PERPETUAL CREDIT INCOME TRUST

ARSN 626 053 496

INVESTMENT UPDATE

May 2020

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 MAY 2020	AMOUNT
ASX unit price	$0.960
NTA per unit [1]	$1.054

[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 MAY 2020

ASX code:	PCI
Structure:	Listed Investment Trust
Listing date:	14 May 2019
Market capitalisation:	$384 million
Units on issue:	400,333,882
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]

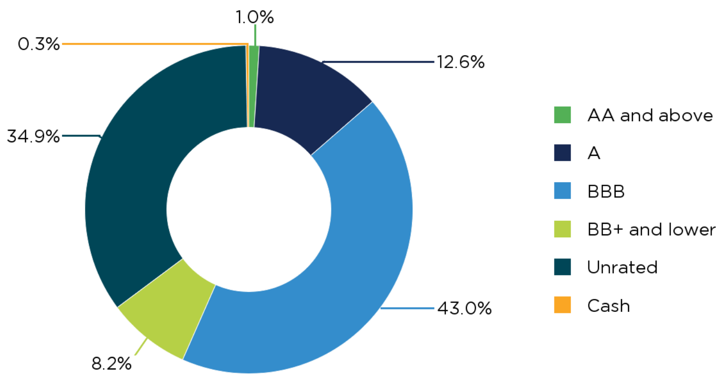
AS AT 31 MAY 2020	1 MTH	3 MTHS	6 MTHS	1 YR	3 YRS P.A.	5 YRS P.A.	SINCE INCEP P.A.
PCI Investment portfolio Returns net of operating expenses	1.1%	-3.4%	-2.5%	-0.7%	-	-	-0.5%
RBA Cash Rate	0.0%	0.1%	0.3%	0.7%	-	-	0.8%
Excess returns	1.1%	-3.5%	-2.7%	-1.4%	-	-	-1.3%
Distribution return	0.3%	0.9%	1.8%	3.6%	-	-	3.4%

[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 31 MAY 2020	AMOUNT
Number of holdings	101
Number of issuers	73
Running yield	4.3%
Portfolio weighted average life	4.6 years
Interest rate duration	28 days

RATINGS BREAKDOWN



Source: Standard & Poor's and Perpetual Investments. Data is as at 31 May 2020. All figures are unaudited and approximate.

DISTRIBUTIONS CPU[5]

PCI announced a 0.31 cent per unit (CPU) distribution for May paid on 5 June 2020. The annualised financial year to date distribution rate is 3.82%*. This is in line with the Trust's target return objective of the RBA cash rate + 3.25% (net of fees) through the economic cycle.

*Based on NTA per unit as at 30 June 2019. Past performance is not indicative of future performance.

AS AT 31 MAY 2020	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	FYTD
FY2019	-	-	-	-	-	-	-	-	-	-	-	0.09	0.09
FY2020	0.40	0.40	0.39	0.37	0.36	0.37	0.37	0.35	0.33	0.30	0.31	-	3.96

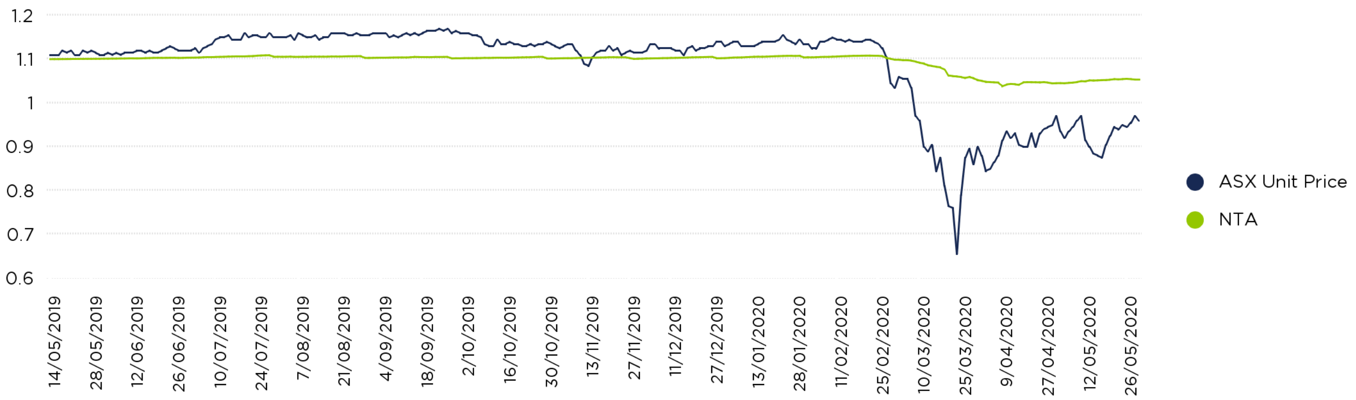
5 Distributions are stated as cents per unit and have been rounded to two decimal places. Detailed distribution announcements are available on the PCI website and are stated in Australian dollars rather than cents per unit.

