estimated future selling cost. Gains and losses arising from changes in the fair value measurement are included in profit or loss in the period in which they arise.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Further details of fair value measurement are disclosed in note 16(d).

2 Summary of significant accounting policies (continued)

(c) Financial instruments (continued)

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(d) Net assets attributable to unitholders

During the period, applications were received for the initial subscription offer.

The Trust is a closed-end vehicle and accordingly there are no redemptions by investors. Instead, while the Trust is listed, unitholders who wish to exit their investment will be able to do so via the ASX.

Units in the Trust are listed on the ASX and traded by unitholders. The units can be traded on the ASX at any time for cash based on the listed price. While the Trust is listed and liquidity is generally expected to exist in the secondary market (ASX), there are no guarantees that an active trading market with sufficient liquidity will be available.

The units issued by the Trust have been classified as equity as the Trust satisfies all criteria for the classification of puttable financial instruments as equity under AASB 132 *Financial Instruments: Presentation*.

(e) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash at bank, margin accounts, other short term and highly liquid financial assets with a maturity period of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Margin accounts comprise cash held as collateral for derivative transactions. The cash is held by the broker and is only available to meet margin calls.

(f) Receivables

Receivables include accrued income and receivables for securities sold. Amounts are generally received within 30 days of being accrued for.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Trust shall measure the loss allowance on receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Trust shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance.

The amount of the impairment loss is recognised in profit or loss within other operating expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other operating expenses in profit or loss.

2 Summary of significant accounting policies (continued)

(g) Payables

Payables include accrued expenses owing by the Trust which are unpaid at the end of the reporting date. Amounts are generally paid within 30 days of being accrued for.

(h) Investment income

Interest income from financial assets at amortised cost is recognised using the effective interest method and includes interest from cash and cash equivalents.

Interest from financial assets at fair value through profit or loss is determined based on the contractual coupon interest rate and includes interest from debt securities. Other changes in fair value for such instruments are recorded in accordance with the accounting policies described in note 2(c).

Distribution income from financial assets at fair value through profit or loss is recognised in profit or loss when the Trust's right to receive payment is established.

(i) Expenses

All expenses, including Responsible Entity's fees, are recognised in profit or loss on an accruals basis.

(j) Income tax

The Trust is not subject to income tax provided the taxable income of the Trust is attributed in full to its unitholders each financial year either by way of cash or reinvestment. Unitholders are subject to income tax at their own marginal tax rates on amounts attributable to them.

The benefits of foreign tax paid are passed on to unitholders, providing certain conditions are met.

(k) Distributions

Distributions are payable as set out in the Trust's Constitution. Such distributions are recognised as payable when they are determined by the Responsible Entity of the Trust.

(l) Goods and Services Tax

The Goods and Services Tax (GST) is incurred on the cost of various services provided to the Trust by third parties. The Trust qualifies for Reduced Input Tax Credit; hence expenses such as Responsible Entity's fees have been recognised in profit or loss net of the amount of GST recoverable from the Australian Taxation Office. Payables are stated with the amount of GST included. The net amount of GST recoverable is included in receivables in the balance sheet. Cash flows are included in the statement of cash flows on a gross basis.

(m) Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

2 Summary of significant accounting policies (continued)

(m) Foreign currency translation (continued)

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined. Translation differences on assets and liabilities carried at fair value are reported in profit or loss on a net basis within net gains/(losses) on financial instruments at fair value through profit or loss.

(n) Comparatives

This is the first period of operations of the Trust and hence there are no prior period comparatives. There were no transactions between the date of constitution and date of registration.

3 Interest income

	For the period 22 May 2018 to 30 June 2019 $'000
Cash and cash equivalents	**567**
Debt securities	**636**
Total	**1,203**

4 Net gains/(losses) on financial instruments at fair value through profit or loss

Net gains/(losses) arising from changes in the fair value measurement comprise:

	For the period 22 May 2018 to 30 June 2019 $'000
Net unrealised gains/(losses) on financial instruments at fair value through profit or loss	**864**
Net realised gains/(losses) on financial instruments at fair value through profit or loss	**(377)**
Net gains/(losses) on financial instruments at fair value through profit or loss	**487**

5 Expenses

All expenses are recognised, net of the amount of Goods and Services Tax (GST) recoverable from the taxation authority, in profit or loss on an accruals basis.

