

INVESTMENT UPDATE February 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 28 FEBRUARY 2022	AMOUNT
ASX unit price	\$1.025
NTA per unit ¹	\$1.103

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 28 FEBRUARY 2022

ASX code:	PCI
Structure:	Listed Investment Trust
Listing date:	14 May 2019
Market capitalisation:	\$411 million
Units on issue:	400,684,921
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

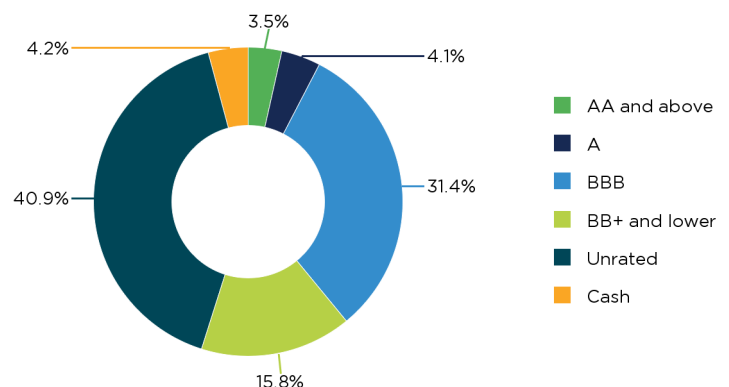
AS AT 28 FEBRUARY 2022	1 MTH	3 MTHS	6 MTHS	1 YR	3 YRS P.A.	5 YRS P.A.	SINCE INCEP P.A.
PCI Investment portfolio	0.0%	0.5%	1.1%	3.3%	-	-	3.6%
Returns net of operating expenses							
RBA Cash Rate	0.0%	0.0%	0.0%	0.0%	-	-	0.4%
Excess returns	0.0%	0.5%	1.0%	3.2%	-	-	3.2%
Distribution return	0.3%	1.0%	1.8%	3.8%	-	-	3.5%

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.

PORTFOLIO SUMMARY

AS AT 28 FEBRUARY 2022	AMOUNT
Number of holdings	118
Number of issuers	92
Running yield	4.4%
Portfolio weighted average life	3.0 years
Interest rate duration	22 days

RATINGS BREAKDOWN



Source: Standard & Poor's and Perpetual Asset Management Australia. Data is as at 28 February 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. The annual distribution return is 3.8%. This is in line with the Trust's target return of RBA Cash Rate +3.25% (net of fees) through the economic cycle. This is a target only and may not be achieved.

AS AT 28 FEBRUARY 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	-	-	-	-	2.63

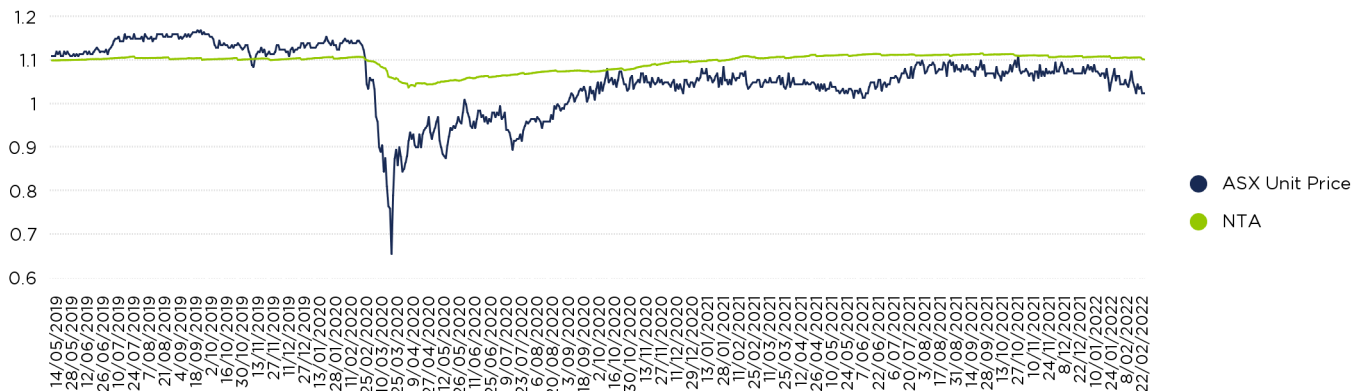
⁵ Distributions are stated as cents per unit and have been rounded to two decimal places. Detailed distribution announcements are available on the [PCI website](#) and are stated in Australian dollars rather than cents per unit. Distribution return has been calculated based on the PCI investment portfolio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

