PERPETUAL CREDIT INCOME TRUST

ARSN 626 053 496

INVESTMENT UPDATE
February 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 28 FEBRUARY 2023	AMOUNT
ASX unit price	$1.015
NTA per unit[1]	$1.088

[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 28 FEBRUARY 2023

ASX code:	PCI
Structure:	Listed Investment Trust
Listing date:	14 May 2019
Market capitalisation:	$407 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]

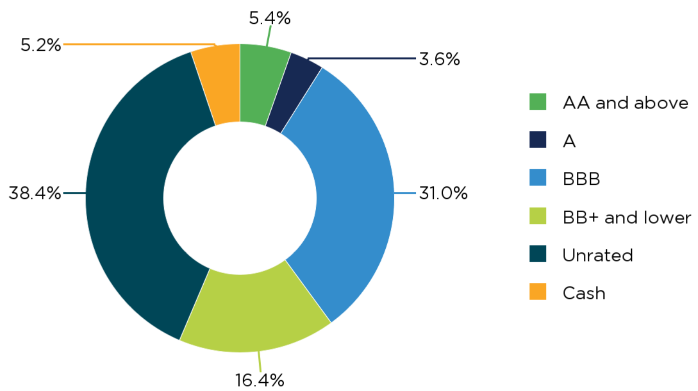
AS AT 28 FEBRUARY 2023	1 MTH	3 MTHS	6 MTHS	1 YR	3 YRS P.A.	5 YRS P.A.	SINCE INCEP P.A.
PCI Investment portfolio Returns net of operating expenses	0.9%	2.5%	3.6%	4.0%	3.7%	-	3.7%
RBA Cash Rate	0.2%	0.8%	1.4%	1.7%	0.6%	-	0.8%
Distribution return	0.5%	1.5%	3.0%	5.4%	4.1%	-	4.0%

[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. 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 28 FEBRUARY 2023	AMOUNT
Number of holdings	130
Number of issuers	91
Running yield	6.8%
Portfolio weighted average life	3 years
Interest rate duration	45 days

RATINGS BREAKDOWN



Source: Standard & Poor's and Perpetual Asset Management Australia. Data is as at 28 February 2023. All figures are unaudited and approximate.

DISTRIBUTIONS CPU [5]

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

AS AT 28 FEBRUARY 2023	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	-	-	-	-	4.03

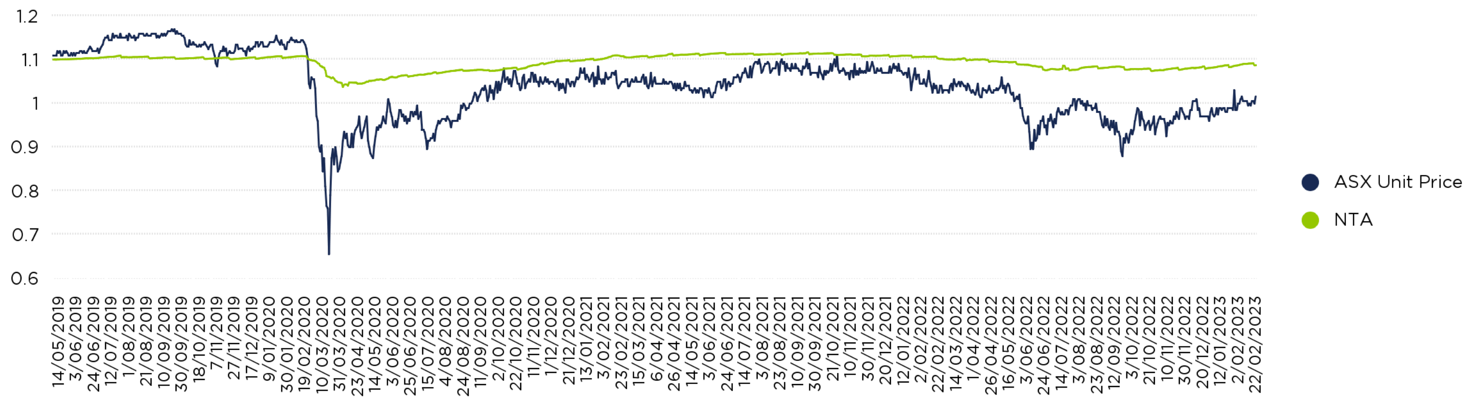
5 Distributions are stated as cents per unit and have been rounded to two decimal places. Detailed distribution announcements are available on the PCI website and are stated in Australian dollars rather than cents per unit. Distribution return has been calculated based on the PCI investment portfolio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

TOTAL UNITHOLDER RETURN [6]

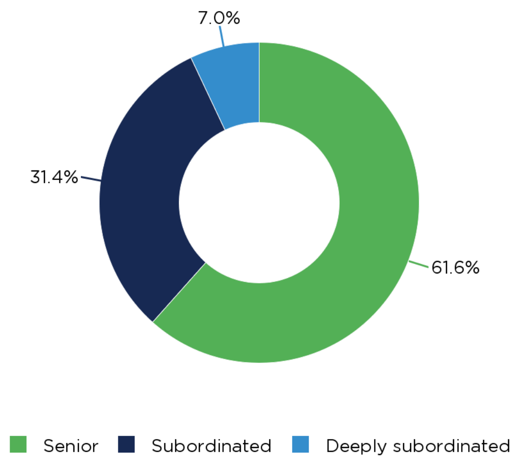
AS AT 28 FEBRUARY 2023	1 MTH	3 MTHS	6 MTHS	1 YR	3 YRS P.A.	5 YRS P.A	SINCE INCEP P.A.
Total unitholder return	3.1%	4.2%	7.0%	5.0%	3.5%	-	2.1%

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. 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.