(a) Responsible Entity's fees

The Responsible Entity, Perpetual Trust Services Limited, is entitled to receive 0.03% - 0.05% per annum (net RITC) of the Net Asset Value of the Trust and is also entitled to be paid remuneration for Additional Fund Administration services in the manner and at the time as set out in Investment Management Agreement. The Responsible Entity's fees are calculated and accrued daily and paid monthly in arrears. Further details of the Responsible Entity's fees are disclosed in note 14.

(b) Investment manager's fees

The Investment Manager, Perpetual Investment Management Limited, receives management fees of 0.72% per annum (net RITC) of the Net Asset Value of the Trust. In accordance with the PDS dated 8 March 2019, the Net Asset Value of the trust means deducting from the total value of assets of the trust all liabilities, which includes declared but unpaid distributions, calculated in accordance with the Responsible Entity's Unit pricing and Valuation Policy and Australian Accounting Standards (AAS). The management fees are calculated and accrued daily and paid monthly in arrears.

	For the period 22 May 2018 to 30 June 2019 $'000
Investment manager's fees	**469**

The Manager is appointed for an initial term of ten years unless terminated earlier (Initial Term). The management agreement will be automatically extended for a further five year term on the expiry of the Initial Term (Extended Term) unless terminated earlier in accordance with its terms.

If the Management Agreement is terminated during the term, then in certain circumstances the Manager will be entitled to a termination payment equal to the Management fee rate multiplied by the number of years in the Initial Term or Extended Term and the value of the total Portfolio as at the termination date, reduced by one one hundred and twentieth (1/120) for Initial Term or one sixtieth (1/60) for Extended Term for each whole calendar month that has elapsed between the commencement date or the commencement of the Extended Term and the termination date.

In addition, the Manager agreed to pay all of the costs incurred in raising capital under the Offer in accordance with the PDS dated 8 March 2019. If the Management agreement is terminated during the Initial Term, then in certain circumstances the Manager will be entitled to be reimbursed for these costs, reduced by one one hundred and twentieth (1/120) for each whole calendar month that has elapsed between the commencement date and the termination date.

5 Expenses (continued)

(c) Other operating expenses

	For the period 22 May 2018 to 30 June 2019 $'000
Auditors' remuneration	32
ASX fees	51
Registry services	33
Custody administration fees	12
Other expenses	15
Total other operating expenses	**143**

(d) Auditor's remuneration

	For the period 22 May 2018 to 30 June 2019 $
Audit and review of financial report - KPMG	30,000
Audit and review of compliance plan - PwC	2,500
Total auditor's remuneration	**32,500**

Audit fees were paid or payable by the Trust.

6 Distributions to unitholders

The distributions for the period were as follows:

	For the period 22 May 2018 to 30 June 2019 $'000	For the period 22 May 2018 to 30 June 2019 CPU
Distributions payable - June	342	0.0854
	342	

7 Net assets attributable to unitholders

Movements in the number of units and net assets attributable to unitholders during the period were as follows:

	For the period 22 May 2018 to 30 June 2019 Units '000	For the period 22 May 2018 to 30 June 2019 $'000
Net assets attributable to unitholders		
Opening balance	-	-
Capital raising from the Initial Public Offering (IPO)	400,000	440,000
Distributions to unitholders	-	(342)
Profit/(loss)	-	1,568
Closing balance	400,000	441,226

As stipulated within the Trust's Constitution, each unit represents a right to an individual unit in the Trust and does not extend to a right to the underlying assets of the Trust. There are no separate classes of units and each unit has the same right attaching to it as all other units of the Trust.

Capital risk management

The Trust considers its net assets attributable to unitholders as capital.

8 Earnings per unit

	For the period 22 May 2018 to 30 June 2019
Basic and diluted earnings per unit - cents per unit	0.39
Weighted average number of units on issue used in the calculation of basic and diluted earnings per unit	400,000,000
	$'000
Earnings used in the calculation of basic and diluted earnings per unit	1,568

Basic and diluted earnings per unit is calculated by dividing the profit attributable to unitholders of the Trust by the weighted average number of units on issue during the period.

