

INVESTMENT UPDATE

July 2019

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 JULY 2019	AMOUNT
ASX unit price	\$1.150
NTA per unit ¹	\$1.106

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 INFORMATION²

AS AT 31 JULY 2019

ASX code:	PCI
Structure:	Listed Investment Trust
Listing date:	14 May 2019
Market capitalisation:	\$460 million
Units on issue:	400,008,975
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 PERFORMANCE⁴

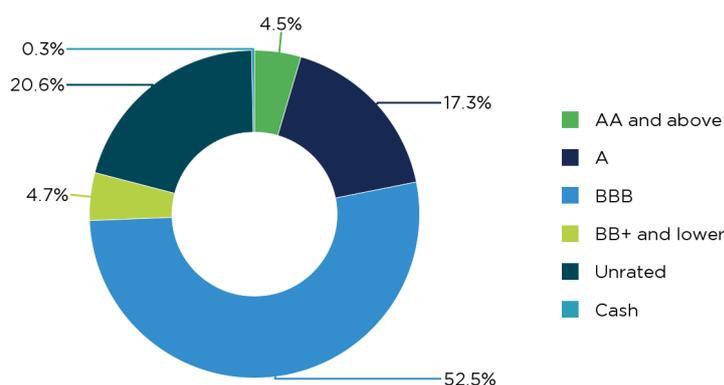
AS AT 31 JULY 2019	1 MTH	3 MTHS	6 MTHS	1 YR P.A.	3 YRS P.A.	5 YRS P.A.	SINCE INCEP P.A.
PCI Investment portfolio	0.6%	-	-	-	-	-	1.0%
RBA cash rate	0.1%	-	-	-	-	-	0.3%
Excess returns	0.5%	-	-	-	-	-	0.7%
Distribution return	0.4%	-	-	-	-	-	0.4%

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. A full month of performance is not available for May 2019 as the Trust launched mid-month.

PORTFOLIO SUMMARY

AS AT 31 JULY 2019	AMOUNT
Number of holdings	94
Number of issuers	66
Running yield	3.2%
Portfolio weighted average life	4.8 years
Modified duration	0.3 years

RATINGS BREAKDOWN



Source: Standard & Poor's and Perpetual Investments. Data is as at 31 July 2019. All figures are unaudited and approximate.

DISTRIBUTIONS CPU

PCI announced a 0.4 cents per unit (CPU) distribution for July paid on 8 August 2019. The Trust is now fully invested and the July distribution represents a distribution rate for the month in line with the Trust's target return of the RBA cash rate + 3.25% p.a. (net of fees) through the economic cycle.

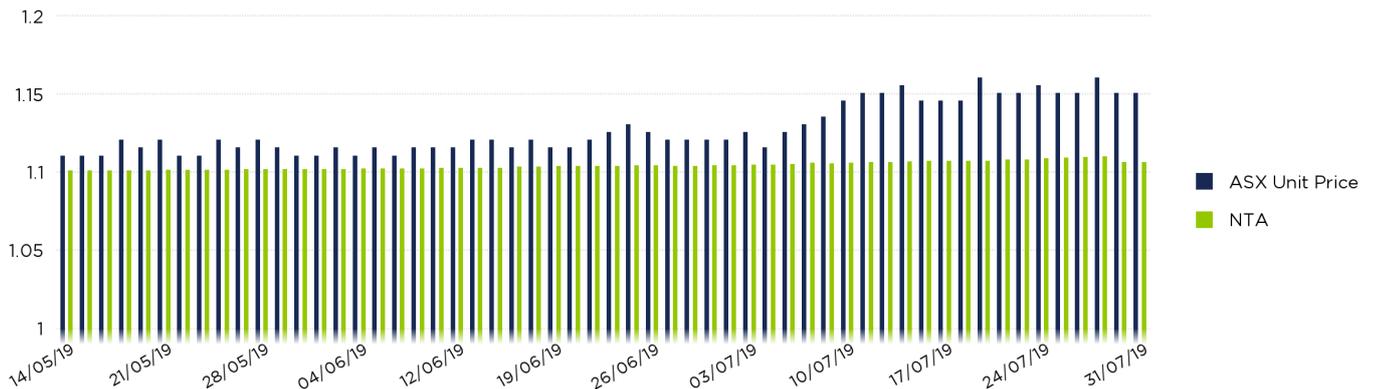
AS AT 31 JULY 2019	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	FYTD
FY 2019	-	-	-	-	-	-	-	-	-	-	-	0.1	0.1
FY 2020	0.4	-	-	-	-	-	-	-	-	-	-	-	0.4