TOTAL UNITHOLDER RETURN⁶

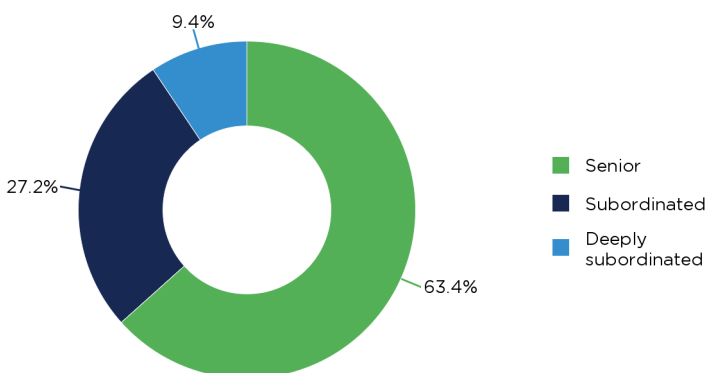
AS AT 28 FEBRUARY 2022	1 MTH	3 MTHS	6 MTHS	1 YR	3 YRS P.A.	5 YRS P.A.	SINCE INCEP P.A.
Total unitholder return	-3.4%	-3.2%	-4.2%	2.0%	-	-	0.7%
RBA Cash Rate	0.0%	0.0%	0.0%	0.0%	-	-	0.3%
Excess returns	-3.4%	-3.2%	-4.2%	2.0%	-	-	0.4%
Distribution return	0.3%	1.0%	1.8%	3.9%	-	-	3.2%

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.

NTA PER UNIT VS ASX UNIT PRICE PERFORMANCE

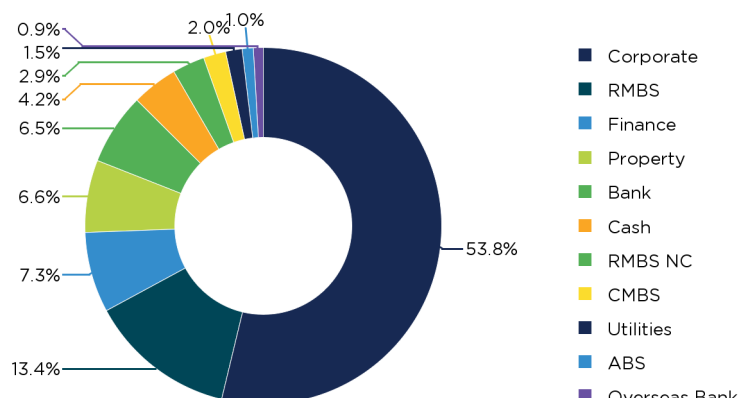


SENIORITY BREAKDOWN



Source: Bloomberg and Perpetual Asset Management Australia. Data is as at 28 February 2022. All figures are unaudited and approximate.

SECTOR ALLOCATION



Source: Bloomberg and Perpetual Asset Management Australia. Data is as at 28 February 2022. All figures are unaudited and approximate.

PORTFOLIO UPDATE

The Trust's portfolio performance was flat in February, in line with the Reserve Bank of Australia (RBA) Cash Rate (benchmark). Over the 12 months to 28 February 2022, the Trust's portfolio returned 3.3%, outperforming the benchmark by 3.2%.

Income return was the most significant contributor to performance during February. The Trust's income was predominantly generated by coupon payments and interest income from portfolio exposure to non-financial corporate bonds and residential mortgage-backed securities (RMBS). Non-bank financials, domestic banks and property also contributed to income return. Throughout the recent volatility in financial markets, the Trust's robust income has more than offset the impact of credit spread widening. The portfolio's running yield was 3.8% at month end.