9 Financial assets at fair value through profit or loss

	30 June 2019 $'000
Mandatorily at fair value through profit or loss	
Debt securities	**247,317**
Unlisted unit trusts	**49,712**
Total financial assets at fair value through profit or loss	**297,029**

10 Financial liabilities at fair value through profit or loss

	30 June 2019 $'000
Mandatorily at fair value through profit or loss	
Futures	**236**
Swaps	**456**
Total financial liabilities at fair value through profit or loss	**692**

11 Receivables

	30 June 2019 $'000
Distributions receivable	**519**
Interest receivable	**276**
Other receivables	**44**
Total receivables	**839**

12 Payables

	30 June 2019 $'000
Responsible Entity's fees payable	21
Investment manager's fees payable	280
Other operating expenses payable	139
Total payables	**440**

13 Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities

	For the period 22 May 2018 to 30 June 2019 $'000
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities	
Profit/(loss)	1,568
(Increase)/decrease in distributions receivable	(519)
(Increase)/decrease in interest receivable	(276)
(Increase)/decrease in other receivables	(44)
Increase/(decrease) in payables	440
Net (gains)/losses on financial instruments at fair value through profit or loss	(487)
Net foreign exchange (gains)/losses	9
Net cash inflow/(outflow) from operating activities	**691**

(b) Components of cash and cash equivalents

Cash at the end of the period as shown in the statement of cash flows is reconciled to the balance sheet as follows:

Cash at bank	148,263
Margin accounts	1,095
Total cash and cash equivalents	**149,358**

14 Related party transactions

Responsible Entity

The Responsible Entity of Perpetual Credit Income Trust is Perpetual Trust Services Limited (ACN 000 142 049, AFSL 236 648), a wholly owned subsidiary of Perpetual Limited (ACN 000 431 827).

The Trust does not employ personnel in its own right. However, it is required to have an incorporated Responsible Entity to manage the activities of the Trust and this is considered the key management personnel.

Key management personnel

(a) Directors

The following persons held office as directors of Perpetual Trust Services Limited during the period and up to the date of this report:

Glenn Foster
Michael Vainauskas
Andrew McIver (Alternate Director for Michael Vainauskas)
Vicki Riggio
Christopher Green (resigned 17 October 2018)
Gillian Larkins (Alternate Director for Glenn Foster) (resigned 12 October 2018)
Phillip Blackmore (Alternate Director for Christopher Green and Vicki Riggio) (appointed 6 July 2018)
Phillip Blackmore (Alternate Director for Christopher Green) (resigned 17 October 2018)
Richard McCarthy (appointed 17 October 2018)

Directors were in office for this entire period except where stated otherwise.

(b) Other key management personnel

There were no other persons with responsibility for planning, directing and controlling the activities of the Trust, directly or indirectly, during or since the end of the financial period.

Key management personnel unitholdings

No key management personnel of the Responsible Entity held units in the Trust as at 30 June 2019.

Transactions with key management personnel

Key management personnel services are provided by Perpetual Trust Services Limited and included in the Responsible Entity's fees. There is no separate charge for these services. There was no compensation paid directly by the Trust to any of the key management personnel during the period.

The Trust has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting period.

Investment manager

The Investment Manager, Perpetual Investment Management Limited, is a related party to the Trust. In accordance with AASB124 a member of the same group as the Responsible Entity who provides key management personnel services is a related party.

14 Related party transactions (continued)

Investment manager (continued)

Under the terms of the Investment Management Agreement, the Investment Manager is entitled to receive investment manager's fees calculated by reference to the net asset value of the Trust. Further details of the investment manager's fees are disclosed in note 5.

Responsible Entity's fees and other transactions

Under the terms of the Trust's Constitution, the Responsible Entity is entitled to receive Responsible Entity's fees calculated by reference to the net asset value of the Trust.

The transactions during the period and amounts payable at the reporting date between the Trust and the Responsible Entity were as follows:

	For the period 22 May 2018 to 30 June 2019 $
Responsible Entity's fees paid and payable directly by the Trust	**19,558**
Fees payable to the Responsible Entity	**20,989**

Investments

The Trust held investments in the following scheme which is also managed by the Responsible Entity or its related parties:

For the period 22 May 2018 to 30 June 2019

Investments	Number of units held '000	Fair value of investments $'000	Interest held %	Number of units acquired '000	Number of units disposed '000	Distributions received/ receivable $'000
Perpetual Loan Fund	**47,854**	**49,712**	**49.8**	**47,854**	**-**	**519**

15 Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding control and the relevant activities are directed by means of contractual arrangements.

The Trust considers all investments in unlisted unit trusts to be structured entities. The Trust invests in unlisted unit trusts for the purpose of capital appreciation and earning investment income.

15 Structured entities (continued)

The unlisted unit trusts are invested in accordance with the investment strategy by their respective investment managers. The return of the unlisted unit trusts is exposed to the variability of the performance of their investments. The unlisted unit trusts finance their operations by issuing redeemable units which are puttable at the holder's option and entitle the holder to a proportional stake in the respective trusts' net assets and distributions.

The Trust's exposure to structured entities at 30 June 2019 was $49,711,697.

