

# PERPETUAL CREDIT INCOME TRUST

ASX: PCI

## Investment update

### December 2023

#### Investment objective

To provide investors with monthly income by investing in a diversified pool of credit and fixed income assets.

#### Portfolio snapshot

| As at 31 December 2023    | Amount  |
|---------------------------|---------|
| ASX unit price            | \$1.080 |
| NTA per unit <sup>1</sup> | \$1.096 |

<sup>1</sup> Daily Net Tangible Asset (NTA) is available at [www.perpetualincome.com.au](http://www.perpetualincome.com.au)  
All figures are in Australian dollars (AUD), unless otherwise stated. All figures are unaudited and approximate. Past performance is not indicative of future performance. NTA figures are calculated as at the end of day on the last business day of the month.

#### Key information

##### As at 31 December 2023

|                        |   |
|------------------------|---|
| ASX code:              | PCI                                     |
| Structure:             | Listed Investment Trust                 |
| Listing date:          | 14 May 2019                             |
| Market capitalisation: | \$433 million                           |
| Units on issue:        | 400,967,882                             |
| Distributions:         | Monthly                                 |
| Management costs:      | 0.88% p.a. <sup>2</sup>                 |
| Manager                | Perpetual Investment Management Limited |
| Responsible Entity:    | Perpetual Trust Services Limited        |

<sup>2</sup> Estimate inclusive of net effect of GST.

#### Investment performance <sup>3</sup>

| As at 31 December 2023         | 1 mth | 3 mths | 6 mths | 1 yr | 3 yrs p.a. | 5 yrs p.a. | Since incep. p.a. |
|--------------------------------|-------|--------|--------|------|------------|------------|-------------------|
| PCI Investment Portfolio (net) | 0.9%  | 2.4%   | 5.1%   | 9.3% | 5.4%       | -          | 4.6%              |
| Target Return <sup>4</sup>     | 0.6%  | 1.9%   | 3.8%   | 7.4% | 5.1%       | -          | 4.7%              |
| Distribution Return            | 0.6%  | 1.9%   | 3.8%   | 7.8% | 5.4%       | -          | 4.7%              |
| RBA Cash Rate                  | 0.4%  | 1.1%   | 2.1%   | 4.0% | 1.8%       | -          | 1.3%              |

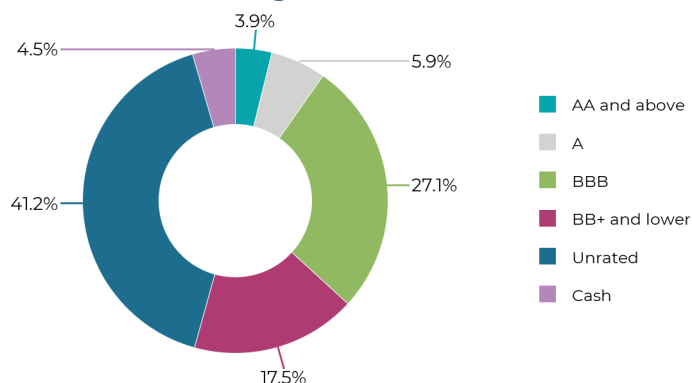
<sup>3</sup> Investment returns have been calculated on the growth of Net Tangible Assets (NTA) after taking into account all operating expenses (including management costs) and assuming reinvestment of distributions on the ex-date. Distribution return has been calculated based on the PCI investment portfolio return less the growth of NTA. Past performance is not indicative of future performance. Since inception return is from allotment on 8 May 2019. The comparison to the RBA Cash Rate is not intended to compare an investment in PCI to a cash holding. The PCI investment portfolio is of higher risk than an investment in cash.

<sup>4</sup> Target Return is RBA Cash Rate + 3.25% p.a. (net of fees) through the economic cycle. This is a target only and may not be achieved.

