

PERPETUAL CREDIT INCOME TRUST

ASX: PCI

Investment update

January 2024

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 January 2024	Amount
ASX unit price	\$1.080
NTA per unit ¹	\$1.098

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 information

As at 31 January 2024

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. ²
Manager	Perpetual Investment Management Limited
Responsible Entity:	Perpetual Trust Services Limited

² Estimate inclusive of net effect of GST.

Investment performance ³

As at 31 January 2024	1 mth	3 mths	6 mths	1 yr	3 yrs p.a.	5 yrs p.a.	Since incep. p.a.
PCI Investment Portfolio (net)	0.8%	2.6%	4.8%	9.2%	5.4%	-	4.7%
Target Return ⁴	0.6%	1.9%	3.8%	7.5%	5.3%	-	4.8%
Distribution Return	0.6%	1.9%	3.8%	7.9%	5.5%	-	4.7%
RBA Cash Rate	0.4%	1.1%	2.1%	4.1%	1.9%	-	1.4%

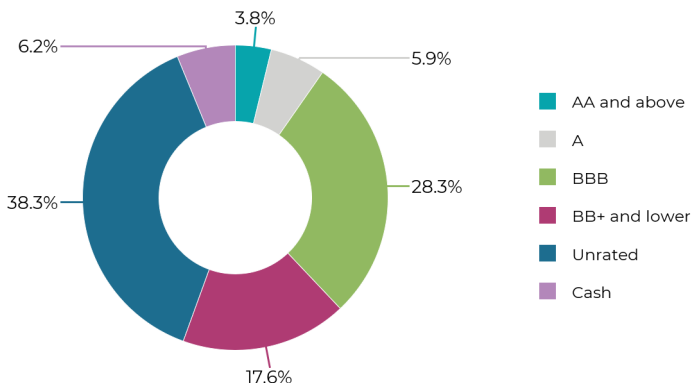
³ Investment returns have been calculated on the growth of Net Tangible Assets (NTA) after taking into account all operating expenses (including management costs) and assuming reinvestment of distributions on the ex-date. Distribution return has been calculated based on the PCI investment portfolio return 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.

⁴ 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 January 2024	Amount
Number of holdings	119
Number of issuers	82
Running yield	8.1%
Portfolio weighted average life	2.6 years
Interest rate duration	34 days

Ratings breakdown



Source: Standard & Poor's and Perpetual Asset Management Australia. Data is as at 31 January 2024. All figures are unaudited and approximate.

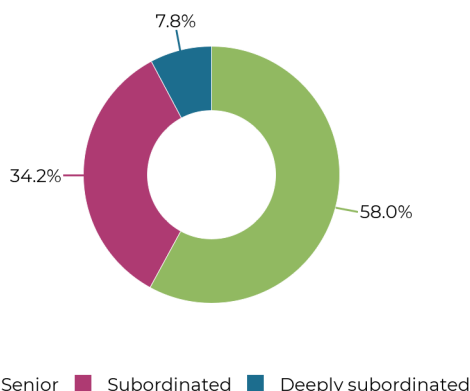
Distributions CPU ⁵

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

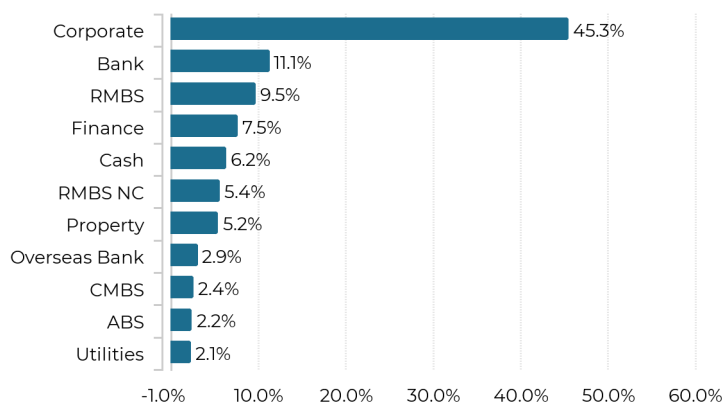
As at 31 January 2024	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FYTD
FY2020	0.40	0.40	0.39	0.37	0.36	0.37	0.37	0.35	0.33	0.30	0.31	0.30	4.26
FY2021	0.32	0.32	0.30	0.31	0.28	0.30	0.30	0.27	0.30	0.29	0.33	0.32	3.63
FY2022	0.32	0.32	0.31	0.32	0.31	0.35	0.35	0.36	0.41	0.39	0.46	0.49	4.38
FY2023	0.42	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	0.68	-	-	-	-	-	4.74

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. Past performance is not indicative of future performance.

Seniority breakdown [^]



Sector allocation [^]



[^] Source: Bloomberg and Perpetual Asset Management Australia. Data is as at 31 January 2024. All figures are unaudited and approximate. Allocations may not sum to 100% due to rounding.

Portfolio update

Financial markets remained buoyant throughout January, consolidating on a strong finish to 2023. The easing macroeconomic outlook, the substantial repricing of US monetary policy expectations and the subsequent fall in bond yields has fuelled the robust rally in credit and equities.

Domestic bond yields were subdued in January. The yield curve steepened slightly as 10-year yields rose marginally to be back above 4% by month end. Global long term yields also saw rises most notably the UK where 10-year yield lifted 36bps. Most global yield curves remain inverted despite the easing recession concerns. The Trust's floating rate structure reduces the sensitivity to changes in interest rates.

Domestic credit spreads were placid following a strong rally in the fourth quarter of 2023. The Trust's allocation to domestic banks, real estate and non-financial corporates performed well, contributing to credit spread return. Offshore spreads continued to rally and the Trust's USD denominated exposure to Macquarie and NAB subordinated bonds were notable contributors. Note that all foreign currency exposures held in the Trust are hedged back to Australian Dollars.

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%.

Primary markets were active during January – counter to the typical seasonal trend – with a number of financial issuers taking advantage of robust demand. The Manager was selective in adding new issues to the Trust including the \$2.85B tier-two deal from ANZ early in the month.

Despite the easing macroeconomic outlook and improved lending conditions, the outlook for credit remains delicately poised. Investors continue to face an uncertain economic and interest rate outlook, along with ongoing risks associated with slow earnings growth and the potential for rising default rates. The Manager maintains that the key to investing in credit and fixed income assets is constructing – and actively managing – a well-diversified portfolio of quality assets. This includes undertaking in-depth credit research to identify quality issuers that have a good balance sheet, predictable cash flows, quality capable management, and are offering attractive yields.

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



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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 or can be obtained by calling 1300 778 468 (within Australia) or +61(2) 9299 9621 (from overseas).

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