The fair value of these entities is included in financial assets at fair value through profit or loss in the balance sheet.

The Trust's maximum exposure to loss from its interests in the structured entities is equal to the total fair value of its investments in these entities as there are no off balance sheet exposures relating to them. The Trust's exposure to any risk from the structured entities will cease when these investments are disposed of.

The Trust does not have current commitments or intentions and contractual obligations to provide financial or other support to the structured entities. There are no loans or advances currently made to these entities.

There are no significant restrictions on the ability of the structured entities to transfer funds to the Trust in the form of cash distributions.

Unconsolidated subsidiaries

The Trust applies the investment entity exception to consolidation available under AASB 10 *Consolidated Financial Statements* and measures its subsidiaries at fair value through profit or loss.

The following unconsolidated structured entities are considered to be the Trust's subsidiaries at the reporting date:

	Fair value 30 June 2019 $'000	**Ownership interest 30 June 2019 %**
Perpetual Loan Fund	**49,712**	**49.8**

16 Financial risk management

The Trust's activities expose it to a variety of financial risks. The management of these risks is undertaken by the Trust's Investment Manager who has been appointed by the Responsible Entity under an Investment Management Agreement to manage the Trust's assets in accordance with the Investment Objective and Strategy.

The Responsible Entity has in place a framework which includes:

• The Investment Manager providing the Responsible Entity with regular reports on their compliance with the Investment Management Agreement;

• Completion of regular reviews on the Service Provider which may include a review of the investment managers risk management framework to manage the financial risks of the Trust; and

• Regular reporting on the liquidity of the Trust in accordance with the Trust's Liquidity Risk Management Statement.

16 Financial risk management (continued)

The Trust's Investment Manager has in place a framework to identify and manage the financial risks in accordance with the investment objective and strategy. This includes an investment due diligence process and on-going monitoring of the investments in the Trust. Specific controls the Investment Manager applies to manage the financial risks are detailed under each risk specified below.

(a) Market risk

(i) Currency risk

Currency risk arises as the fair value or future cash flows of monetary securities denominated in foreign currency will fluctuate due to changes in exchange rates. The currency risk relating to non-monetary assets and liabilities is a component of price risk not currency risk. However, management monitors the exposures on all foreign currency denominated assets and liabilities.

The Trust did not have any significant direct exposure to currency risk at the reporting date.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Trust is exposed to cash flow interest rate risk on financial instruments with floating interest rates. Financial instruments with fixed interest rates expose the Trust to fair value interest rate risk.

The following table summarises the Trust's exposure to interest rate risk:

	Floating interest rate $'000	Fixed interest rate $'000	Non-interest bearing $'000	Total $'000
30 June 2019				
Financial assets				
Cash and cash equivalents	**149,358**	**-**	**-**	**149,358**
Debt securities	**137,963**	**109,354**	**-**	**247,317**
Financial liabilities				
Derivatives	**-**	**(692)**	**-**	**(692)**

The table presented in note 16(a)(iv) summarises sensitivity analysis to interest rate risk. This analysis assumes that all other variables, in particular foreign currency exchange rates remain constant.

(iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

The Trust predominantly invests in debt securities. As a result, the price risk arising from the Trust's investments is impacted by movements in interest rates and is reflected in note 16(a)(ii).

The fair value of the Trust's investments exposed to price risk was as follows:

	30 June 2019 $'000
Units in fixed income trust	**49,712**
	49,712

16 Financial risk management (continued)

(a) Market risk (continued)

(iii) Price risk (continued)

The table presented in note 16(a)(iv) summarises sensitivity analysis to price risk. This analysis assumes that all other variables remain constant.

(iv) Sensitivity analysis

The following table summarises the sensitivity of the operating profit and net assets attributable to unitholders to price risk. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical correlation of the Trust's investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market movements resulting from changes in the performance of and/or correlation between the performance of the economies, markets and securities in which the Trust invests. As a result, historic variations in risk variables should not be used to predict future variations in the risk variables.

	Sensitivity rates	Impact on operating profit/net assets attributable to unitholders 30 June 2019 $'000
Interest rate risk	+0.5%	**1,436**
	-0.5%	**(1,436)**
Price risk		
Units in fixed income trust	+5%	**2,486**
	-5%	**(2,486)**

(b) Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts when they fall due. The main concentration of counterparty credit risk, to which the Trust is exposed to, arises predominantly from the Trust's investments in debt securities. The Trust is also exposed to counterparty credit risk on derivative financial instruments, cash and cash equivalents, and receivables for securities sold. The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets. None of these assets are impaired nor past due but not impaired as at the balance sheet date.