#### Portfolio summary

| As at 31 December 2023          | Amount    |
|---------------------------------|-----------|
| Number of holdings              | 122       |
| Number of issuers               | 83        |
| Running yield                   | 8.1%      |
| Portfolio weighted average life | 2.8 years |
| Interest rate duration          | 35 days   |

#### Ratings breakdown



Source: Standard & Poor's and Perpetual Asset Management Australia. Data is as at 31 December 2023. All figures are unaudited and approximate.

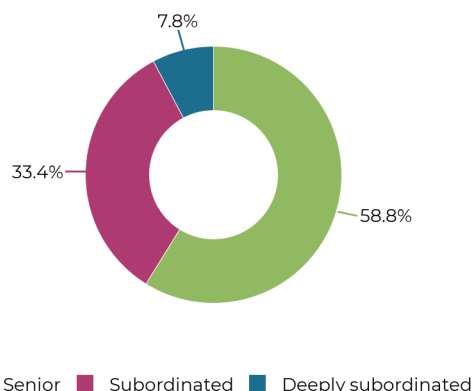
## Distributions CPU <sup>5</sup>

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

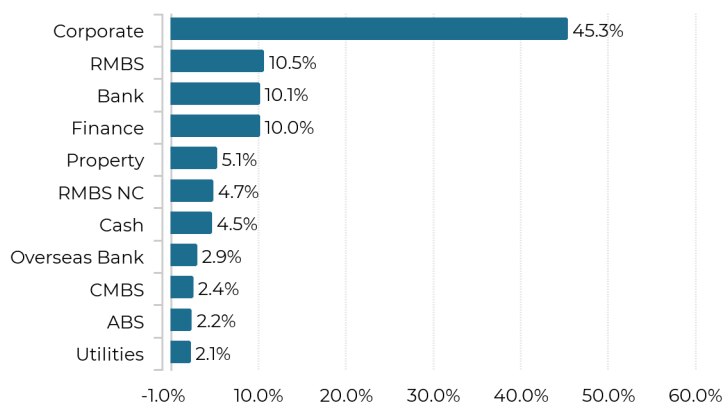
| As at<br>31 December 2023 | Jul  | Aug  | Sep  | Oct  | Nov  | Dec  | Jan  | Feb  | Mar  | Apr  | May  | Jun  | FYTD |
|---------------------------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| FY2020                    | 0.40 | 0.40 | 0.39 | 0.37 | 0.36 | 0.37 | 0.37 | 0.35 | 0.33 | 0.30 | 0.31 | 0.30 | 4.26 |
| FY2021                    | 0.32 | 0.32 | 0.30 | 0.31 | 0.28 | 0.30 | 0.30 | 0.27 | 0.30 | 0.29 | 0.33 | 0.32 | 3.63 |
| FY2022                    | 0.32 | 0.32 | 0.31 | 0.32 | 0.31 | 0.35 | 0.35 | 0.36 | 0.41 | 0.39 | 0.46 | 0.49 | 4.38 |
| FY2023                    | 0.42 | 0.47 | 0.47 | 0.51 | 0.52 | 0.56 | 0.56 | 0.53 | 0.60 | 0.61 | 0.70 | 0.97 | 6.90 |
| FY2024                    | 0.67 | 0.68 | 0.67 | 0.68 | 0.68 | 0.68 | -    | -    | -    | -    | -    | -    | 4.06 |

<sup>5</sup> Distributions are stated as cents per unit and have been rounded to two decimal places. Detailed distribution announcements are available on the [PCI website](#) and are stated in Australian dollars rather than cents per unit. Past performance is not indicative of future performance.

### Seniority breakdown <sup>^</sup>



### Sector allocation <sup>^</sup>



<sup>^</sup> Source: Bloomberg and Perpetual Asset Management Australia. Data is as at 31 December 2023. All figures are unaudited and approximate. Allocations may not sum to 100% due to rounding.

