

**PERPETUAL
CREDIT
INCOME
TRUST**

ARSN 626 053 496



20 January 2023
ASX Limited
ASX Market Announcements Office
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

**Perpetual Credit Income Trust
Monthly Investment Update announcement**

Perpetual Credit Income Trust (the Trust) (ASX: PCI) advises that it has released the Monthly Investment Update (the Report) for the period ending 31 December 2022 (as attached).

If shareholders or other interested parties have any queries regarding the Report, they can contact:

Karen Trau
Investor Relations, PCI
P: 02 9229 3138
E: karen.trau@perpetual.com.au

Yours faithfully

Teresa Lee-Antonas
Senior Client Manager
Perpetual Trust Services Limited

INVESTMENT UPDATE

December 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 31 DECEMBER 2022	AMOUNT
ASX unit price	\$0.970
NTA per unit ¹	\$1.079

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 31 DECEMBER 2022

ASX code:	PCI
Structure:	Listed Investment Trust
Listing date:	14 May 2019
Market capitalisation:	\$389 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

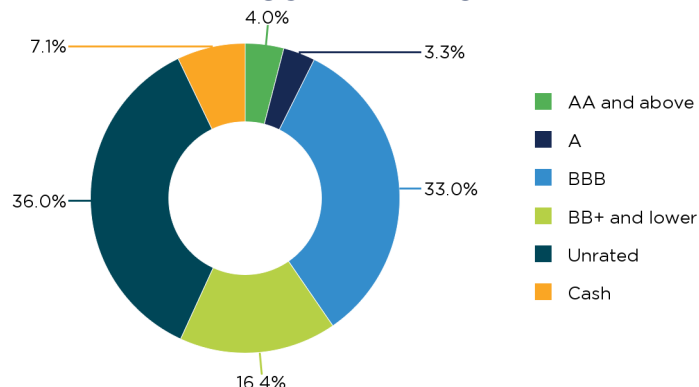
AS AT 31 DECEMBER 2022	1 MTH	3 MTHS	6 MTHS	1 YR	3 YRS P.A.	5 YRS P.A.	SINCE INCEP P.A.
PCI Investment portfolio	0.7%	1.7%	3.0%	2.5%	3.3%	-	3.4%
Returns net of operating expenses							
RBA Cash Rate	0.2%	0.7%	1.1%	1.2%	0.5%	-	0.6%
Excess returns	0.5%	1.0%	1.9%	1.2%	2.8%	-	2.7%
Distribution return	0.5%	1.5%	2.8%	5.0%	4.0%	-	3.9%

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 31 DECEMBER 2022	AMOUNT
Number of holdings	119
Number of issuers	88
Running yield	6.5%
Portfolio weighted average life	2.9 years
Interest rate duration	43 days

RATINGS BREAKDOWN



Source: Standard & Poor's and Perpetual Asset Management Australia. Data is as at 31 December 2022. All figures are unaudited and approximate.

DISTRIBUTIONS CPU⁵

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

AS AT 31 DECEMBER 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	0.56	-	-	-	-	-	-	2.94

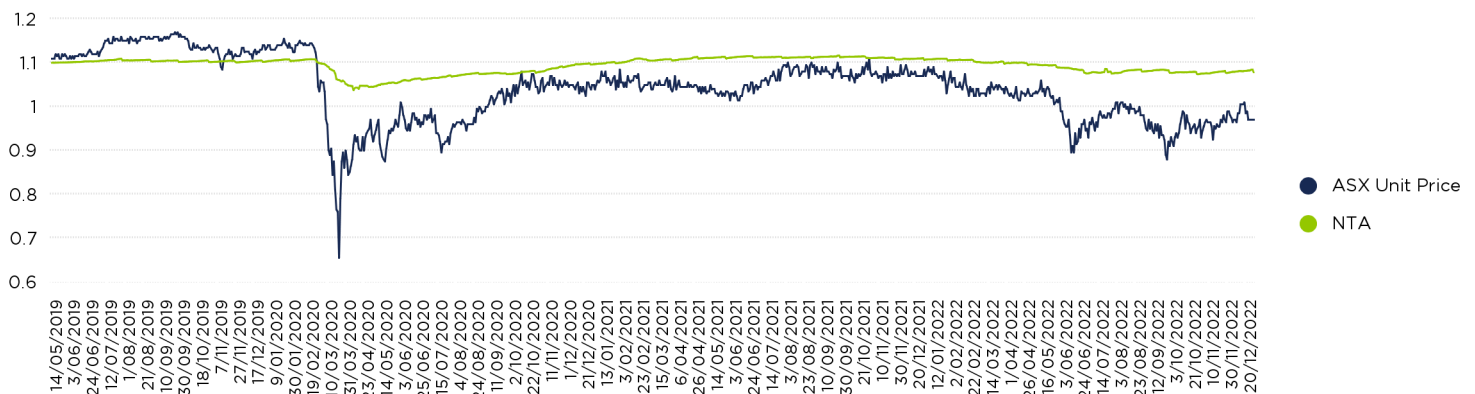
⁵ Distributions are stated as cents per unit and have been rounded to two decimal places. Detailed distribution announcements are available on the [PCI website](#) and are stated in Australian dollars rather than cents per unit. Distribution return has been calculated based on the PCI investment portfolio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

