PERPETUAL CREDIT INCOME TRUST

ARSN 626 053 496

INVESTMENT UPDATE
November 2022

INVESTMENT OBJECTIVE

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

PORTFOLIO SNAPSHOT

AS AT 30 NOVEMBER 2022	AMOUNT
ASX unit price	$0.990
NTA per unit[1]	$1.077

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

KEY TRUST INFORMATION[2]
AS AT 30 NOVEMBER 2022

ASX code:	PCI
Structure:	Listed Investment Trust
Listing date:	14 May 2019
Market capitalisation:	$397 million
Units on issue:	400,967,882
Distributions:	Monthly
Management costs:	0.88% p.a.[3]
Manager:	Perpetual Investment Management Limited
Responsible Entity:	Perpetual Trust Services Limited

[2] Perpetual Credit Income Trust ARSN 626 053 496.
[3] Estimate inclusive of net effect of GST.

INVESTMENT PERFORMANCE[4]

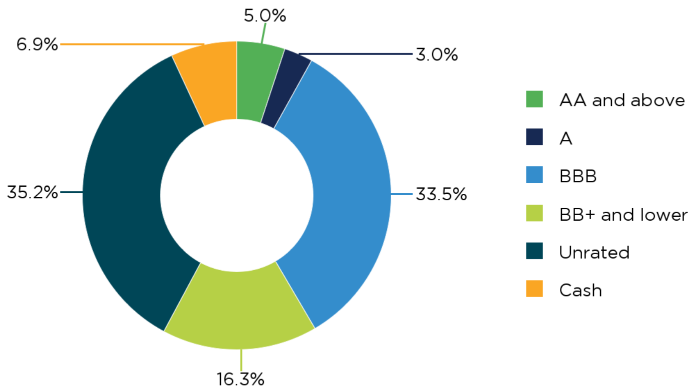
AS AT 30 NOVEMBER 2022	1 MTH	3 MTHS	6 MTHS	1 YR	3 YRS P.A.	5 YRS P.A.	SINCE INCEP P.A.
PCI Investment portfolio Returns net of operating expenses	0.7%	1.1%	1.5%	2.0%	3.2%	-	3.2%
RBA Cash Rate	0.2%	0.6%	0.9%	1.0%	0.4%	-	0.6%
Excess returns	0.5%	0.5%	0.6%	1.0%	2.8%	-	2.7%
Distribution return	0.5%	1.4%	2.7%	4.7%	3.9%	-	3.8%

[4] Investment returns, net of management costs have been calculated on the growth of Net Tangible Assets (NTA) after taking into account all operating expenses (including management costs) and assuming reinvestment of distributions on the ex-date. Distribution return has been calculated based on the PCI investment portfolio return less the growth of NTA. Past performance is not indicative of future performance. Since inception return is from allotment on 8 May 2019. Investment return and index return may not sum to excess return due to rounding. The comparison to the RBA Cash Rate is not intended to compare an investment in PCI to a cash holding. The RBA Cash Rate is displayed as a reference to the target return for PCI. The PCI investment portfolio is of higher risk than an investment in cash.

PORTFOLIO SUMMARY

AS AT 30 NOVEMBER 2022	AMOUNT
Number of holdings	120
Number of issuers	90
Running yield	6.3%
Portfolio weighted average life	2.9 years
Interest rate duration	30 days

RATINGS BREAKDOWN



Source: Standard & Poor's and Perpetual Asset Management Australia. Data is as at 30 November 2022. All figures are unaudited and approximate.