The Trust determines credit risk and measures expected credit losses for financial assets measured at amortised cost using probability of default, exposure at default and loss given default. Management considers relevant, historical analysis and forward looking information in determining any expected credit loss. At the reporting date, all receivables and cash and cash equivalents are held with approved counterparties and are either callable on demand or due within 30 days. Management consider the probability of default to be low, as a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Trust.

(i) Debt securities

Investment management processes include the consideration of counterparty risk. The investment manager may refer to the credit ratings issued by rating agencies to assess the creditworthiness of counterparties. The investment manager consider (among other things) branding, stability and security marketability of counterparties and consistently monitor exposure through electronic systems.

16 Financial risk management (continued)

(b) Credit risk (continued)

(i) Debt securities (continued)

The Trust monitors the credit ratings of debt securities on a regular basis.

The table below sets out the analysis of debt securities by credit ratings as issued by Standard & Poor's:

30 June 2019	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	NON-RATED	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Debt securities	19,962	31,094	105,322	10,054	80,885	247,317
	19,962	31,094	105,322	10,054	80,885	247,317

Debt securities that are not rated by Standard & Poor's may be rated by other rating agencies.

(ii) Derivative financial instruments

The risk of counterparty default in a derivative transaction is minimised by predominantly using exchange traded derivatives (except for currency hedging, contracts for differences, and occasionally other approved over the counter instruments). The exchange traded derivatives are only executed and cleared through approved members of the exchanges. For over the counter derivatives, minimum credit ratings apply for counterparties at the time of entering into a contract and ISDA agreements are put in place with counterparties.

(iii) Cash and cash equivalents

The exposure to credit risk for cash and cash equivalents is low as all counterparties have a rating of A or higher (as determined by Standard & Poor's).

(iv) Receivables for securities sold

All transactions in listed securities are settled/paid for upon delivery using approved brokers. The risk of default is considered low, as delivery of securities sold is only made once the broker has received payment from the counterparty. Payments on securities acquired are only made after the broker has received the securities. The trade will fail if either party fails to meet its obligations.

All transactions in unlisted unit trusts are settled/unitised when unit prices are issued. The risk of default is considered low except when trading in a suspended unlisted unit trust.

(c) Liquidity risk

Liquidity risk is the risk that the Trust will not be able to meet its financial obligations as they fall due.

The Trust is a closed end vehicle and not exposed to any cash redemptions.

16 Financial risk management (continued)

(c) Liquidity risk (continued)

The following table summarises the contractual maturities of financial liabilities, including interest payments where applicable:

30 June 2019	Carrying amount $'000	At call $'000	Contractual cash flows less than 6 months $'000	6 - 12 months $'000	more than 12 months $'000
Non-derivative financial liabilities					
Distributions payable to unitholders	342	-	342	-	-
Payables for securities purchased	4,526	-	4,526	-	-
Payables	440	-	440	-	-
Total	5,308	-	5,308	-	-
Derivative financial liabilities					
Futures	236	-	-	-	-
Swaps	456				
Outflow	-	-	443	7,211	10,789
Inflow	-	-	(316)	(7,557)	(10,974)
Total	692	-	127	(346)	(185)

(d) Fair value measurement

The Trust classifies fair value measurement of its financial assets and liabilities using a fair value hierarchy model that reflects the subjectivity of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

(i) Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets is based on quoted market prices at the end of the reporting period without any deduction for estimated future selling costs. For the majority of exchange traded financial assets and liabilities, information provided by the independent pricing services is relied upon for valuation.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. An active market is a market in which transactions for the financial asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. Exchange traded derivatives are valued at the last traded price.

16 Financial risk management (continued)

(d) Fair value measurement (continued)

(ii) Fair value in an inactive or unquoted market (level 2 and level 3)

The fair value of financial assets and liabilities that are not traded in an active market is determined by using valuation techniques. These include the use of recent arm's length transactions, reference to current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation techniques that provide a reliable estimate of prices obtained in actual market transactions.

Some of the inputs to a valuation model may not be market observable and are therefore estimated based on assumptions. The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions held.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions. For other pricing models, inputs are based on market data at the end of the reporting period. Quoted market prices or dealer quotes for similar instruments are used for debt securities held.

The fair value of derivatives that are not exchange traded is estimated at the amount that would be received or paid to terminate the contract at the end of the reporting period taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties.

Investments in unlisted unit trusts are recorded at the redemption value per unit as reported by the investment managers of such trusts.