TOTAL UNITHOLDER RETURN⁶

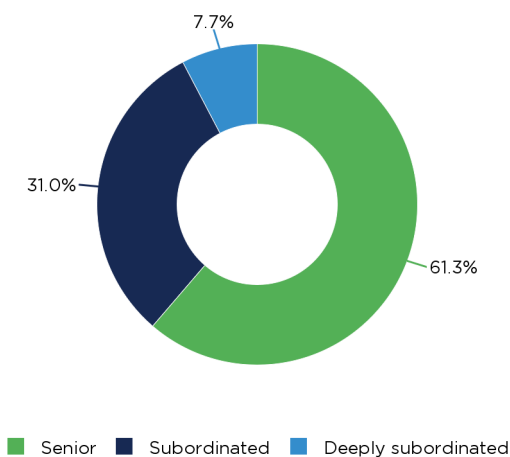
AS AT 31 DECEMBER 2022	1 MTH	3 MTHS	6 MTHS	1 YR	3 YRS P.A.	5 YRS P.A.	SINCE INCEP P.A.
Total unitholder return	-1.5%	6.0%	5.8%	-5.6%	-1.1%	-	0.6%
RBA Cash Rate	0.2%	0.7%	1.1%	1.2%	0.5%	-	0.6%
Excess returns	-1.7%	5.3%	4.7%	-6.8%	-1.6%	-	0.0%
Distribution return	0.6%	1.7%	3.2%	5.0%	4.1%	-	4.0%

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.

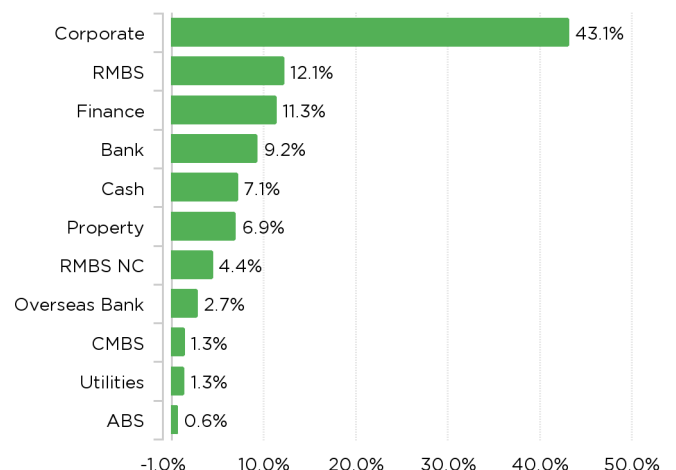
NTA PER UNIT VS ASX UNIT PRICE PERFORMANCE



SENIORITY BREAKDOWN



SECTOR ALLOCATION



Source: Bloomberg and Perpetual Asset Management Australia. Data is as at 31 December 2022. All figures are unaudited and approximate.

Source: Bloomberg and Perpetual Asset Management Australia. Data is as at 31 December 2022. All figures are unaudited and approximate.

