

PERPETUAL CREDIT INCOME TRUST

ARSN 626 053 496

INVESTMENT UPDATE

May 2019

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 2019	AMOUNT
ASX unit price	1.110
NTA per unit ¹	1.101

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.

KEY TRUST INFORMATION²

AS AT 31 MAY 2019

ASX code:	PCI
Structure:	Listed Investment Trust
Listing date:	14 May 2019
Market capitalisation:	\$444 million
Units on issue:	400,000,000
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

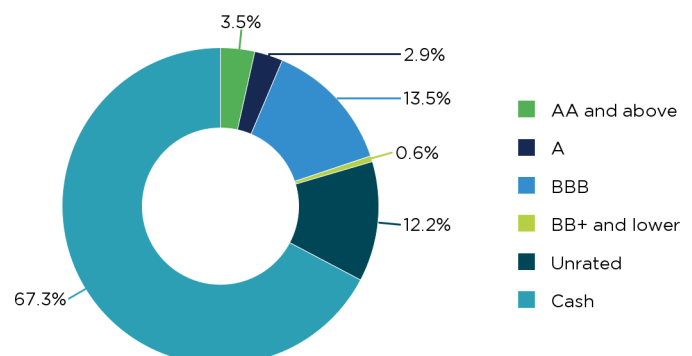
AS AT 31 MAY 2019	1 MTH	3 MTHS	6 MTHS	1 YR P.A.	3 YRS P.A.	5 YRS P.A.	SINCE INCEP P.A.
PCI Investment portfolio	-	-	-	-	-	-	0.1%
RBA Cash Rate	-	-	-	-	-	-	0.1%
Excess returns	-	-	-	-	-	-	0.0%
Distribution	-	-	-	-	-	-	-

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. 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. A full month of performance is not available for May 2019 as the Trust launched mid-month.

PORTFOLIO SUMMARY

AS AT 31 MAY 2019	AMOUNT
Number of holdings	30
Number of issuers	26
Running yield	2.3%
Portfolio weighted average life	1.7 years
Modified duration	0.1 years

RATINGS BREAKDOWN



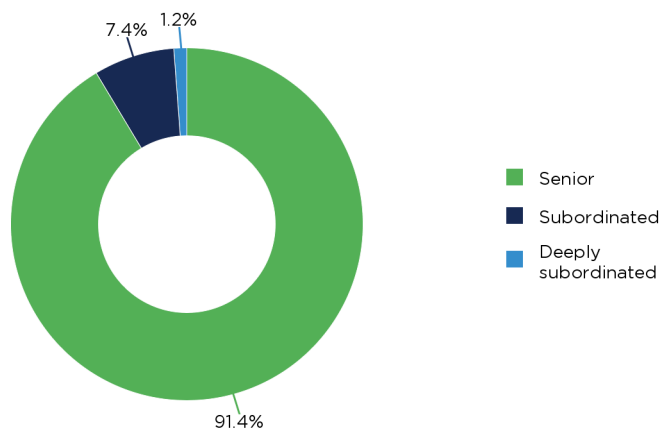
Source: Standard & Poor's and Perpetual Investments. Data is as at 31 May 2019.

TOTAL UNITHOLDER RETURN⁵

AS AT 31 MAY 2019	1 MTH	3 MTHS	6 MTHS	1 YR P.A.	3 YRS P.A.	5 YRS P.A.	SINCE INCEP P.A.
Total unitholder return	-	-	-	-	-	-	0.9%
RBA Cash Rate	-	-	-	-	-	-	0.1%
Excess returns	-	-	-	-	-	-	0.8%
Distribution	-	-	-	-	-	-	-

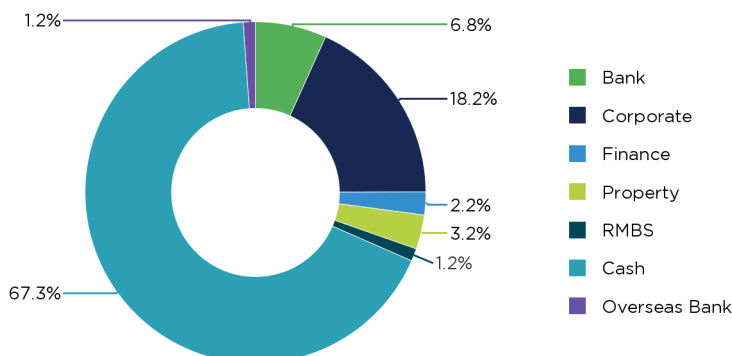
⁵ Total unitholder return - ASX unit price performance with reinvestment of distributions has been calculated on the growth of the ASX unit price and assumes reinvestment of distributions on the ex-date. Distribution return has been calculated based on the total unitholder return less the growth in the 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.

