

## INVESTMENT UPDATE March 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 MARCH 2022	AMOUNT
ASX unit price	\$1.045
NTA per unit <sup>1</sup>	\$1.099

<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 TRUST INFORMATION<sup>2</sup>

#### AS AT 31 MARCH 2022

ASX code:	PCI
Structure:	Listed Investment Trust
Listing date:	14 May 2019
Market capitalisation:	\$419 million
Units on issue:	400,713,168
Distributions:	Monthly
Management costs:	0.88% p.a. <sup>3</sup>
Manager:	Perpetual Investment Management Limited
Responsible Entity:	Perpetual Trust Services Limited

<sup>2</sup> Perpetual Credit Income Trust ARSN 626 053 496.

<sup>3</sup> Estimate inclusive of net effect of GST.

### INVESTMENT PERFORMANCE<sup>4</sup>

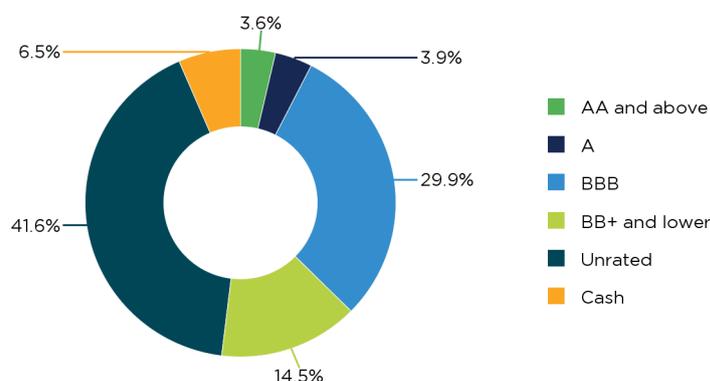
AS AT 31 MARCH 2022	1 MTH	3 MTHS	6 MTHS	1 YR	3 YRS P.A.	5 YRS P.A.	SINCE INCEP P.A.
PCI Investment portfolio	0.0%	0.3%	0.6%	3.0%	-	-	3.5%
Returns net of operating expenses							
RBA Cash Rate	0.0%	0.0%	0.0%	0.0%	-	-	0.4%
Excess returns	0.0%	0.3%	0.6%	3.0%	-	-	3.1%
Distribution return	0.4%	1.0%	1.9%	3.6%	-	-	3.5%

<sup>4</sup> 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 31 MARCH 2022	AMOUNT
Number of holdings	121
Number of issuers	95
Running yield	4.2%
Portfolio weighted average life	3.0 years
Interest rate duration	44 days

### RATINGS BREAKDOWN



Source: Standard & Poor's and Perpetual Asset Management Australia. Data is as at 31 March 2022. 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. The annual distribution return is 3.6%. 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 31 MARCH 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	-	-	-	3.04

<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. 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<sup>6</sup>

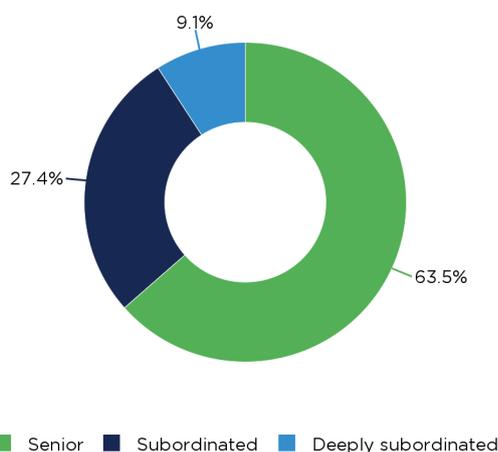
AS AT 31 MARCH 2022	1 MTH	3 MTHS	6 MTHS	1 YR	3 YRS P.A.	5 YRS P.A.	SINCE INCEP P.A.
Total unitholder return	2.4%	-2.6%	0.1%	3.8%	-	-	1.9%
RBA Cash Rate	0.0%	0.0%	0.0%	0.0%	-	-	0.3%
Excess returns	2.4%	-2.6%	0.1%	3.8%	-	-	1.5%
Distribution return	0.4%	1.1%	2.0%	3.8%	-	-	3.6%

