

Perpetual Trust Services Limited  
ACN 000 142 049 AFSL 236 648  
as responsible entity of the  
Perpetual Credit Income Trust ARSN 626 053 496

Angel Place  
Level 18, 123 Pitt Street  
Sydney NSW 2000  
Australia

18 October 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 30 September 2023 (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](mailto:karen.trau@perpetual.com.au)

Yours faithfully,

Authorised for released by Perpetual Trust Services Limited, the Responsible Entity of the Perpetual Credit Income Trust

# PERPETUAL CREDIT INCOME TRUST

ASX: PCI

## Investment update

September 2023

### 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 2023	Amount
ASX unit price	\$1.040
NTA per unit <sup>1</sup>	\$1.090

<sup>1</sup> Daily Net Tangible Asset (NTA) is available at [www.perpetualincome.com.au](http://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 2023

ASX code:	PCI
Structure:	Listed Investment Trust
Listing date:	14 May 2019
Market capitalisation:	\$417 million
Units on issue:	400,967,882
Distributions:	Monthly
Management costs:	0.88% p.a. <sup>2</sup>
Manager	Perpetual Investment Management Limited
Responsible Entity:	Perpetual Trust Services Limited

<sup>2</sup> Estimate inclusive of net effect of GST.

### Investment performance <sup>3</sup>

As at 30 September 2023	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%	4.7%	8.5%	5.5%	-	4.3%
Target Return <sup>4</sup>	0.6%	1.9%	3.7%	7.0%	4.8%	-	4.5%
Distribution Return	0.6%	1.9%	4.0%	7.3%	5.0%	-	4.5%
RBA Cash Rate	0.3%	1.0%	2.0%	3.6%	1.4%	-	1.2%

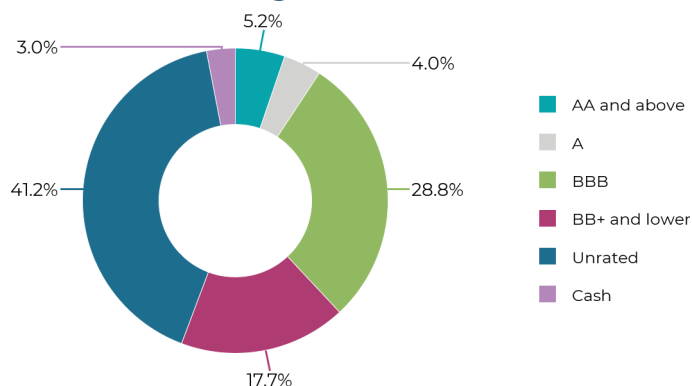
<sup>3</sup> Investment returns have been calculated on the growth of Net Tangible Assets (NTA) after taking into account all operating expenses (including management costs) and assuming reinvestment of distributions on the ex-date. Distribution return has been calculated based on the PCI investment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

<sup>4</sup> 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 30 September 2023	Amount
Number of holdings	122
Number of issuers	83
Running yield	8.2%
Portfolio weighted average life	2.8 years
Interest rate duration	88 days

### Ratings breakdown



Source: Standard & Poor's and Perpetual Asset Management Australia. Data is as at 30 September 2023. All figures are unaudited and approximate.

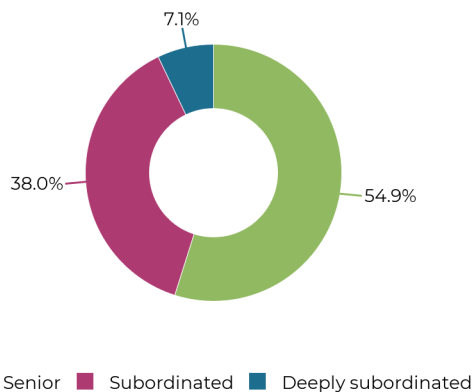
## Distributions CPU <sup>5</sup>

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

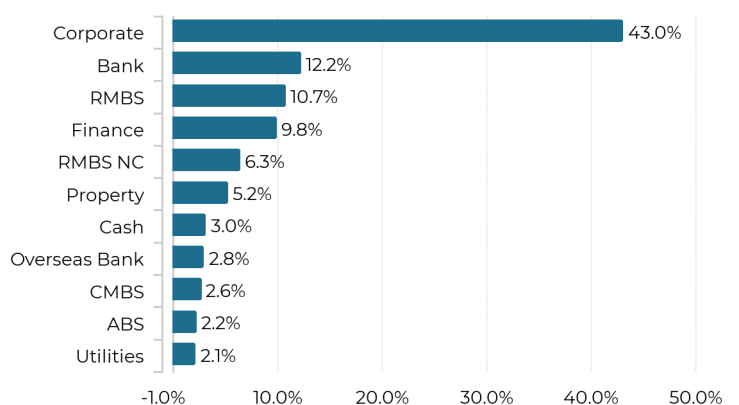
As at 30 September	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FYTD
FY2020	0.40	0.40	0.39	0.37	0.36	0.37	0.37	0.35	0.33	0.30	0.31	0.30	4.26
FY2021	0.32	0.32	0.30	0.31	0.28	0.30	0.30	0.27	0.30	0.29	0.33	0.32	3.63
FY2022	0.32	0.32	0.31	0.32	0.31	0.35	0.35	0.36	0.41	0.39	0.46	0.49	4.38
FY2023	0.42	0.47	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	-	-	-	-	-	-	-	-	-	2.02

<sup>5</sup> 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 <sup>^</sup>



### Sector allocation <sup>^</sup>



<sup>^</sup> Source: Bloomberg and Perpetual Asset Management Australia. Data is as at 30 September 2023. All figures are unaudited and approximate. Allocations may not sum to 100% due to rounding.

## Portfolio update

Bond yields surged during September, precipitating a selloff in global equities and widening credit spreads.

Australian yields rose along the curve despite the RBA keeping the cash rate on hold at their September meeting. The Trust continues to meet its investment objective by providing investors with monthly income through investing in a diversified pool of credit and fixed income assets. The Trust's investment portfolio returned 0.8% (net of fees) over the month and 2.6% over the September quarter. A distribution of 0.67c per unit was declared for the month.

The Trust's running yield was the key contributing factor to performance during the month. The Trust continues to collect a robust running income, reflecting 400bps of rate increases since the commencement of the RBA's tightening cycle. The running yield on the Trust's assets at month end was 8.2%.

Credit spreads consolidated through the first two weeks of the month before selling off in the final days of September. The Trust's security selection performed well contributing to positive spread return in a month where spreads widened on aggregate. Allocation to subordinated major bank and diversified financial spreads contributed to returns, supported by robust demand and lower recent issuance volumes relative to senior. The Trust's non-financial corporate exposure was mixed with tightening spreads on loans in the software services and education sectors offsetting widening in energy and diversified financial exposures.

The outlook for credit is challenging and the Manager continues to be selective in adding new issues. Following a very busy August, primary market issuance was orderly during September. Exposure to the insurance sector was trimmed and the Manager elected to close a long position in the iTraxx Euro Xover index which tracks issuers on the cusp of investment grade. The position performed well and the Manager took the opportunity to take profit, closing the position in late September.

The Trust remains focused on identifying attractively priced issues from firms with market leading positions and strong balance sheets. The Trust maintains its defensive positioning, while retaining the capacity to take advantage of relative value opportunities as the outlook for credit continues to improve.

## 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



**Karen Trau**  
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This monthly report has been prepared by Perpetual Investment Management Limited ABN 18 000 866 535, AFSL 234426 (PIML). It is 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 units in 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](http://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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