PERPETUAL CREDIT INCOME TRUST

ARSN 626 053 496

INVESTMENT UPDATE

July 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 JULY 2020	AMOUNT
ASX unit price	$0.960
NTA per unit [1]	$1.069

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 JULY 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]

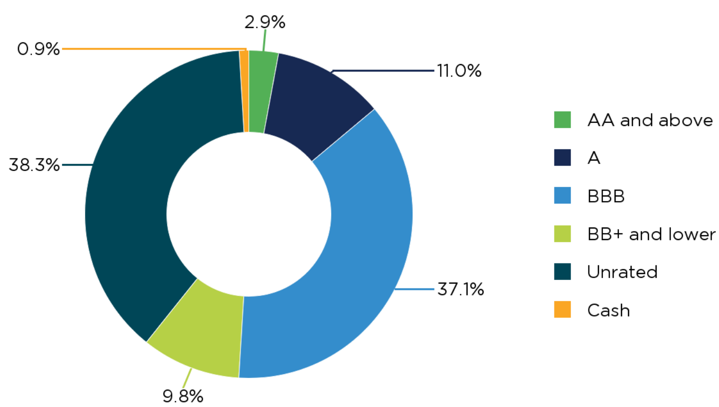
AS AT 31 JULY 2020	1 MTH	3 MTHS	6 MTHS	1 YR	3 YRS P.A.	5 YRS P.A.	SINCE INCEP P.A.
PCI Investment portfolio Returns net of operating expenses	1.0%	3.2%	-1.4%	0.5%	-	-	1.2%
RBA Cash Rate	0.0%	0.0%	0.1%	0.6%	-	-	0.7%
Excess returns	1.0%	3.2%	-1.6%	-0.1%	-	-	0.5%
Distribution return	0.3%	0.9%	1.7%	3.8%	-	-	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 31 JULY 2020	AMOUNT
Number of holdings	101
Number of issuers	77
Running yield	4.2%
Portfolio weighted average life	4.9 years
Interest rate duration	21 days

RATINGS BREAKDOWN



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

DISTRIBUTIONS CPU[5]

PCI announced a 0.32 cent per unit (CPU distribution) for July paid on 10 August 2020. 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 31 JULY 2020	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

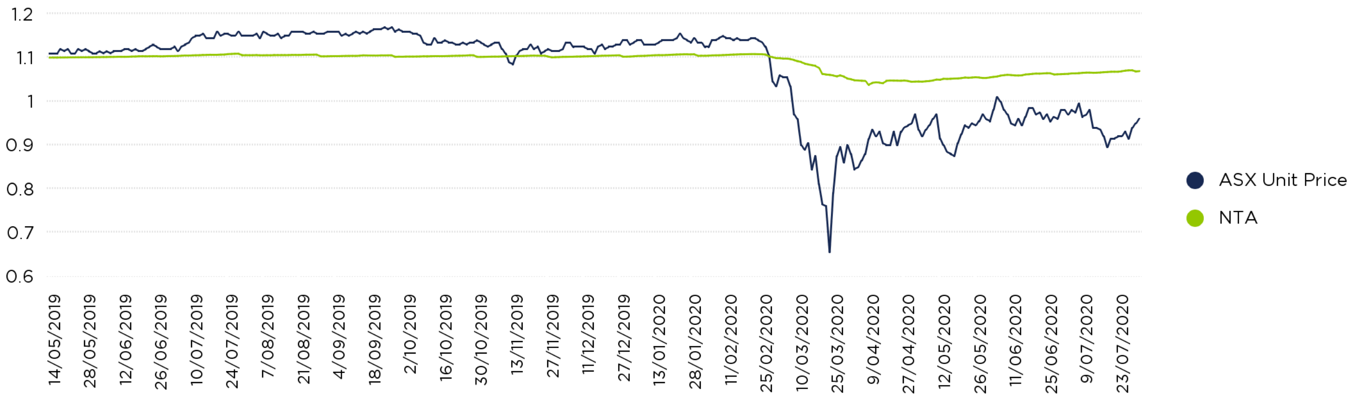
5 Distributions are stated as cents per unit and have been rounded to two decimal places. Detailed distribution announcements are available on the PCI website and are stated in Australian dollars rather than cents per unit. Distribution return has been calculated based on the PCI investment portfolio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