NTA PER UNIT VS ASX UNIT PRICE PERFORMANCE

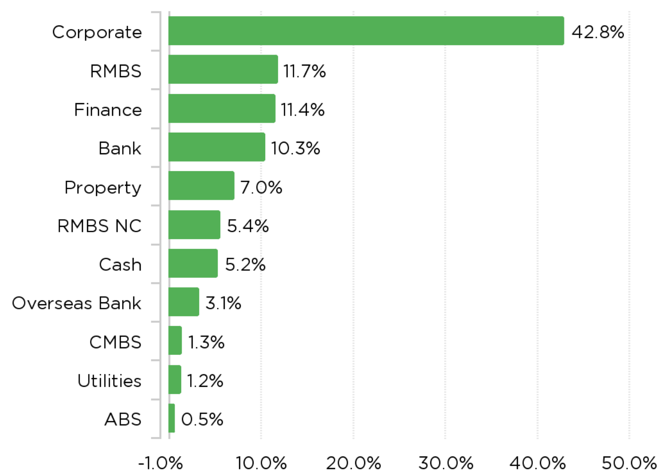


SENIORITY BREAKDOWN



Source: Bloomberg and Perpetual Asset Management Australia. Data is as at 28 February 2023. All figures are unaudited and approximate.

SECTOR ALLOCATION



Source: Bloomberg and Perpetual Asset Management Australia. Data is as at 28 February 2023. All figures are unaudited and approximate.

PORTFOLIO UPDATE

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. As at 28 February 2023, the Trust's 1 month distribution return based on NTA was 0.5%. The Trust's investment portfolio returned 0.9% in February.

In February, the income received from assets in the portfolio was the most substantial contributor to performance. This is consistent with previous months wherein the Trust's robust running income remains the most substantial and predictable component of return, often offsetting the impact of credit volatility. During the month, the Trust's income was predominantly generated by coupon payments and interest income from the Trust's exposure to non-financial corporate bonds and Residential Mortgage-Backed Securities (RMBS) alongside banks and diversified financials. At the end of the month, the Trust's running yield had increased to 6.8%. The Manager views this positively as it expects the running yield of the portfolio to gradually increase in line with underlying interest rates which is expected to flow to the monthly distributions paid to investors.

Equity and bond markets slowed in February following a strong start to the year as a series of strong economic data saw a repricing of central bank interest rate expectations. While markets reacted positively to the improving economic outlook in January, February saw increasing caution as robust Purchasing Managers' Indices (PMIs), tight labour market data and elevated inflation prompted markets to anticipate further monetary policy tightening and higher terminal rates. Floating rate credit was broadly resilient with credit spreads tightening during the month. Financial sectors were constructive for credit spread return with Domestic Banks, Insurers and Real Estate Investment Trusts (REITs) all contributing to performance. Non-financial corporates also saw spreads tighten.

Sector and risk allocations within the portfolio were broadly maintained during February. The Trust holds 130 assets across 91 issuers which the Manager believes is well diversified and spreads risk in the current market environment.

The Manager was selective in adding new positions to the Trust, taking part in the five-year fixed rate tranche of the new benchmark deal from Westpac. It is noted that while having the flexibility to invest in fixed rate bonds, duration risk is hedged via short government bond futures. A number of new issues launched over recent months have included significant new issue concessions – a yield premium offered in order to launch new deals – which the Manager has been able to take advantage of. The Trust took part in deals from ANZ and NSW Treasury Corporation before taking profit when the credit spreads tightened shortly after issue. The Manager remains keenly focused on identifying quality companies with secure cash flows that can generate returns throughout the full life of the investment as well as exploiting shorter term for relative value opportunities.

The Credit outlook is neutral after briefly reaching the first positive reading in 12 months during early February. While market technicals are supportive, valuation and macroeconomic indicators are challenged. None of the Trust's assets are subject to or at risk of, impairment. The Manager is comfortable managing these risks in the portfolio including tightening financial conditions and slowing economic growth. With this in mind, prudent issuer and security selection is paramount.

Transparency and Valuations of Private Loan Assets

As financial conditions have tightened, there has been an increase in discourse around the valuation and fee arrangements when investing in less liquid high yield credit and private loan vehicles. The issue of upfront fees paid by borrowers to lenders when negotiating private loans has recently come under scrutiny, described as a "Hot button issue dividing operators" in a recent report from the Australian Financial Review (AFR) [1].