The Scheme's level 3 asset include Perpetual Loan Fund. This asset is valued at the price provided by the investment manager without any adjustment.

The following tables present the Trust's financial assets and liabilities (by class) measured at fair value according to the fair value hierarchy:

30 June 2019	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets mandatorily at fair value through profit or loss				
Debt securities	2,305	245,012	-	247,317
Unlisted unit trusts	-	-	49,712	49,712
Total	2,305	245,012	49,712	297,029
Financial liabilities mandatorily at fair value through profit or loss				
Derivatives				
Futures	236	-	-	236
Swap	-	456	-	456
Total	236	456	-	692

16 Financial risk management (continued)

(d) Fair value measurement (continued)

Transfers between levels

The Trust's policy is to recognise transfers into and transfers out of fair value hierarchy levels at the end of the reporting period.

There were no transfers between levels for the period ended 30 June 2019.

Fair value measurements using significant unobservable inputs (level 3)

The following table presents the movement in level 3 instruments, by class of financial instruments, for the period ended 30 June 2019:

For the period 22 May 2018 to 30 June 2019	**Unlisted unit trusts $'000**	**Total $'000**
Opening balance	-	-
Purchases	49,887	49,887
Gains/(losses) recognised in profit or loss	(175)	(175)
Closing balance	49,712	49,712
Total unrealised gains/(losses) for the period included in the statement of comprehensive income for financial assets and liabilities held at the end of the period	(175)	(175)

17 Derivative financial instruments

A derivative is a financial instrument or other contract which is settled at a future date and whose value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign currency exchange rates, index of prices or rates, credit rating or credit index or other variables.

Derivative financial instruments require no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

Derivative transactions include many different instruments such as foreign exchange forward contracts, futures and options. Derivatives are considered to be part of the investment process and the use of derivatives is an essential part of the Trust's portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

- hedging to protect an asset or liability of the Trust against a fluctuation in market values or to reduce volatility;
- a substitution for trading of physical securities; and
- adjusting asset exposures within the parameters set in the investment strategy, and adjusting the duration of fixed interest portfolios or the weighted average maturity of cash portfolios.

While derivatives are used for trading purposes, they are not used to gear (leverage) a portfolio. Gearing a portfolio would occur if the level of exposure to the markets exceeds the underlying value of the Trust.

17 Derivative financial instruments (continued)

The Trust held the following derivative instruments during the period:

(a) Futures

Futures are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market. The futures contracts are collateralised by cash or marketable securities. Changes in futures contracts' values are usually settled net daily with the exchange.

(b) Swaps

Swaps are derivative instruments in which two counterparties agree to exchange one stream of cash flow against another stream.

Cross currency swaps are valued at fair value which is based on the estimated amount the Trust would pay or receive to terminate the currency derivatives at the balance sheet date, taking into account current interest rates, foreign exchange rates, volatility and the current creditworthiness of the currency derivatives counterparties. Cross currency swaps are used to hedge the Trust's interest rate and foreign currency exposure. However, hedge accounting has not been applied.

Risk exposures and fair value measurements

Information about the Trust's exposure to financial risks and the methods and assumptions used in determining fair values is provided in note 16. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of the derivative financial instruments.

18 Segment information

The Trust is organised into one main operating segment with only one key function, being the investment of funds predominantly in Australia together with opportunistic investments globally in accordance with its investment objective and guidelines.

19 Events occurring after the reporting period

On 25 July 2019, the directors declared a distribution of 0.3997 cents per ordinary unit which amounted to $1,598,668 and was paid on 8 August 2019.

No other events have occurred since the reporting date which would have impact on the financial position of the Trust disclosed in the balance sheet as at 30 June 2019 or on the results and cash flows of the Trust for the period ended on that date.

20 Contingent assets, liabilities and commitments

There were no outstanding contingent assets, liabilities or commitments as at 30 June 2019.

Directors' declaration

In the opinion of the directors of Perpetual Trust Services Limited, the Responsible Entity of Perpetual Credit Income Trust:

(a) the financial statements and notes, set out on pages 11 to 35, are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Regulations 2001*; and

  (ii) giving a true and fair view of the Trust's financial position as at 30 June 2019 and of its performance for the financial period ended on that date;

(b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable; and

(c) note 2(a) confirms that the financial statements comply with International Financial Reporting Standards and Interpretations issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the directors.

Richard McCarthy

Director

Sydney
22 August 2019

Independent Auditor's Report

To the unitholders of Perpetual Credit Income Trust

Opinion

We have audited the ***Financial Report*** of Perpetual Credit Income Trust (the Trust).