TOTAL UNITHOLDER RETURN[6]

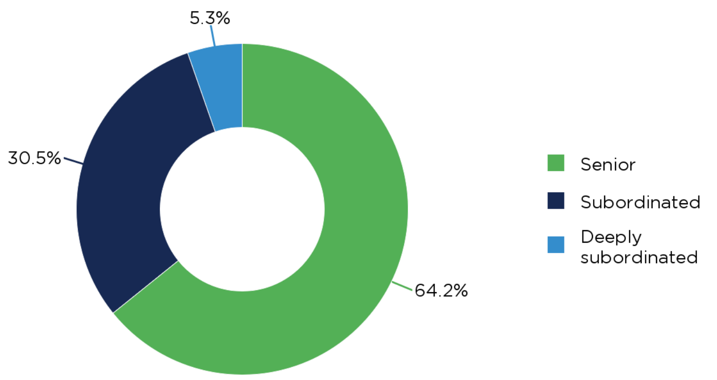
AS AT 31 MAY 2020	1 MTH	3 MTHS	6 MTHS	1 YR	3 YRS P.A.	5 YRS P.A	SINCE INCEP P.A.
Total unitholder return	-0.7%	-7.2%	-12.2%	-10.2%	-	-	-9.8%
RBA Cash Rate	0.0%	0.1%	0.3%	0.7%	-	-	0.8%
Excess returns	-0.7%	-7.3%	-12.4%	-11.0%	-	-	-10.6%
Distribution return	0.3%	0.9%	1.7%	3.3%	-	-	2.4%

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

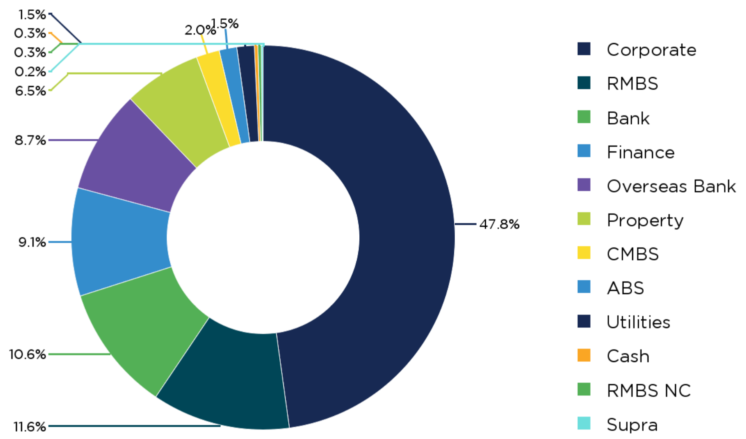


SENIORITY BREAKDOWN



Source: Bloomberg and Perpetual Investments. Data is as at 31 May 2020. All figures are unaudited and approximate.

SECTOR ALLOCATION



Source: Bloomberg and Perpetual Investments. Data is as at 31 May 2020. All figures are unaudited and approximate.