<sup>6</sup> 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

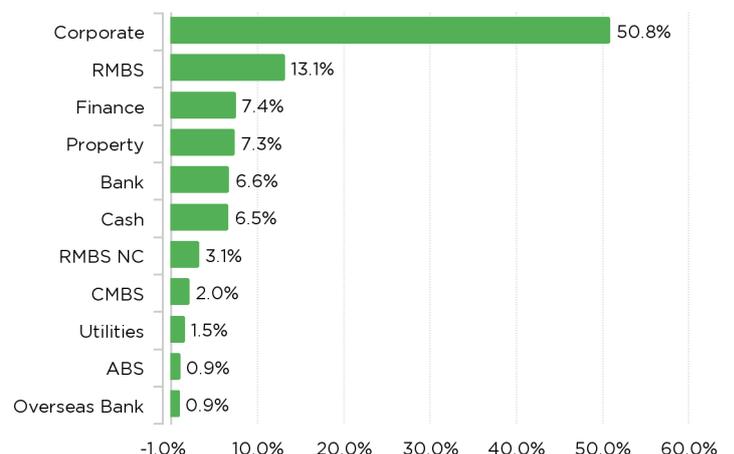


## SENIORITY BREAKDOWN



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

## SECTOR ALLOCATION



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

## PORTFOLIO UPDATE

The Trust's portfolio performance was flat in March, in line with the Reserve Bank of Australia (RBA) Cash Rate (benchmark). Over the 12 months to 31 March 2022, the Trust's portfolio returned 3.0%, outperforming the benchmark by 3.0%.

March was a turbulent month for fixed income and credit markets with spreads widening and yields rising sharply. The Bloomberg AusBond Composite Bond Index, which measures the Australian debt market, had its worst ever single month return while the Bloomberg US Aggregate Bond Index saw its largest fall since 2003. Markets continue to be impacted by speculation surrounding central bank tightening as well as the ongoing conflict in Ukraine and its impact on commodity prices and supply chains.

The Trust's floating rate structure significantly mitigated the impact of the bond market selloff.

Income return was the most significant contributor to performance during March and continues to offset the impact of credit spread widening and portfolio return. 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. The portfolio's running yield was 4.2% at month end.

As noted above credit spread dynamics were negative throughout the month, detracting from performance. Spreads widened throughout the first two weeks of March before stabilising. Led by major bank senior spreads, financials saw more substantial widening than corporates. 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.

During period of increased credit spread volatility, it is important to reiterate that the Trust's running income remains the most substantial and predictable component of return. 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.

Sector and risk allocations were broadly maintained during March. 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 improved somewhat and is now neutral. Perpetual's proprietary credit outlook score examines valuation, macroeconomic factors, supply and demand alongside technical indicators to quantitatively assess the outlook for credit spreads. The recent volatility in credit and fixed income markets is expected to offer relative value opportunities and the manager believes the Trust is well positioned to capitalise.

### Issuer Profile – Iron Mountain Inc.

The Manager's experience in high yield and unrated debt as well as access to institutional grade investment opportunities provides the ability to take advantage of opportunities that are typically not available to retail investors or constrained credit and fixed income funds. This flexibility can significantly broaden the investable universe and allows the Trust to establish partnerships with quality issuers that would be otherwise inaccessible. One such issuer is Iron Mountain Inc, a US listed firm specialising in records and data storage and management.

Iron Mountain's primary offering is physical records storage which has a revenue model comparable to a real estate investment trust. The firm is globally diversified with a significant geographical footprint. With long average leases and the ability to pass on costs to customers, the Manager has identified Iron Mountain as having a robust cash flow capable of comfortably servicing its debt. While physical record storage and management remains the crucial component of the business, Iron Mountain has invested in expansion into digital record keeping which offers an attractive growth opportunity.

The Trust first invested in Iron Mountain in 2018, investing in their Australian Dollar denominated syndicated loan. This loan was refinanced in March, extending the maturity date to 2026. Being a publicly listed company, Iron Mountain is required to provide financial reports amongst other disclosures per the requirements of NYSE. This assists greatly with the Manager's due diligence process. Furthermore, while the loan itself is unrated, Iron Mountain retains a BB- issuer credit rating from S&P and Ba3 from Moody's.

Iron Mountain's syndicated loan is emblematic of the kind of opportunities the Manager is looking for to add to the Trust. A company with robust fundamentals, ability to service its debt and a runway for growth, offering a competitive yield for the risk. These opportunities are available in the high yield space but often requiring substantial due diligence, of which the Manager has deep experience in.

---

## 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.

## PERPETUAL KEY CONTACTS

### INVESTOR RELATIONS

Karen Trau  
P: 02 9229 3138  
E: [karen.trau@perpetual.com.au](mailto:karen.trau@perpetual.com.au)

### QLD

Tony Harte  
Regional Manager  
P: 0407 708 109  
E: [tony.harte@perpetual.com.au](mailto:tony.harte@perpetual.com.au)

### NSW

Mark Williams  
Key Account Manager  
P: 0405 385 960  
E: [mark.williams@perpetual.com.au](mailto:mark.williams@perpetual.com.au)

### WA

Tim McCallum  
Regional Manager  
P: 0411 209 403  
E: [tim.mccallum@perpetual.com.au](mailto:tim.mccallum@perpetual.com.au)

### VIC/SA/NT/TAS

Daniel Moore  
Regional Manager  
P: 0400 032 819  
E: [daniel.moore@perpetual.com.au](mailto: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](http://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](mailto:perpetual@automicgroup.com.au)  
[www.perpetualincome.com.au](http://www.perpetualincome.com.au)