TOTAL UNITHOLDER RETURN ⁵

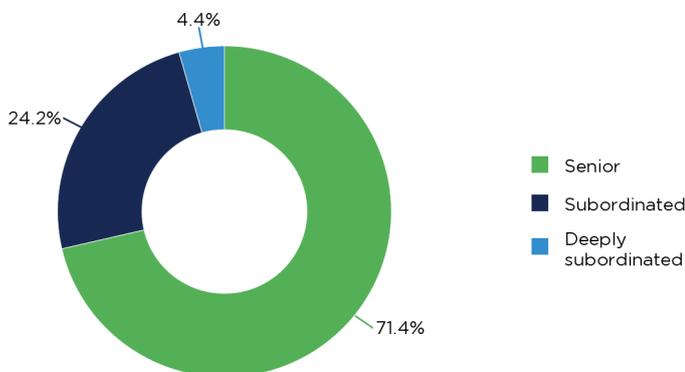
AS AT 31 JULY 2019	1 MTH	3 MTHS	6 MTHS	1 YR P.A.	3 YRS P.A.	5 YRS P.A.	SINCE INCEP P.A.
Total unitholder return	3.0%	-	-	-	-	-	5.0%
RBA cash rate	0.1%	-	-	-	-	-	0.3%
Excess returns	2.9%	-	-	-	-	-	4.7%
Distribution return	0.4%	-	-	-	-	-	0.4%

⁵ 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.

NTA PER UNIT VS ASX UNIT PRICE PERFORMANCE

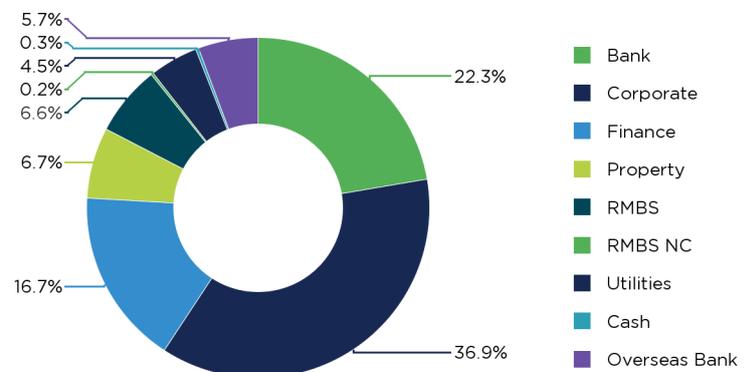


SENIORITY BREAKDOWN



Source: Bloomberg and Perpetual Investments. Data is as at 31 July 2019. All figures are unaudited and approximate.

SECTOR ALLOCATION



Source: Bloomberg and Perpetual Investments. Data is as at 31 July 2019. All figures are unaudited and approximate.

MARKET COMMENTARY

July was a positive month for credit investments. Investor sentiment across risk assets improved, underpinned by further accommodative financial conditions globally. Domestic demand for credit proved robust during the month, while primary market issuance was at elevated levels.

Softer economic data prevailed globally, with indicators pointing to below trend growth - evidenced by a raft of global manufacturing data falling. Alongside this, inflation observations remained sluggish. Both domestic and offshore government yield curves rallied during the month on weaker economic data. Contrasting this was encouraging US earnings data, which was better than expectations. In addition, geopolitical risks persisted. The election of Boris Johnson as Prime Minister in the UK increased the likelihood of a disorderly Brexit, while uncertainty associated with the US-China trade disputes continued to occupy newswires.

July was a heavy issuance month for financials following the Australian Prudential Regulation Authority (APRA) Total Loss Absorbing capacity (TLAC) announcement. The regulator now requires Authorised Deposit Taking Institutions (ADI's) to increase their total capital buffer by 3% via issuance of tier two junior or sub-ordinated debt. For the major banks this means increased debt issuance of approximately AUD \$50 billion. Given record low yields, the new issuance was met by strong investor demand.

The Manager's credit scoring process remains modestly cautious regarding the prospects of credit spread tightening in the short to medium term. However, uncertainty can create investment opportunities. These are assessed using our methodical and disciplined asset selection approach.

TRUST COMMENTARY

We are pleased to note PCI announced a 0.4 CPU distribution for July paid on 8 August 2019. The Trust is now fully invested with cash in the portfolio reduced from 32.5% to 0.3% during the month. The July distribution represents a distribution rate for the month in line with the Trust's target return of the RBA cash rate + 3.25 p.a. (net of fees) through the economic cycle. The Trust will be preparing an Annual Financial Statement for the FY2019 tax year. These statements are expected to be lodged with the ASX, and made available on the Trust's website, in late August.

The Manager's highly experienced team have a strong track record in this market and have adopted a methodical and disciplined approach to investing cash holdings. As at 31 July, PCI's portfolio held 94 securities from 66 issuers across domestic and global credit and fixed income assets. These are 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).

July was a positive month for the Trust as evidenced by the strong performance of investments held. The Trust collected strong running income during the month associated with large portfolio exposures to non-financial corporates in addition to securitised products alongside banks and financials.