Widening credit spreads detracted from performance over the month. Spreads were impacted by Russia's invasion of Ukraine alongside expectations of accelerated monetary policy tightening. During February, domestic credit spreads were more resilient than offshore peers with US Dollar and, in particular, Euro denominated credit spreads widening sharply. The Trust's small exposure of 9.5% to foreign denominated credit detracted from performance during the month. While 84.5% of the portfolio is in Australian denominated assets and 6.0% cash as at 28 February 2022, the Manager retains the flexibility to invest in foreign denominated bonds which significantly broadens the investable universe and offer increased access to liquidity during stressed environments. All foreign denominated credit positions in the Trust have their currency exposure hedged. Financials – led by regional and offshore banks – were the most significant detractors from credit spread return during the month. Corporate spreads outperformed financials over the month which benefitted the Trust. The Trust remains heavily weighted towards corporate debt which is seen by the Manager as the sector offering the most attractive relative value and growth outlook.

Sector and risk allocations were broadly maintained over February. The Trust remains defensively positioned reflecting our cautious view of markets. This positioning has performed well recently, mitigating the effect of geopolitical and monetary policy uncertainty.

The Manager believes that the Trust is well positioned to weather increased volatility as a result of central bank tightening and geopolitical instability moving forward. The Manager believes that the outlook for credit spreads has cooled over recent months and is now slightly negative. Perpetual's proprietary credit outlook score examines valuation, macroeconomic factors, supply and demand alongside technical indicators to quantitatively assess the outlook for credit spreads. Slowing economic growth expectations and moderating demand for credit have contributed to the reduction in outlook over recent months.

It is important to recognise that while the outlook for credit spreads may not be as robust as prior periods, the Trust's running income remains the most substantial and predictable component of return. It is also worth reiterating that while the central bank tightening cycle may weigh on the outlook for credit spreads, the Trust's floating rate structure will benefit from rising interest rates as the running income increases. The Manager also expects the continued structural widening of spreads to present attractive entry points in the future and is well positioned to deploy capital as relative value opportunities are presented.

Issuer Profile - Omni Bridgeway Limited

The Manager continues to look for issuers offering competitive yields with a resilience to geopolitical, inflationary and central bank policy pressures. One such issuer which has been a part of the Trust's portfolio for a number of years is the ASX listed Omni Bridgeway corporation (OBL:ASX). Omni Bridgeway is a global market leader in providing litigation funding to insolvency and legal practitioners. The Manager has a longstanding relationship with the company and has supported their growth multiple rounds of debt financing.

The company has a strong balance sheet with its outstanding long-term debt almost fully covered by its cash position. The strength of the balance sheet gives the Manager confidence in the company's ability to meet its obligations throughout the life of its financial debt. As an unrated issuer, their debt offers what the Manager believes is competitive income for the level of risk. Navigating the universe of high yield and unrated debt can be difficult but the Manager relies on their rigorous due diligence and valuation processes to manage risk and identify attractive opportunities such as this.

The Table below illustrates the competitive yield offered by an Omni Bridgeway bond held in the Trust relative to common fixed income benchmark yields.

	Yield %
Omni Bridgeway Limited 5.65% 08-JAN-2026	5.21
Bloomberg AusBond Composite (0+Y)	1.88
Australia Benchmark Bond - 10 Year	2.13
Australia Target Cash Rate	0.10

Source: Factset

Omni Bridgeway reported half yearly earnings during February and the Manager believes they are on track to continue to grow earnings from fund management and the realisation of a number of settlements. During the month, the credit spread on Omni Bridgeway's debt tightened marginally, in contrast to the broader credit market. This increased the value of the Trust's position and marginally contributed to performance.

This investment is emblematic of the kind of opportunities the Manager looks for; market leading companies with strong balance sheets, offering attractive yields and using their invested capital to grow efficiently. The Manager will continue to evaluate issues and opportunities in the high yield and unrated space in order to enhance the Trust's running yield while managing credit risk.

INVESTOR COMMUNICATIONS

The [PCI website](#) hosts a range of information including Monthly Investment Updates, Portfolio Manager insights, dividend history and educational resources. The [my investments](#) section of the website also includes details for the Automatic Investor portal, where you can elect to receive regular communications, periodic statements and updates electronically.

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

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 MANAGERS

Michael Korber



Managing Director, Credit & Fixed Income

Portfolio Manager: Perpetual Credit Income Trust Perpetual Pure Credit Alpha

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



Head of Corporate High Yield

Portfolio Manager: Perpetual Loan Fund

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 Asset Management Australia in 2014. Anne is the portfolio manager of the Perpetual Loan Fund with a focus on higher yielding income opportunities.

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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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