In our opinion, the accompanying Financial Report of the Trust is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Trust's financial position as at 30 June 2019 and of its financial performance for the period, being 22 May 2018 to 30 June 2019; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Balance sheet as at 30 June 2019
- Statement of comprehensive income, Statement of changes in equity, and Statement of cash flows for the period, being 22 May 2018 to 30 June 2019
- Notes including a summary of significant accounting policies
- Directors' Declaration.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Trust in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

This matter was addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Valuation and existence of financial assets ($297m) and financial liabilities ($0.7m) at fair value through profit or loss	
Refer to Notes 9 and 10 to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**
Financial assets and liabilities at fair value through profit or loss (FVTPL) are comprised of investments in: • Unlisted unit trusts (Perpetual Loan Fund); • Debt securities, including corporate bonds, international bonds and fixed rate notes; and • Derivative liabilities, including futures and swaps. Valuation and existence of financial assets and financial liabilities at FVTPL is a key audit matter due to the: • size of the Trust's investments which are significant to its financial position. The investment in Perpetual Loan Fund and the investments in debt securities comprise 11% and 55%, respectively, of the Trust's total assets at year end; • Trust outsources certain financial reporting processes and controls in relation to the valuation and existence of these assets and liabilities to external service organisations. These service organisations include the custodian, the fund administrator, which provide administrative support to the Trust, and the investment manager. This requires us to understand processes, assess controls and the flow of information between these service organisations, relevant to the Trust's financial reporting; and • importance of the performance of Perpetual	Our procedures included: • We assessed the appropriateness of the accounting policies applied by the Trust, including those relevant to the fair value hierarchy of investments against the requirements of the accounting standards. • We obtained and read the Trust's custodian's and fund administrator's GS007 (*Guidance Statement 007 Audit Implications of the Use of Service Organisations for Investment Management Services*) assurance reports to understand the custodian's and fund administrator's processes and controls to record and value the Trust's financial assets and liabilities. • We obtained and read the Trust's investment manager's GS007 assurance report to understand the investment manager's processes and controls to maintain and provide transactional information to the Trust's custodian. • We assessed the reputation, professional competence and independence of the auditors of the GS007 assurance reports. • We checked the valuation of the unit holdings in Perpetual Loan Fund, as recorded in the Trust's Financial Report, to the audited financial report of Perpetual Loan Fund. • With the involvement of our valuation specialists, we reperformed the valuation of the underlying assets of Perpetual Loan Fund using independently sourced market data for

KPMG

Loan Fund and debt securities in driving the Trust's investment income and capital performance, as reported in the Financial Report. As a result, this was the area with greatest effect on our overall audit strategy and allocation of senior resources in planning and performing our audit. In assessing this Key Audit Matter, we involved our valuation specialists, who understand the Trust's investment profile and business and the economic environment it operates in.	observable inputs, such as, published credit spreads and margins. We compared these valuations to the fair value of the underlying assets. • We assessed the valuation of the unit price of Perpetual Loan Fund against the net assets per unit held of the Perpetual Loan Fund. • With the involvement of our valuation specialists, we assessed the fair value of debt securities by re-performing the valuation by comparing observable inputs, including broker-quoted prices to independently sourced market data providers. • With the involvement of our valuation specialists, we independently recalculated the valuation of derivative liabilities using independently sourced market data for observable inputs, such as interest rates and foreign exchange rates. We compared this valuation to the fair value of derivative liabilities recognised by the Trust. • We checked the ownership and quantity of investments to external custody reports as at 30 June 2019. • We assessed quantitative and qualitative disclosures, including those relevant to the fair value hierarchy of investments, against the requirements of the accounting standards.

Other Information

Other Information is financial and non-financial information in Perpetual Credit Income Trust's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors of Perpetual Trust Services Limited (the Responsible Entity) are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

KPMG

Responsibilities of the Directors for the Financial Report

The Directors of Perpetual Trust Services Limited (the Responsible Entity) are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Trust's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf This description forms part of our Auditor's Report.

KPMG

J.Davis

KPMG

Jessica Davis

Partner

Sydney

22 August 2019

Perpetual Credit Income Trust
ARSN 626 053 496
ASX additional information

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report is as follows. The information is current as at 31 July 2019 unless otherwise indicated.