Credit spread dynamics were also positive for performance with credit spreads tightening during the month. This was particularly notable in the portfolio exposures to banks and corporates alongside securitised products and property holdings.

Within the loan portfolio portion of the Trust, we continue to analyse opportunities and are deploying cash in a disciplined and selective manner in line with our rigorous asset selection process. Allocations during the month included an attractive opportunity in a company involved in the provision of educational services.

The Manager has continued to selectively allocate to opportunities viewed as attractive and appropriate from a risk and reward perspective across both primary and secondary markets. Primary market purchases by the Trust included taking a position in the five-year floating rate tranche of Toronto Dominion's A\$1.5 billion Kangaroo deal alongside a position in the floating rate tranche of ANZ's A\$1.75 billion tier two deal. Within the securitised space, primary market purchases included an allocation to higher yielding tranches of People's Choice Credit Union's 'Light Trust 2019-1' RMBS.

INVESTMENT STRATEGY

The Trust will hold a diversified and actively managed portfolio of domestic and global credit and fixed income assets. 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. The Trust will typically be invested in 50 to 100 assets. Derivatives may be used as part of the Trust's Investment Strategy.*

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.

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 MANAGERS

Michael Korber

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.

Anne Moal

Anne is an experienced credit markets specialist, having worked for 22 years in credit and fixed income markets in research, origination and trading roles. Anne joined the Credit and Fixed Income Team at Perpetual Investments in 2014. Anne is the portfolio manager of the Perpetual Loan Fund with a focus on higher yielding income opportunities.

PERPETUAL KEY CONTACTS

INVESTOR RELATIONS

Paul Raaff
P: 02 9229 3489
E: paul.raaff@perpetual.com.au

NSW

Nathan Boroughs
State Manager, Perpetual Investments
P: 0466 775 961
E: nathan.boroughs@perpetual.com.au

VIC/SA/NT/TAS

Daniel Moore
State Manager, Perpetual Investments
P: 0400 032 819
E: daniel.moore@perpetual.com.au

QLD

Tony Harte
State Manager, Perpetual Investments
P: 0407 708 109
E: tony.harte@perpetual.com.au

WA

Tim McCallum
State Manager, Perpetual Investments
P: 0411 209 403
E: tim.mccallum@perpetual.com.au

www.perpetualincome.com.au

*For further details on the Trust's Investment Strategy please see the Trust's PDS dated 8 March 2019 at www.perpetualincome.com.au

This monthly report has been prepared by Perpetual Investment Management Limited ABN 18 000 866 535, AFSL 234426 (PIML or Perpetual Investments) and issued by Perpetual Trust Services Limited ABN 48 000 142 049, AFSL 236648 (PTSL). PTSL is the responsible entity and issuer of the Perpetual Credit Income Trust ARSN 626 053 496 (Trust). PTSL has appointed PIML to act as the manager of the Trust. This monthly report is general information only and is not intended to provide you with financial advice or take into account your objectives, financial situation or needs. You should consider, with a financial adviser, whether the information is suitable for your circumstances. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. Past performance is not indicative of future performance. This information is believed to be accurate at the time of compilation and is provided in good faith. This report may contain information contributed by third parties. PIML and PTSL do not warrant the accuracy or completeness of any information contributed by a third party.

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). No company in the Perpetual Group (Perpetual Group means Perpetual Limited ABN 86 000 431 827 and its subsidiaries) guarantees the performance of the Trust or the return of an investor's capital. This information does not constitute an offer, invitation, solicitation or recommendation with respect to the purchase or sale of the Trust's units.

This report may contain information obtained from third parties, including ratings from credit ratings agencies such as Standard & Poor's. Reproduction and distribution of third party content in any form is prohibited except with the prior written permission of the related third party. Third party content providers do not guarantee the accuracy, completeness, timeliness or availability of any information, including ratings, and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such content. **THIRD PARTY CONTENT PROVIDERS GIVE NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE. THIRD PARTY CONTENT PROVIDERS SHALL NOT BE LIABLE FOR ANY DIRECT, INDIRECT, INCIDENTAL, EXEMPLARY, COMPENSATORY, PUNITIVE, SPECIAL OR CONSEQUENTIAL DAMAGES, COSTS, EXPENSES, LEGAL FEES, OR LOSSES (INCLUDING LOST INCOME OR PROFITS AND OPPORTUNITY COSTS OR LOSSES CAUSED BY NEGLIGENCE) IN CONNECTION WITH ANY USE OF THEIR CONTENT, INCLUDING RATINGS.** Credit ratings are statements of opinions and are not statements of fact or recommendations to purchase, hold or sell securities. They do not address the suitability of securities or the suitability of securities for investment purposes, and should not be relied on as investment advice.

CONTACT DETAILS

Phone: 1300 778 468 within Australia,
or +61(2) 9299 9621 outside Australia
Email: perpetual@automicgroup.com.au
www.perpetualincome.com.au