DISTRIBUTIONS CPU [5]

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

AS AT 30 NOVEMBER 2022	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	FYTD
FY2020	0.40	0.40	0.39	0.37	0.36	0.37	0.37	0.35	0.33	0.30	0.31	0.30	4.26
FY2021	0.32	0.32	0.30	0.31	0.28	0.30	0.30	0.27	0.30	0.29	0.33	0.32	3.63
FY2022	0.32	0.32	0.31	0.32	0.31	0.35	0.35	0.36	0.41	0.39	0.46	0.49	4.38
FY2023	0.42	0.47	0.47	0.51	0.52	-	-	-	-	-	-	-	2.38

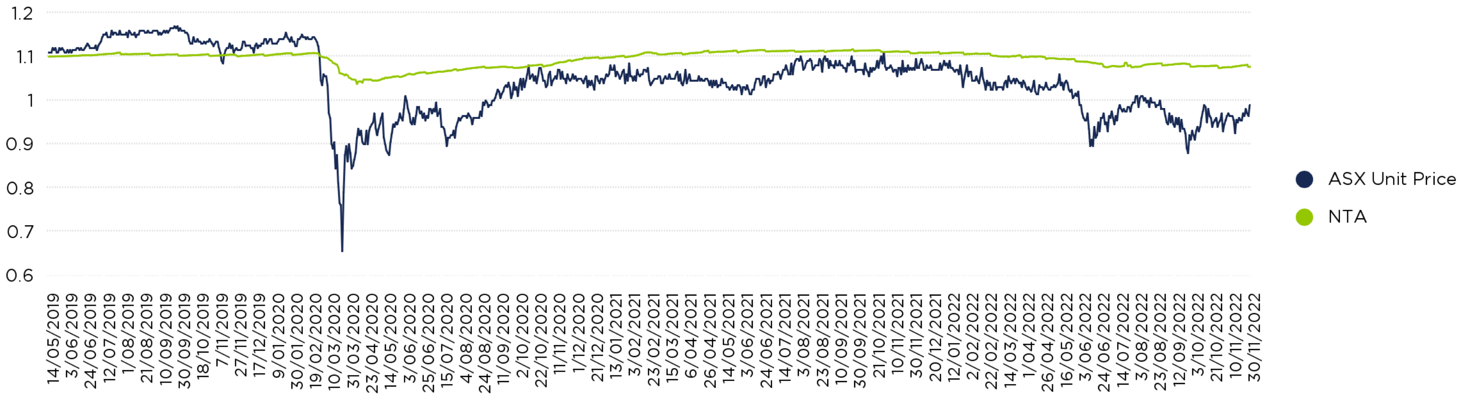
5 Distributions are stated as cents per unit and have been rounded to two decimal places. Detailed distribution announcements are available on the PCI website and are stated in Australian dollars rather than cents per unit. Distribution return has been calculated based on the PCI investment portfolio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

TOTAL UNITHOLDER RETURN [6]

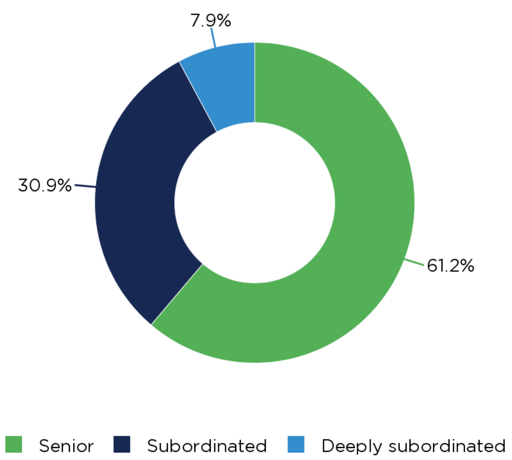
AS AT 30 NOVEMBER 2022	1 MTH	3 MTHS	6 MTHS	1 YR	3 YRS P.A.	5 YRS P.A	SINCE INCEP P.A.
Total unitholder return	4.2%	2.6%	1.0%	-2.5%	0.2%	-	1.1%
RBA Cash Rate	0.2%	0.6%	0.9%	1.0%	0.4%	-	0.5%
Excess returns	4.0%	2.0%	0.0%	-3.5%	-0.2%	-	0.5%
Distribution return	0.6%	1.6%	3.0%	5.0%	4.1%	-	4.0%

