

PERPETUAL CREDIT INCOME TRUST

ASX: PCI

Investment update

September 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 30 September 2024	Amount
ASX unit price	\$1.135
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 30 September 2024

ASX code:	PCI
Structure:	Listed Investment Trust
Listing date:	14 May 2019
Market capitalisation:	\$552 million
Units on issue:	486,006,942
Distributions:	Monthly
Management costs:	0.88% p.a. ²
Manager	Perpetual Investment Management Limited
Responsible Entity:	Perpetual Trust Services Limited

Investment performance³

As at 30 September 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)	0.5%	1.6%	3.8%	9.1%	6.2%	5.3%	5.2%
Target Return ⁴	0.6%	1.9%	3.9%	7.9%	6.3%	5.2%	5.1%
Distribution Return	0.6%	1.9%	4.5%	8.5%	6.7%	5.4%	5.2%
RBA Cash Rate	0.4%	1.1%	2.2%	4.4%	2.9%	1.8%	1.8%

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. The Responsible Entity aims to pay distributions to investors monthly. For such distributions, the record date is generally the last ASX trading day of each month and the ex-date is one business day prior to the record date. The ex-date for the distribution period ending 31 July 2024 and 31 August 2024 was in August. Therefore, the 1 month distribution return for the PCI investment portfolio of 1.2% takes into account the distributions for the periods ending 31 July 2024 and 31 August 2024. 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.

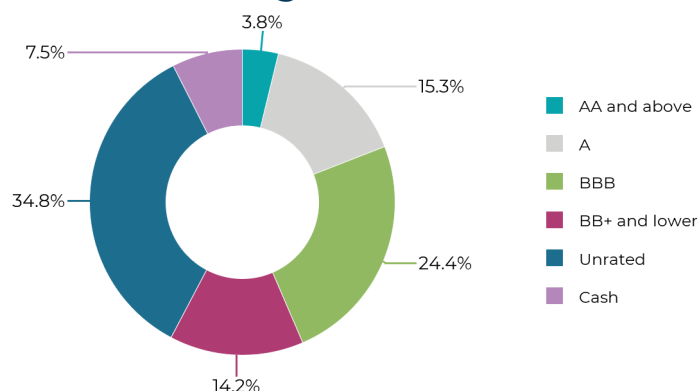
⁴ Target Return is RBA Cash Rate + 3.25% p.a. (net of fees) through the economic cycle. This is a target only and may not be achieved.

² Estimate inclusive of net effect of GST.

Portfolio summary

As at 30 September 2024	Amount
Number of holdings	143
Number of issuers	93
Running yield	7.5%
Portfolio weighted average life	2.8 years
Interest rate duration	26 days

Ratings breakdown



Source: Standard & Poor's and Perpetual Asset Management Australia. Data is as at 30 September 2024. All figures are unaudited and approximate.

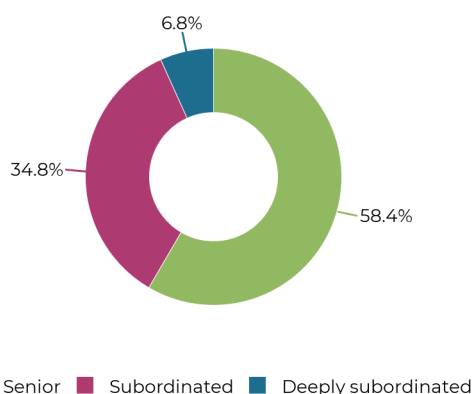
Distributions CPU ⁵

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

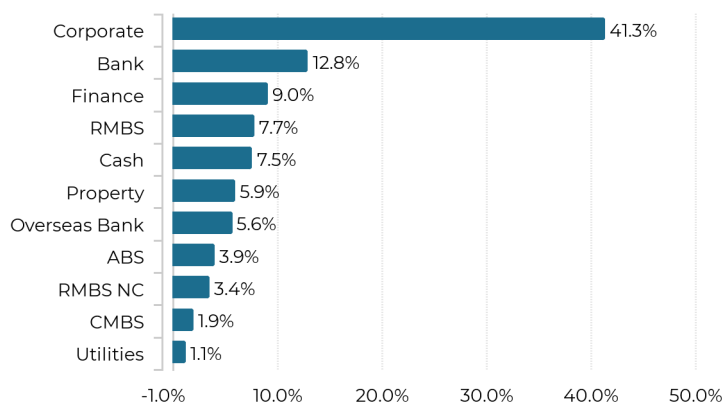
As at 30 September 2024	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FYTD
FY2024	0.67	0.68	0.67	0.68	0.68	0.68	0.68	0.64	0.69	0.67	0.73	1.41	8.87
FY2025	0.68	0.69	0.69	-	-	-	-	-	-	-	-	-	2.05

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 30 September 2024. All figures are unaudited and approximate. Allocations may not sum to 100% due to rounding.

Portfolio Update

Financial markets consolidated during September with bonds and equities posting gains as the US commenced monetary easing and China unveiled a substantial monetary policy stimulus package intended to resuscitate the economy and support the embattled property market.

Credit spreads were mixed during September while remaining in range of recent levels. Government adjacent sectors including supranational and government agencies tightened while non-financial corporates widened marginally on aggregate. The Trust's credit spread performance was negative, attributable primarily to the widening spread on a Star Entertainment term loan. As originally flagged in the August commentary, the Trust's position was revalued reflecting the company's liquidity challenges. The impact of credit spread expansion was more than offset by the contribution of the Trust's running yield which was 7.5% at month end.

A notable development in credit markets during September was commentary from APRA proposing that banks phase out the use of additional Tier 1 capital bonds (Hybrids) and replace them with cheaper and more reliable forms of capital that would absorb losses more effectively in times of stress. This was in response to the 2023 turmoil observed in global banks following the collapse of Silicon Valley Bank and acquisition (and subsequent write-off of AT1 capital) of Credit Suisse by UBS. The Trust retains a relatively low allocation to hybrid securities (6.8% at September month end).

Domestic bond yields traded in a tight range, ending the month close to start of month levels. The RBA held rates at 4.35% at their September meeting while minutes revealed a dovish shift from a tightening to neutral bias. The Fed commenced monetary easing, cutting rates by 50 bps in September. US bond yields reacted favourably, and the treasury curve flattened as short end yields rallied. PCI's low duration and focus on floating rate credit continues to mitigate interest rate risks associated with the uncertain path of monetary policy.

Our proprietary credit outlook score remained negative throughout September. The most substantial determinant of the negative credit outlook remains supply and demand dynamics. There is a relatively low volume of upcoming maturities and elevated expected primary issuance volumes in the pipeline, both of which put upward pressure on spreads. Valuation and technical indicators are also marginally negative.

Risk management is paramount in these conditions and the Manager remains selective in adding new issues to the Trust's portfolio. Sector and risk allocations were broadly maintained during September and the Trust's cash allocation remains slightly elevated. The portfolio is defensively positioned and retains the capacity to take advantage of relative value opportunities as they arise.

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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