SENIORITY BREAKDOWN



Source: Bloomberg and Perpetual Investments. Data is as at 31 May 2019.

SECTOR ALLOCATION



Source: Bloomberg and Perpetual Investments. Data is as at 31 May 2019.

INVESTOR UPDATE

Perpetual Investments* would like to welcome investors in the Perpetual Credit Income Trust ("Trust"). We would like to thank you for your investment in the Trust and for the confidence you have shown in Perpetual Investments as manager of your investment.

The Perpetual Credit Income Trust (ASX Code: PCI) commenced trading on the Australian Securities Exchange on 14 May 2019. Strong demand from investors saw the maximum A\$440 million being raised through the issue of 400,000,000 Units at a subscription price of A\$1.10 per unit.

The Trust is designed to deliver sustainable monthly income and the Portfolio Management team has commenced prudently investing the funds raised to achieve this objective. The Trust's target total return is the RBA Cash Rate plus 3.25% per annum (net of fees) through the economic cycle**.

Thank you again for your support and we look forward to bringing you further updates on the Trust going forward. Additional information and educational resources are also available on the Trust's website www.perpetualincome.com.au.

* Perpetual Investment Management Limited.

** This is a target only and may not be achieved.

MARKET COMMENTARY

Conditions across major global markets proved challenging during May. Investors grappled with the re-emergence of trade tensions alongside instances of softer economic data, leading to weakness in sentiment across broader risk assets. Softer economic data compounded uncertainty, with indicators pointing to a weakening global economic backdrop, and bond markets also began to reflect the diminishing confidence in global growth. Both domestic and offshore government bonds rallied significantly, pushing yields lower during the month. Australian credit bucked the weaker trend observed across broader risk assets. Domestic cash bond spreads held steady relative to their overseas equivalents during the month.

Our credit scoring process has turned modestly cautious and will guide our investment strategy as Trust funds are invested. Uncertainty can create investment opportunities, which are assessed using our methodical and disciplined asset selection approach.

TRUST COMMENTARY

Funds from the IPO were received on 8 May 2019 with the Portfolio Management team commencing to prudently invest funds shortly afterwards. The Trust invested A\$50 million into the Perpetual Loan Fund prior to listing.

The Portfolio Manager is selectively deploying cash to opportunities viewed as attractive from a risk and reward perspective. Primary market purchases including taking a position in Citibank's three year A\$1.25 billion senior unsecured deal. In addition, the portfolio participated in NAB's 10 year A\$1 billion domestic tier-two transaction.

Within the loan portfolio portion of the Trust, we have seen and engaged in a number of opportunities and are deploying cash in a disciplined and selective manner in line with our rigorous asset selection process. Secondary market activity during the period included allocating funds across a variety of sectors including securitised products, offshore banks, property, financials, domestic banks and domestic corporates - both investment grade and high yield.

Cash in the Trust was 67.3% as of 31 May however it is diminishing from that level as appropriate investment opportunities across the ratings spectrum and capital structure are found. The highly experienced team have a strong track record in this market and apply a methodical and disciplined approach to investing cash holdings. From a total portfolio perspective, the current blend of holdings is not representative of the anticipated sector allocations and risk exposures when the portfolio is fully invested. The time frame to achieve target portfolio construction will be up to three months from listing. The Trust is expected to announce its first distribution in June 2019 and then monthly thereafter. The June distribution will be lower due to the recent establishment of the Trust, however distributions in FY2020 are expected to increase materially.

When fully invested it is intended the Trust's portfolio will typically contain 50-100 domestic and global credit and fixed income assets, diversified by asset type, credit quality, maturity, country and issuer through investment in corporate bonds, floating rate notes, securitised assets and private debt (mainly corporate loans).

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

This monthly report has been prepared by Perpetual Investment Management Limited ABN 18 000 866 535, AFSL 234426 (PIML or Perpetual Investments) and issued 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.

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).

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.

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