6 Total unitholder return - ASX unit price performance with reinvestment of distributions has been calculated on the growth of the ASX unit price and assumes reinvestment of distributions on the ex-date. Distribution return has been calculated based on the total unitholder return less the growth in the ASX unit price over the period. Past performance is not indicative of future performance. Since inception return is from listing on 14 May 2019, initial price used is the subscription price of $1.10. Unitholder return and index return may not sum to excess return due to rounding. The comparison to the RBA Cash Rate is not intended to compare an investment in PCI to a cash holding. The RBA Cash Rate is displayed as a reference to the target return for PCI. The PCI investment portfolio is of higher risk than an investment in cash.

NTA PER UNIT VS ASX UNIT PRICE PERFORMANCE

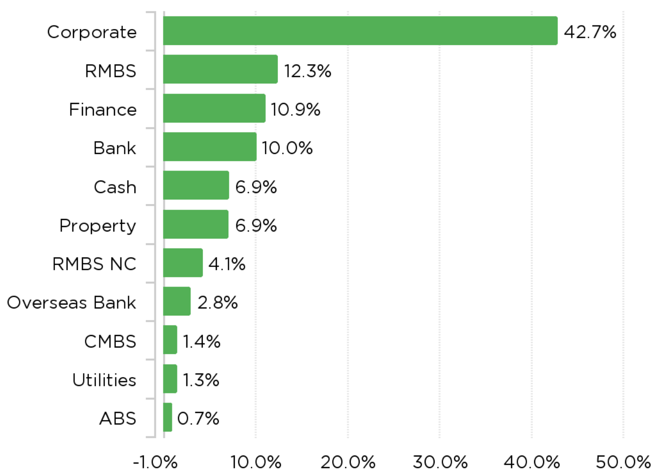


SENIORITY BREAKDOWN



Source: Bloomberg and Perpetual Asset Management Australia. Data is as at 30 November 2022. All figures are unaudited and approximate.

SECTOR ALLOCATION



Source: Bloomberg and Perpetual Asset Management Australia. Data is as at 30 November 2022. All figures are unaudited and approximate.

PORTFOLIO UPDATE

The Trust continues to meet its objective, delivering sustainable monthly income and performing in line with its target objective of RBA Cash Rate + 3.25% p.a. (net of fees) through the economic cycle.

The Trust's portfolio returned 0.7% in November. The most substantial contributor to performance during November was income return. The Trust's income was predominantly generated by coupon payments and interest income from portfolio exposure to non-financial corporate bonds with contributions from RMBS, banks, and diversified financials. The Trust's portfolio running yield was 6.3% at November month end. The Manager considers this healthy and that the Trust will continue to benefit from rising interest rates as the income collected on floating rate instruments rises.
Credit spreads (returns provided for accepting credit risk) in November were mixed across sectors and therefore provided limited contribution to portfolio returns. Credit spreads for domestic assets (AUD denominated) tightened on aggregate, increasing the value of those assets in the portfolio. The Trust's exposure to assets in the financial sector performed well while there was some credit spread widening (decreasing the value of those assets in the portfolio) across corporate sectors. The Trust maintains a bias towards corporate credit which the Manager believes offers attractive value.

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

While the Manager believes we are not yet in a buyers' market, there are already examples of promising deals that have been issued at credit spreads wide of pre-COVID levels. These deals are indicative of a trend the Manager expects to continue with high-quality issuers issuing debt at attractive prices. For example, the Manager participated in both the 5-year fixed and floating rate tranches of NAB's senior unsecured bond issue in November. The deal priced at 120bps above the 3-month bank bill swap rate before the credit spread tightened to 100bps by month end, contributing to the value of the asset increasing and generating returns for the portfolio. The deal matched the recently set record for the largest deal volume in domestic credit market history. As banks begin to refinance their capital secured via the Term Funding Facility, the Manager expects volumes of major bank senior issuance to remain robust.