A. Distribution of units

Analysis of numbers of unitholders by size of holding:

Size of holding	Number of holders	Total units	Percentage
1 - 1000	38	20,294	0.01%
1,001 - 5,000	581	1,977,517	0.49%
5,001 - 10,000	856	7,273,905	1.82%
10,001 - 100,000	5,933	226,047,431	56.51%
100,001 and over	569	164,689,828	41.17%
	7,977	**400,008,975**	**100.00%**

The number of unitholders holding less than a marketable parcel is 14 and they hold 1,285 units.

B. Twenty largest unitholders

The names of the twenty largest holders of quoted units are listed below:

Unitholder	Number of units	Percentage
HSBC Custody Nominees (Australia) Limited	16,731,136	4.18%
Navigator Australia Ltd <MLC Investment Sett A/C>	7,768,481	1.94%
Sargon Ct Pty Ltd <DDH Preferred Income Fund>	4,200,000	1.05%
BNP Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd DRP	4,097,560	1.02%
B Plus Enterprises Pty Ltd <Alpha Plus Investments A/C>	2,000,000	0.50%
Netwealth Investments Limited <Wrap Services A/C>	1,668,952	0.42%
Beluga Blue Pty Ltd <GTF Family A/C>	1,363,636	0.34%
The Corporation of The Trustees of The Order of The Sisters of Mercy In QLD <Congregation A/C>	1,363,636	0.34%
Geat Incorporated <Geat-Preservation Fund A/C>	1,359,372	0.34%
Asgard Capital Management Ltd <3522261 Johnson Fam S/F A/C>	1,273,000	0.32%
The Art Gallery Board	1,090,909	0.27%
Asgard Capital Management Ltd <3549820 Jean Haynes A/C>	954,500	0.24%
Milpera Pty Ltd <Delaney Executive S/F A/C>	909,091	0.23%
The Law Society of SA Legal Practitioners Fidelity Fund	909,090	0.23%
The Corp of The Trustees of The Order of The Sisters of The Perpetual Adoration of The Blessed Sacrament	909,090	0.23%
Aurisch Investments Pty Ltd	909,090	0.23%

(b) Twenty largest unitholders (continued)

Unitholder	Number of units	Percentage
Mr John William Downer	900,000	0.23%
Karang Pty Ltd	900,000	0.23%
James O'Neil Mayne Estate	900,000	0.23%
Stewartville Pty Ltd	868,707	0.22%
Asgard Capital Management Ltd <1134494 Edvir King S/F A/C>	754,500	0.19%
Netwealth Investments Limited <Super Services A/C>	717,006	0.18%
Don Kyatt Spare Parts (West Melb) Pty Ltd< Frank Hutchinson Fam A/C>	681,820	0.17%
The Corporation Of The Trustees Of The Order Of The Sisters Of Mercy In Queensland	681,818	0.17%
Avmit Superannuation Fund Pty Ltd	642,610	0.16%

C. Substantial unitholders

There are no substantial unitholders.

D. Voting rights

Voting rights which may attach to or be imposed on any unit or class of units is as follows:

(a) on a show of hands each unitholder has one vote; and
(b) on a poll, each unitholder has one vote for each dollar of the value of the total interests they have in Trust.

E. Investment transactions

The total number of contract notes that were issued for transactions in investments during the financial period was 139. Each investment transaction may involve multiple contract notes. The total brokerage paid on these contract notes was $5,064.

F. Stock exchange listing

The Trust's units are listed on the Australian Securities Exchange and are traded under the code PCI.

G. Unquoted units

There are no unquoted units on issue.

H. Voluntary escrow

There are no restricted units in the Trust or units subject to voluntary escrow.

I. On-market buy back

There is no current on-market buy back.

J. Registered office of the Responsible Entity

Perpetual Trust Services Limited
Level 18, Angel Place
123 Pitt Street
Sydney NSW 2000

K. Unit registry

Automic Pty Limited
Level 5
126 Phillip Street
Sydney NSW 2000

L. Responsible Entity companies secretaries

Eleanor Padman
Sylvie Majella Dimarco
Gananatha Nayanajith Minithantri

DIRECTORY

RESPONSIBLE ENTITY

Perpetual Trust Services Limited
Level 18, Angel Place
123 Pitt Street
Sydney NSW 2000

MANAGER

Perpetual Investment Management Limited
Level 18, Angel Place
123 Pitt Street
Sydney NSW 2000

UNIT REGISTRY

Automic Pty Limited
Level 5
126 Phillip Street
Sydney NSW 2000
Phone: 1300 778 468

WEBSITE

www.perpetualincome.com.au

AUSTRALIAN SECURITIES EXCHANGE CODE

ASX:PCI

Perpetual

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