

INVESTMENT UPDATE November 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 30 NOVEMBER 2019	AMOUNT
ASX unit price	\$1.115
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. NTA figures are calculated as at the end of day on the last business day of the month.

INVESTMENT PERFORMANCE⁴

AS AT 30 NOVEMBER 2019	1 MTH	3 MTHS	6 MTHS	1 YR P.A.	3 YRS P.A.	5 YRS P.A.	SINCE INCEP
PCI Investment portfolio Returns net of operating expenses	0.3%	0.9%	1.8%	-	-	-	2.0%
RBA Cash Rate	0.1%	0.2%	0.5%	-	-	-	0.6%
Excess returns	0.2%	0.6%	1.3%	-	-	-	1.4%
Distribution return	0.3%	1.1%	1.8%	-	-	-	1.5%

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 Net Tangible Assets. 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 30 NOVEMBER 2019	AMOUNT
Number of holdings	87
Number of issuers	62
Running yield	3.4%
Portfolio weighted average life	4.7 years
Interest rate duration	26 days

KEY TRUST INFORMATION²

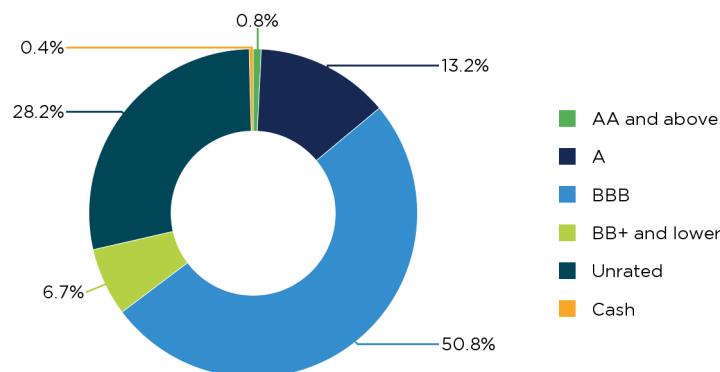
AS AT 30 NOVEMBER 2019

ASX code:	PCI
Structure:	Listed Investment Trust
Listing date:	14 May 2019
Market capitalisation:	\$446 million
Units on issue:	400,181,800
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.

RATINGS BREAKDOWN



Source: Standard & Poor's and Perpetual Investments. Data is as at 30 November 2019. All figures are unaudited and approximate.

DISTRIBUTIONS CPU⁵

PCI announced a 0.36 cent per unit (CPU) distribution for November paid on 6 December 2019. The annualised financial year to date distribution rate is 4.22%*. 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 30 NOVEMBER 2019	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	-	-	-	-	-	-	-	1.92

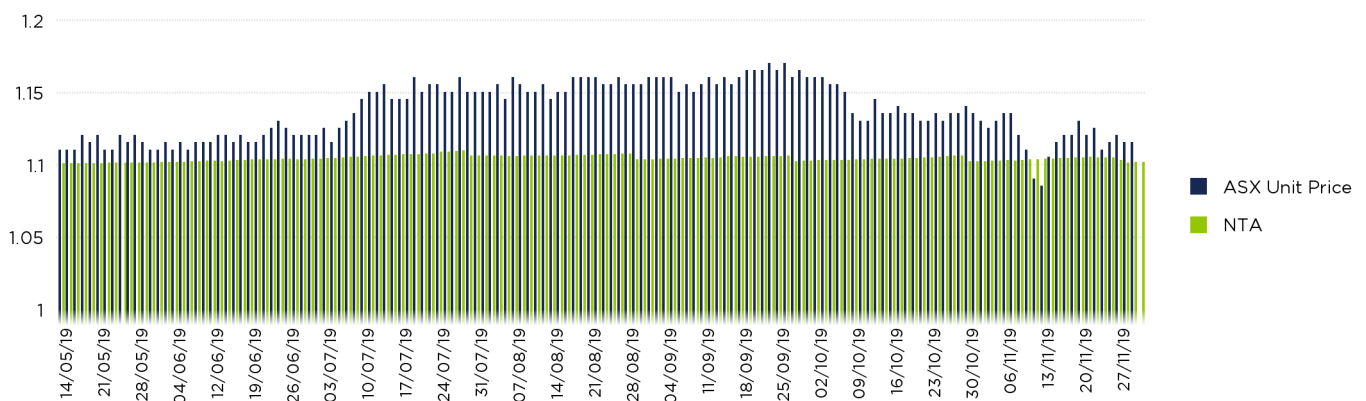
⁵ Distributions are stated as cents per unit and have been rounded to two decimal places. Detailed distribution announcements are available on the PCI website and are stated in Australian dollars rather than cents per unit.