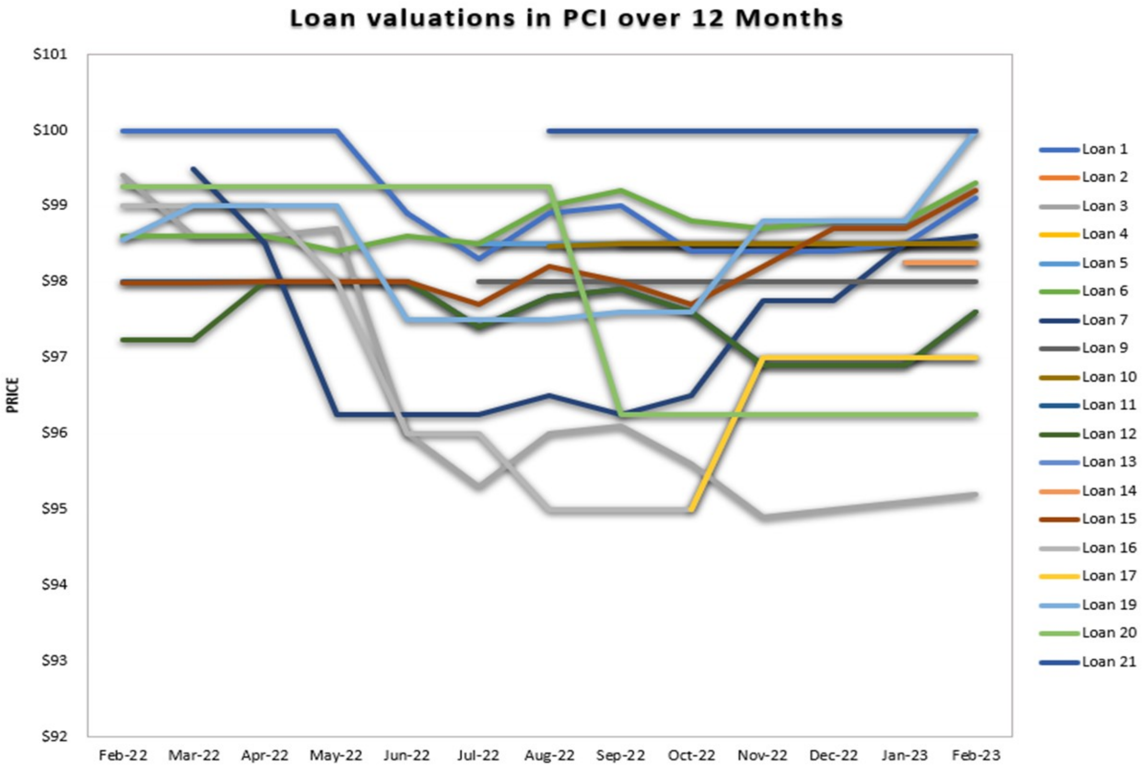
Investment vehicles that invest in private loans (such as the Perpetual Loan Fund, which the Trust invests in), may receive upfront fees paid by borrowers when negotiating a deal. These can be in form of cash or a discount against the principal amount being borrowed. PCI charges a single management fee and doesn't retain any upfront fees paid by the borrower, which the Manager believes is important for investors to have transparency on fees and eliminate any potential conflicts of interests. Perpetual Credit Income Trust passes through 100% of upfront fees paid by borrowers, ensuring that investors receive the full benefit.

Valuation of illiquid securities has been another issue under increased scrutiny recently following the substantial adjustment to bond yields and credit spreads over the past year. While publicly traded high yield credit saw significant price declines in 2022 as credit spreads widened reflecting uncertainty around aggressive monetary policy tightening, the Manager observed many private loan funds relying on internal or third-party valuations to only have a minimal change in their NTA over this period.

[1] AFR, 'Private debt funds boom, but upfront fees divide investors,' dated 6 March 2023

Private loans that are held by the Trust are not simply tested for impairment and otherwise held at par value. Where external pricing is not available, they are priced at fair value having considered current economic conditions, recent movements in corporate credit spreads and the risk of credit impairment. Accordingly, the Manager considers the pricing to reflect current market conditions, similar to the pricing of publicly traded bonds. While this process may increase the month-to-month NTA volatility, the Manager believes it provides a more accurate representation of the Trust's NTA. For example, over the past year the value of private loans in the Trust's portfolio have been adjusted to better reflect the tightening of financial conditions and to align with the widening observed in publicly traded credit spreads.

The chart below demonstrates how throughout the elevated volatility in credit markets, the valuations of the Trust's private loan exposures were being actively updated in order to better reflect market conditions and risks



Source: Perpetual Asset Management Australia. As at 28 February 2023

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

NSW

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

VIC/SA/NT/TAS

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

QLD

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

WA

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

CONTACT DETAILS

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

Perpetual