## Portfolio update

Moderating inflation and monetary policy expectations were positive for credit, equity and bond markets during December. The mounting “soft landing” narrative continued to buoy momentum in the final month of 2024 as US bond markets brought forward their expectations of the first Fed rate cut to March 2024. The rally from the October lows continued and movements in the US bond markets largely led the Australian bond market. Australian 10-year benchmark bond yields rallied 46 basis points in December finishing down at 3.96% as the RBA left cash rates unchanged during the month.

Floating rate bonds continued to rally as spreads tightened in both Australia and the US. The Trust benefitted from rallying credit spreads, contributing strongly to performance. Domestic and offshore bank exposures were particularly strong performers, including a small number of US dollar denominated bonds which benefitted from the robust rally in US Credit. Note that all foreign currency exposures held in the Trust are hedged back to Australian Dollars. Non-financial corporates were also positive despite trailing financial spreads over the month.

The Trust’s running income remains a key contributor to return with the portfolio continuing to collect a solid yield premium above the RBA cash rate. Income return was broad based, with robust contributions from non-financial corporates, financials and securitised sectors. At month end, the Trust’s running income was 8.1%.

Sector and risk allocations were broadly maintained during December. In late December, the Manager elected to selectively trim domestic financial exposures to lock in profits from recent spread contraction and added a senior bond from Lend Lease in the secondary market. The USD denominated fixed rate issue was attractively priced relative to domestic comparables.

The outlook for credit remains delicately poised with macroeconomic indicators the most significant headwind for spreads. The Manager remains focused on identifying attractively priced issues from companies or issuers with market leading positions and strong balance sheets.

## Investment objective

To provide investors with monthly income by investing in a diversified pool of credit and fixed income assets.

## Target return

To target a total return of RBA Cash Rate plus 3.25% p.a. (net of fees) through the economic cycle. This is a target only and may not be achieved.

## Investment strategy

The Perpetual Credit Income Trust invests in a diversified and actively managed portfolio of credit and fixed income assets.

The Trust will typically hold 50 to 100 assets.

|            |   |
|------------|---|
| 30% - 100% | Investment grade assets   |
| 0% - 70%   | Unrated or sub-investment grade assets  |
| 70% - 100% | Assets denominated in AUD   |
| 0% - 30%   | Assets denominated in foreign currencies (which are typically hedged back to AUD) |
| 0% - 70%   | Perpetual Loan Fund   |
| < 5%       | Perpetual Securitised Credit Fund   |

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

Typical investments will include corporate bonds, floating rate notes, securitised assets and private debt (for example, corporate loans).

## About the manager

The Trust's investment portfolio is managed by Perpetual Investment Management Limited, part of the Perpetual Group, who believes the key to investing in credit and fixed income assets is constructing a well diversified portfolio of quality assets. Its experienced and highly regarded investment team actively manages investments based on fundamental research and analysis of quality, value and risk.

## Portfolio managers



**Michael Korber**  
Managing Director, Credit & Fixed Income

**Portfolio manager:**  
Perpetual Credit Income Trust  
Perpetual Pure Credit Alpha

Michael has over 41 years' experience, having been involved in credit markets since their development in Australia during the 1990's. Unlike many other fixed income portfolio managers in this market, Michael has a background in lending and banking, understanding credit risk in a fundamental way.



**Michael Murphy**  
Senior High Yield Analyst

**Portfolio manager:**  
Perpetual Loan Fund

Michael is an experienced credit markets specialist, having previously worked in high yield, private debt and leverage finance roles. As portfolio manager of the Perpetual Loan Fund, Michael has a focus on sourcing and assessing higher yielding income opportunities.

## For more information

### Investor relations



**Karen Trau**  
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Before making any investment decisions you should consider the Product Disclosure Statement (PDS) for the Trust issued by PTSL and the Trust's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (ASX), which are available at [www.perpetualincome.com.au](http://www.perpetualincome.com.au) or can be obtained by calling 1300 778 468 (within Australia) or +61(2) 9299 9621 (from overseas).

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