

24 November 2022

ASX Limited
ASX Market Announcements Office
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

PERPETUAL CREDIT INCOME TRUST (ASX: PCI) INVESTMENT IN THE PERPETUAL SECURITISED CREDIT FUND

Perpetual Trust Services Limited, responsible entity of the Perpetual Credit Income Trust (ASX: PCI) (Trust), has decided to amend the investment strategy for the Trust to allow it to invest in the Perpetual Securitised Credit Fund to gain indirect exposure to securitised assets¹. 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 amendment to the investment strategy to allow the Trust to invest in the Perpetual Securitised Credit Fund will be effective immediately.

Under the Product Disclosure Statement dated 8 May 2019, the Trust can hold domestic and global credit and fixed income assets directly or indirectly. 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 Perpetual Securitised Credit Fund (Fund)

Key features of the Fund

Structure	The Fund is an open-ended unregistered managed investment scheme.
Responsible entity and investment manager	Perpetual Investment Management Limited is the responsible entity and investment manager of the Fund and the investment manager of the Trust.
Investment objective	To provide an exposure to a diversified portfolio of securitised credit assets that aims to generate returns of RBA Cash Rate + 3.5% to 5.5% p.a. through the economic cycle (before fees and taxes).
Investment guidelines	Rated ² 4: 0 - 100%

¹ Securitised assets are created through a process known as securitisation. Securitisation is the process of combining multiple debt assets into one financial instrument. An example is a residential mortgage backed security (RMBS) where multiple residential mortgages are combined into a single RMBS and the underlying asset is the residential mortgages or home loans. Investors pool their money together to invest in a RMBS, with the home loan interest and principal repayments proportionally distributed to investors in order of the ranking of these assets. Another example is an asset backed security (ABS) which is similar to a RMBS but the underlying assets are a pool of non-mortgage assets such as leases, company receivables or royalties. An ABS is secured against an asset rather than a mortgage.

² Rated securities for investment in investment grade securities offering high yield type return. An investment grade asset has a long term rating of BBB-/Baa3 to AAA/Aaa.

	Unrated or sub-investment grade ³ ⁴ : 0 - 100% Cash: 0 - 100%
Fees and expenses	No fees will be charged nor incurred expenses will be recovered by the responsible entity of the Fund. While there is currently no intention to, the responsible entity of the Fund is entitled to charge fees and recover expenses under the Fund constitution.
Leverage	Derivatives may be used as part of the Fund's investment strategy. The Manager will typically hedge foreign currency exposures to the Australian dollar and may use derivatives to hedge interest rate risk and credit risk. Derivative positions may also be used to take advantage of market opportunities. Derivatives may result in leverage. There is a maximum gearing limit of 15% of the assets of the Fund, however borrowing for gearing purposes is not permitted. Temporary borrowing by the Fund may occur for the purposes of meeting short-term cashflow needs and may not exceed 10% of the assets of the fund.
Distributions	Quarterly

Redemption rights

The Fund is expected to generally be an illiquid scheme which means at least 80% of its assets are not liquid. Liquid assets include cash and marketable securities. Under the terms of the constitution of the Fund, the Trust can only withdraw its investment if:

- the responsible entity of the Fund makes a withdrawal offer; or
- a liquidity event specified in the constitution of the Fund occurs. A liquidity event will occur if the Manager is removed as the manager of the Trust by an ordinary resolution of Unitholders or where Perpetual Investment Management Limited is replaced as the responsible entity of the Fund.

When a liquidity event occurs, the responsible entity of the Fund must offer liquidity to all Fund investors (when the Trust is an investor in the Fund, including the Trust). If this liquidity offer is accepted, Perpetual Investment Management Limited must conduct an orderly realisation of the Fund's assets and withdrawal offers will be made until the liquidity requested by investors is provided over a reasonable period of time.

Where a liquidity event occurs due to the replacement of Perpetual Investment Management Limited as responsible entity of the Fund, the replacement responsible entity of the Fund may be required to realise assets in order to fund the liquidity offer. If this is the case, under the Fund constitution, Perpetual Investment Management Limited will be appointed by the replacement responsible entity as the sale manager to conduct the orderly realisation of the assets on the replacement responsible entity's behalf due to its greater familiarity with the assets of the Fund. Perpetual Investment Management Limited will be entitled to be reimbursed for any costs, expenses, charges or liabilities incurred for assisting with the realisation of assets.

Change of responsible entity

Under the constitution of the Fund, the responsible entity of the Fund may at any time, or must as required by the Corporations Act if the Fund is a registered managed investment scheme (**Registered Scheme**), retire as the responsible entity of the Fund. Subject to the Corporations Act if the Fund is a Registered Scheme, the responsible entity of the Fund may appoint another company to be the new responsible entity of the Fund.

Responsible entity's indemnity

³ A sub-investment grade asset has a rating below BBB-/Baa3 and includes unrated assets

⁴ Maximum total exposure to a single issuer is the higher of A\$70m or 15%.

To the extent permitted by the Corporations Act if the Fund is a Registered Scheme, and in addition to any indemnity allowed by law, the responsible entity of the Fund is entitled to be indemnified in full out of the assets of the Fund for any liability incurred by it in the proper performance of its duties in relation to the Fund. This is except to the extent to which the loss is caused by the fraud, negligence or breach of trust of the responsible entity of the Fund.

Trust allocation to the Perpetual Securitised Credit Fund

The Trust will initially have an allocation of less than 5% of NAV in the Fund. This allocation includes transferring the existing securitised assets held directly by the Trust into the Fund for units in the Fund.

The Trust's investment objective is to provide investors with monthly income by investing in a diversified pool of credit and fixed income assets.

The investment guidelines for the Trust are as follows:

The Trust will typically hold 50 to 100 assets.

30% - 100%	Investment grade assets ⁵
0% - 70%	Unrated or sub-investment grade assets ⁶
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

Questions

If you have any questions, please contact Karen Trau, Investor Relations on +61 2 9229 3138 or via email karen.trau@perpetual.com.au

-Ends-

This announcement is authorised for release by the Disclosure Committee of Perpetual Trust Services Limited.

⁵ An investment grade asset has a long term rating of BBB-/Baa3 to AAA/Aaa.

⁶ A sub-investment grade asset has a rating below BBB-/Baa3 and includes unrated assets