TOTAL UNITHOLDER RETURN[6]

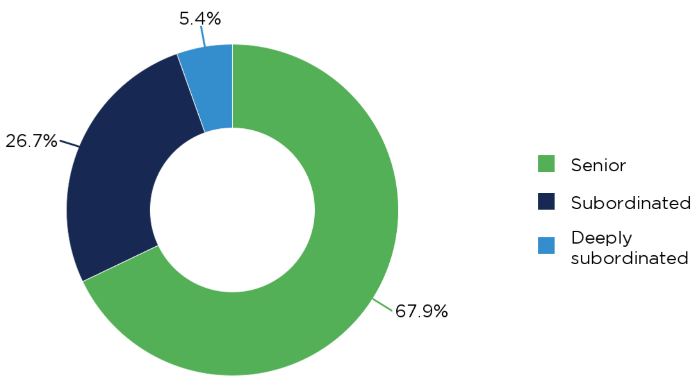
AS AT 31 JULY 2020	1 MTH	3 MTHS	6 MTHS	1 YR	3 YRS P.A.	5 YRS P.A	SINCE INCEP P.A.
Total unitholder return	0.3%	-0.1%	-13.7%	-13.1%	-	-	-8.0%
RBA Cash Rate	0.0%	0.0%	0.1%	0.6%	-	-	0.8%
Excess returns	0.3%	-0.1%	-13.9%	-13.7%	-	-	-8.8%
Distribution return	0.3%	1.0%	1.7%	3.4%	-	-	2.6%

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

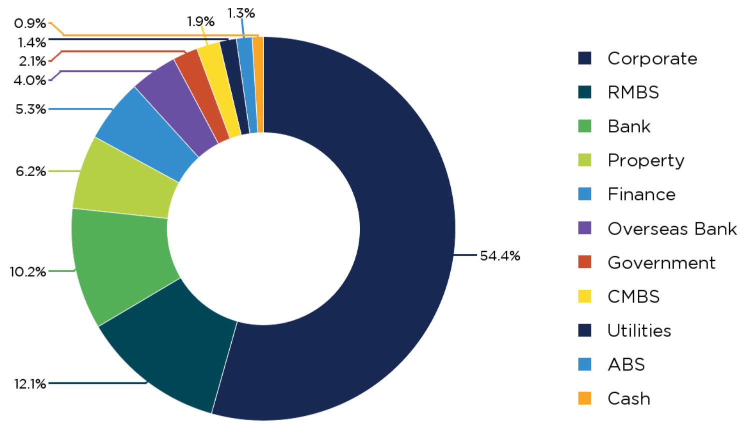


SENIORITY BREAKDOWN



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

SECTOR ALLOCATION



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

MARKET COMMENTARY

The recovery of financial markets continued through July, though with less exuberance than in the prior quarter. While equity returns were mixed, global credit spreads tightened slightly reflecting continued strong fiscal and monetary support alongside slightly increased risk appetite from investors.

Domestic credit spreads tightened through July staying within range of recent averages. This means compensation, or return provided for accepting credit risk, lowered. Central bank support, increased risk appetite and strong primary market demand contributed to secondary market spreads tightening. Credit spread dynamics followed recently observed patterns with financials outperforming, supported by central bank policy. Corporate sectors less negatively impacted by COVID-19 such as utilities, telecommunications and consumer sectors outperformed their peers. Infrastructure names underperformed as the impact of the lockdown in Melbourne and interstate travel restrictions materialised.

US corporates began reporting second quarter results in July. Corporate earnings outperformed expectations on aggregate despite earnings growth trending towards the largest recorded year on year decline. This was supportive for spreads especially in the banking sector. Credit downgrades still significantly outnumbered upgrades and the number of issuers with a negative credit watch classification was at an all-time high.