PORTFOLIO UPDATE

December capped off an extremely challenging year for financial markets with almost all asset classes retreating and fixed rate bonds experiencing their worst performance in 40 years. The key contributing factor to this turmoil has been the aggressive tightening of monetary policy, headlined by the greatest calendar year increase in the US Federal Reserve (the Fed) Funds rate in history. Global recession concerns and the timing of potential pivots from the Fed and other central banks are expected to dominate financial markets into 2023.

The performance of floating rate credit has been resilient relative to other asset classes (with the notable exceptions of some hard commodities, energy and the US dollar). The Trust's floating rate structure has been rewarded over the course of 2022, defending against the impacts of sharply rising bond yields. In June 2022, the Manager wrote regarding the relative performance of floating rate credit and cautioned against assuming the worst was over for bond yields. Fixed income's "annus horribilis" came to a close with another sharp spike in bond yields in December. Over the past 12 months, the Bloomberg Ausbond composite index (the preeminent domestic broadmarket fixed rate bond benchmark) has lost 9.7%. Over the same period the Trust has achieved a favourable 2.5% total return. While the Trust is not benchmarked against the Ausbond Composite, the performance differential is useful to highlight what exceptional defensive characteristics floating rate credit offered throughout a period hallmarked by rampant inflation, aggressive monetary policy tightening and sharply rising bond yields.

Alongside the Trust's floating rate structure, portfolio positioning and considered risk management has contributed to the resilience of the Trust's assets. The Manager elected to reduce risk throughout late 2021 and early 2022, shortening the portfolio's weighted average life and increasing its average credit rating. This positioning was beneficial both in terms of mitigating the impact of credit spread widening but also in reducing liquidity risks that have become a greater concern as central banks embark on quantitative tightening programs. This defensive positioning has allowed the Trust to weather recent volatility while building an arsenal of dry powder ready to deploy as relative value opportunities are presented.

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 Manager believes that these conditions can set the foundation for future robust returns. Already over recent months the Manager has taken advantage of opportunities in senior unsecured bank debt which priced at attractive spread relative to historical levels. During December the Manager was selective in purchases made and primary issuance was subdued in line with seasonal expectations.

The Trust continues to meet its investment objective by providing investors with monthly income by investing in a diversified pool of credit and fixed income assets. Income paid for the year, as measured by the Distribution return was 5.0%.

The Trust's investment portfolio returned 0.7% in December.

Income was the most substantial factor driving return through December. The Trust's income was predominantly generated by coupon payments and interest income from the portfolio's exposure to non-financial corporate bonds and Residential Mortgage-Backed Securities (RMBS) alongside banks and diversified financials. Throughout 2022, the Trust's running yield has benefitted from sharply rising bond and swap rates and expanding credit premia, mitigating the impact of spread widening while maintaining a healthy and improving income for investors. Over the past year, the Trust's running yield has improved from 3.8% in December 2021 to 6.5% by December 2022 month end. The Manager considers this a healthy yield and that the Trust will continue to benefit from interest rates increases as the income collected on floating rate instruments rises.

Following a long period of negative readings, the Manager's proprietary credit outlook score is currently neutral. Technical indicators remain supportive for the credit outlook, however the Manager remains cognisant of the risks associated with tightening financial conditions and slowing economic growth. Throughout these conditions, our focus remains on identifying issuers with robust cash flows, defensible market positions and healthy balance sheets. The Manager believes that the Trust is well positioned to weather challenging conditions and retains the capacity to add risk as attractive relative value opportunities are presented.

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

INVESTOR RELATIONS

Karen Trau
P: 02 9229 3138
E: karen.trau@perpetual.com.au

QLD

Tony Harte
Regional Manager
P: 0407 708 109
E: tony.harte@perpetual.com.au

NSW

Mark Williams
Key Account Manager
P: 0405 385 960
E: mark.williams@perpetual.com.au

WA

Tim McCallum
Regional Manager
P: 0411 209 403
E: tim.mccallum@perpetual.com.au

VIC/SA/NT/TAS

Daniel Moore
Regional Manager
P: 0400 032 819
E: daniel.moore@perpetual.com.au

This monthly report has been prepared by Perpetual Investment Management Limited ABN 18 000 866 535, AFSL 234426 (PIML). It is issued and authorised for release 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. Any views expressed in this monthly report are opinions of the author at the time of writing and do not constitute a recommendation to act.

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