MARKET COMMENTARY

Global financial markets continued to rebound in May following strong performance in April. Throughout the month major economies began to roll back lock down restrictions which supported market confidence and asset valuations. The Manager believes valuations were supported by improved public health developments and the large monetary and fiscal support deployed in March and April. These factors helped offset a worsening economic outlook. On this front, the US reported a record fall in employment of 20.5 million people. Australian unemployment also rose despite fiscal support in the form of the Commonwealth Government's JobKeeper program.

Domestic credit spreads tightened through May as market confidence improved. Debt from financial institutions outperformed on aggregate with subordinated bank debt and offshore financials tightening the most. Major bank spreads continued to perform, consolidating performance after a strong April. Across other corporates, credit spread movements continued to vary by sector with telecommunications, consumer staples and utilities seeing the most spread tightening.

In May, the Reserve Bank of Australia (RBA) held the overnight cash rate at 0.25%. The yield curve remained stable with short maturities rising slightly. The RBA announced that they will broaden the range of securities eligible for purchase under a repurchase agreement (repo) to include investment grade Australian dollar corporate bonds from non-authorised deposit taking institutions (ADIs). The program is intended to support secondary market liquidity and may support demand for non-bank corporate issues, which have recovered slower than the banks.

The domestic primary issuance market was very active through May with a number of issuers returning after two notably quiet months in March and April. The US primary market remained extremely active, supported by the US Federal Reserve's corporate purchasing programs.

TRUST COMMENTARY

The portfolio's running yield at month end was 4.3%. Income return was predominantly associated with portfolio exposure to non-financial corporates, non-bank financials and residential mortgage backed securities (RMBS). The Trust's running yield has been a valuable offset against the recent credit spread volatility.

The most significant component of the Trust's positive performance was the tightening of credit spreads seen throughout May. Credit spreads tightened on aggregate for the second successive month, continuing the rebound from the turmoil in February and March. Credit spread performance was observed broadly in the market from non-financial corporates, domestic and offshore banks to non-bank financials. However, credit spreads for financial institutions again outperformed non-financial corporates. Subordinated bank debt in particular performed well. Select corporate subsectors and issuers tightened significantly. The Trust's position in a NextDC floating rate note was the most significant single contributor. Next DC is a technology company listed on the ASX and included in the S&P/ ASX200 Index. NextDC develops and operates data centre facilities which enjoyed strong demand for their cloud computing technology. This occurred as social distancing rules were enforced and people were required to work from and spend more time at home.

The portfolio remains defensively positioned and the flexible investment mandate means that the Manager is not constrained to invest in a particular sector. Throughout the month, sector allocation was actively managed with the Manager continuing to increase allocation to non-financial corporates. This follows the Manager's view that credit spreads have remained wider for corporates and therefore there are some attractively priced opportunities in this market to generate returns for the portfolio. At the same time, the Manager has trimmed exposures to domestic banks as their spreads have generally retraced their previous widening, leaving limited relative value opportunities. The Trust participated in the first significant corporate issuance since the COVID-19 outbreak, investing in Woolworths' 10 year $1 billion fixed rate note. The Manager was of the view that this represented good relative value and liquidity for the portfolio. A number of corporate issuers followed the Woolworths issuance including AirServices Australia, in which the Trust also invested. The Manager also participated in Macquarie's 10-year $750 million tier 2 deal, which was heavily oversubscribed and provides diversification in the portfolio across financial institutions.

The Manager believes that the closed end structure of the Trust has been beneficial in recent market conditions as the Trust was not forced to liquidate positions at a time when secondary market activity was muted. In addition, the active management of the portfolio has meant the Manager has been able to take up relative value opportunities. In particular, those arising from the widening of spreads in the corporate sector in February and March. The Manager will continue to evaluate opportunities, investing in good quality issues with an attractive running yield.

INVESTMENT STRATEGY

The Trust will hold a diversified and actively managed portfolio of domestic and global credit and fixed income assets. 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. The Trust will typically be invested in 50 to 100 assets. Derivatives may be used as part of the Trust's Investment Strategy.*

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.

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

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

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

PERPETUAL KEY CONTACTS

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*For further details on the Trust's Investment Strategy please see the Trust's PDS dated 8 March 2019 at www.perpetualincome.com.au

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