The yield curve remained stable throughout July. While interest rates were stable, the Australian Office of Financial Management (AOFM) was active in issuing a record $17 billion 5-year bond and a landmark 30-year $15 billion bond. The Reserve Bank of Australia (RBA) held the overnight cash rate at 0.25% and maintained the yield curve control policy without recommencing asset purchases. The RBA was also less active in the Repo market than prior months. The RBA Governor reiterated that near zero interest rates and yield curve control would remain in place as long as inflation remains below target. At the end of the June 2020 quarter, inflation was running very low. The Australian Consumer Price Index (CPI) recorded the largest fall ever reported as a result of low oil prices, falling rents and government supported packages in the childcare and education sectors.

The domestic primary market was active with new issues meeting with robust demand. A number of deals were oversubscribed and priced tighter than guidance during July. Offshore banks led the issuance in the domestic market. Access to the RBA's Term Funding Facility (TFF) has reduced the requirement for domestic banks to raise capital through new issuance. The impact of the interruption of primary market activity earlier in the year and the effect of the TFF on the issuance pipeline have, in the Manager's view, been supportive for spread tightening.

TRUST COMMENTARY

The portfolio's running yield at month end was 4.2%. The running yield is the expected return (based on NTA) of the portfolio assuming assets are held to maturity. Income return was predominantly associated with portfolio exposure to non-financial corporates, RMBS, non-bank financials and domestic banks. The Manager increased the running yield of the portfolio compared to the previous month by selectively increasing exposure to high yield and unrated assets which typically offer higher returns than investment grade assets. At the end of July, unrated assets comprised 38.3% of the portfolio compared to 34.7% in June. The Manager considers the portfolio is well diversified as the unrated assets are complemented by sub-investment grade assets and more than 50% allocation to investment grade assets.

The Manager believes the portfolio's exposure to high yield assets has been resilient during the COVID-19 pandemic. The Trust's focus on the top of the capital structure (senior and secured debt for instance) is intended to provide protection for unforeseen events. The Manager considers that certain issuers held in the portfolio have also been very pro-active and raised large amounts of liquidity, putting them in a good position to weather further business disruptions and a weaker economic environment. The Manager continues to remain very comfortable with the high yield component of the portfolio.

The portfolio benefited from the persistent rally in credit spreads. Credit spreads continued to tighten on aggregate which was led by financials and certain issuers in the corporate sector. Non-financial corporates, domestic and offshore banks alongside non-bank financials were the key contributors to credit spread return. Domestic and offshore banks rallied on the back of continued central bank support and US corporates surpassing expectations for their second quarter earnings. Swap spreads fell further in July contributing to performance across the portfolio's corporate and offshore bank exposures. Swap spreads represent the component of a bond's yield that is attributable to risk in the banking sector. The portfolio's exposure to corporate credit has benefited from negative swap spreads.

The Manager is confident the portfolio remains defensively positioned. The Manager selectively lengthened the portfolio Weighted Average Life and rotated issuer allocations within in the domestic bank sector. In July, the Manager entered a small duration position by purchasing a portion of the AOFM's 30-year issuance in the secondary market at what the Manager considered an attractive valuation. The position performed well towards the end of the month. Portfolio duration remains near zero.

During the month, the Manager participated in a number of deals in the offshore bank and corporate sectors. This included deals with DBS bank who raised $750 million in short-dated debt and UBS AG which raised a total of $2.75 billion across fixed and floating tranches, capitalising on better than expected earnings results in the second quarter. In the corporate sector, the Manager invested in Ausgrid's $750 million July issuance. The Manager also took part in the Port of Brisbane's $500 million raising. The deal was met with strong demand, pricing tighter than guidance and featuring an order book more than five times greater than final deal size. The Manager will continue to invest in corporate securities that it assesses to be good quality issuers offering an attractive 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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