The Manager has shifted its outlook on credit markets from negative to neutral for the first time since early 2022. Despite the improved conditions, they remains selective in adding new assets to the portfolio. Liquidity conditions and technical indicators have been supportive for the credit outlook, however the Manager remains cognisant of the risks associated with tightening financial conditions and slowing economic growth. The Manager believes that the Trust is well positioned to weather challenging conditions presented by elevated inflation, tightening financial conditions and slowing economic growth. Income has and continues to be a strong driver of returns for the portfolio and the rising interest rate environment provides prospect for increased distributions to investors.

Investing in Securitised Assets (Senior Portfolio Manager: Thomas Choi)

On 24 November 2022, the Trust announced an amendment to its investment strategy to allow it to invest in the Perpetual Securitised Credit Fund (SCF) to gain indirect exposure to securitised assets. The Trust may already invest in securitised assets directly, and it will continue to be able to do so following this change in its investment strategy.

The establishment of SCF creates operational efficiencies in dealing with securitised assets and provides prospect for greater access to deal flow by utilising the purchasing power and expertise of Perpetual's broader credit and fixed income team. The Portfolio Manager of the SCF is Senior Portfolio Manager Thomas Choi. Thomas joined Perpetual in 2009 and commenced in the Credit and Fixed Income team in May 2010, where his focus has been on securitised and structured assets and the management of investment grade and enhanced cash strategies.

Residential mortgage backed securities (RMBS) are floating rate securities that are secured against a large pool of residential mortgages. RMBS typically group together thousands of home loans. A key benefit of this structure is the diversification of default risks. While borrowers (mortgage holders) might have varying levels of risk, the impact of an individual's default on the value of the collective is minimal.

In order to better price and manage risk, RMBS securities are offered with varying tranches each with a different risk and maturity profile. This allows the Manager to select the notes offering the most appropriate risk return trade-off.
Another notable feature of RMBS securities is that they amortise over time. While a typical bond pays regular interest throughout its life and returns the principal in full on maturity, a portion of a RMBS securities principal is paid down each month. This contributes to portfolio liquidity while also reducing the risk of the assets throughout its lifespan.

Securitised assets also include CMBS (Commercial Mortgage-Backed Securities) and ABS (Asset Backed Securities which can include higher yielding automotive and personal loans). The Team's proprietary industry ranking score currently holds a favourable view of prime RMBS while CMBS and ABS are viewed as less attractive relative to RMBS.

As at 30 November 2022, the Trust had a 16.4% exposure to RMBS, 1.4% exposure to CMBS and 0.7% exposure to ABS.

INVESTMENT OBJECTIVE

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

TARGET RETURN

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

INVESTMENT STRATEGY

The Perpetual Credit Income Trust (PCI) (the "Trust") will hold a diversified and actively managed portfolio of credit and fixed income assets.

The Trust will typically hold 50 to 100 assets.

30% - 100%	Investment grade assets
0% - 70%	Unrated or sub-investment grade assets
70% - 100%	Assets denominated in AUD
0% - 30%	Assets denominated in foreign currencies (which are typically hedged back to AUD)
0% - 70%	Perpetual Loan Fund
< 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). Exposure to corporate loans may be gained indirectly through the Perpetual Loan Fund.

ABOUT THE MANAGER

The Trust is managed by Perpetual Investment Management Limited. The Manager has one of the most experienced, proven and stable credit and fixed income teams in the Australian fixed income market. The Manager and the Responsible Entity are wholly owned subsidiaries of Perpetual Limited.

PORTFOLIO MANAGER

Michael Korber

Managing Director, Credit & Fixed Income

Portfolio Manager:
Perpetual Credit Income Trust
Perpetual Pure Credit Alpha
Perpetual Loan Fund

Michael has over 37 years' experience, having been involved in credit markets since their development in Australia during the 1990's. Unlike many other fixed income portfolio managers in this market, Michael has a background in lending and banking, understanding credit risk in a fundamental way.

PERPETUAL KEY CONTACTS

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