TOTAL UNITHOLDER RETURN⁶

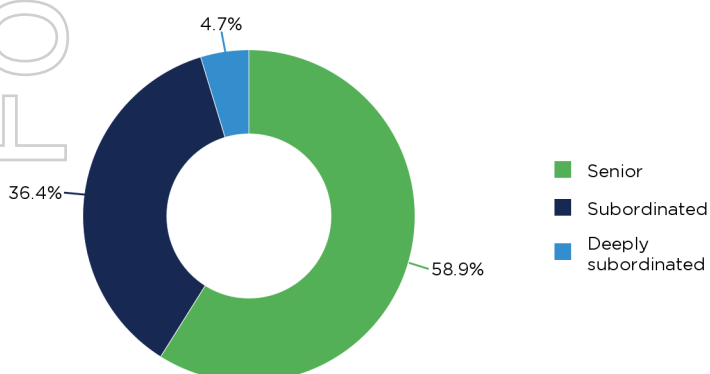
AS AT 30 NOVEMBER 2019	1 MTH	3 MTHS	6 MTHS	1 YR P.A.	3 YRS P.A.	5 YRS P.A.	SINCE INCEP
Total unitholder return	-1.4%	-2.5%	2.2%	-	-	-	3.2%
RBA Cash Rate	0.1%	0.2%	0.5%	-	-	-	0.6%
Excess returns	-1.5%	-2.7%	1.7%	-	-	-	2.6%
Distribution return	0.3%	1.0%	1.8%	-	-	-	1.8%

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

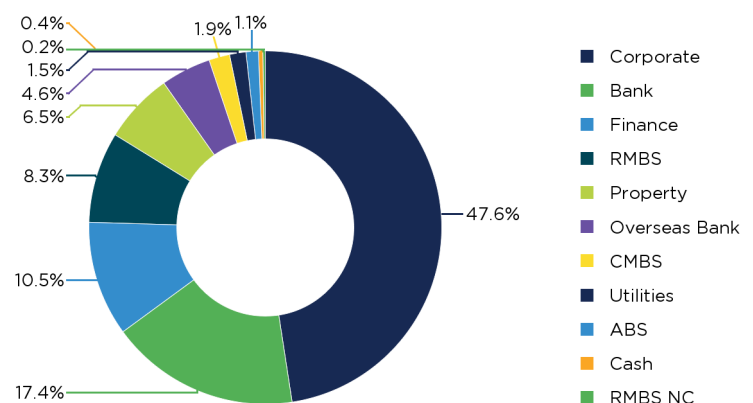


SENIORITY BREAKDOWN



Source: Bloomberg and Perpetual Investments. Data is as at 30 November 2019. All figures are unaudited and approximate.

SECTOR ALLOCATION



Source: Bloomberg and Perpetual Investments. Data is as at 30 November 2019. All figures are unaudited and approximate.

MARKET COMMENTARY

Domestic credit spreads stayed within range of recent averages during November. The hunt for yield persisted with investors looking for opportunities further up the curve as yields fell through November. Credit spread tightening was more pronounced at longer maturities as investors sought to access higher yields in an all-time low interest rate environment.

Risk assets continued to approach all-time highs predicated on renewed optimism for a US-China trade deal and expectations of an economic soft landing. In addition, increased mergers and acquisition activity globally helped to consolidate recent gains in global equities. Broader economic results did not reflect the optimism in the equity markets and continued to point to slowing growth. Geopolitical uncertainties persisted relating to US-China trade negotiations and Brexit.

The Reserve Bank of Australia (RBA) held the official cash rate at 0.75% at the November meeting. Policy discussion centred around alternative methods of monetary stimulus as the prospect of quantitative easing (QE) took centre stage. The RBA Governor has stated in a recent speech that if the Reserve Bank was to undertake a program of QE, it would purchase government bonds and would do so in the secondary market. The Governor ruled out any potential future QE program including the purchase of private assets. Additionally, there was indication that QE would become an option for the RBA to consider when the cash rate is 0.25% but not earlier.

TRUST COMMENTARY

The portfolio continued to collect running income in excess of the benchmark across all corporate and collateralised sectors. This contribution from positive running yield was mainly associated with portfolio exposure to corporates, domestic banks, residential mortgage backed securities and non-bank financials.

Credit spread tightening contributed to outperformance notably in the non-financial corporate sector. Domestic banks credit spreads also contributed to outperformance. This was despite a challenging month for the sector with Westpac spreads widening following the filing of civil proceedings by financial crimes regulator AUSTRAC.

In terms of portfolio positioning, sector allocation was actively managed. Attractive relative value corporate credit opportunities continue to be sought out in the core investment grade and higher yielding segments of the market. In the corporate high yield space, the Manager took part in David Jones Finance's senior secured bond issuance offering security on prime real estate and a diversified portfolio of assets including the Country Road Group. Qantas came back to the market as an investment grade issuer with a 10-year bond. The Manager saw good relative value despite the long tenor. In the domestic bank sector, the portfolio invested in November's NAB total loss absorption capacity deal.

The Manager will continue the process of investing in good quality corporate 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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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).

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