

INVESTMENT UPDATE December 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 DECEMBER 2020	AMOUNT
ASX unit price	\$1.050
NTA per unit ¹	\$1.096

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 INFORMATION²

AS AT 31 DECEMBER 2020

ASX code:	PCI
Structure:	Listed Investment Trust
Listing date:	14 May 2019
Market capitalisation:	\$420 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 PERFORMANCE⁴

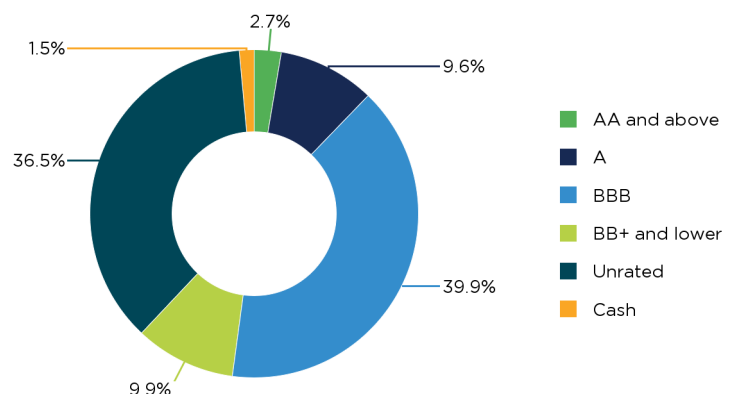
AS AT 31 DECEMBER 2020	1 MTH	3 MTHS	6 MTHS	1 YR	3 YRS P.A.	5 YRS P.A.	SINCE INCEP P.A.
PCI Investment portfolio	0.8%	2.9%	5.0%	3.0%	-	-	3.3%
Returns net of operating expenses							
RBA Cash Rate	0.0%	0.0%	0.1%	0.2%	-	-	0.6%
Excess returns	0.8%	2.9%	4.9%	2.8%	-	-	2.7%
Distribution return	0.3%	0.8%	1.8%	3.6%	-	-	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 DECEMBER 2020	AMOUNT
Number of holdings	113
Number of issuers	86
Running yield	3.7%
Portfolio weighted average life	4.5 years
Interest rate duration	54 days

RATINGS BREAKDOWN



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

DISTRIBUTIONS CPU⁵

The table below shows the distribution in cents per unit paid each month 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 DECEMBER 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	0.30	0.31	0.28	0.30	-	-	-	-	-	-	1.82

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 RETURN⁶

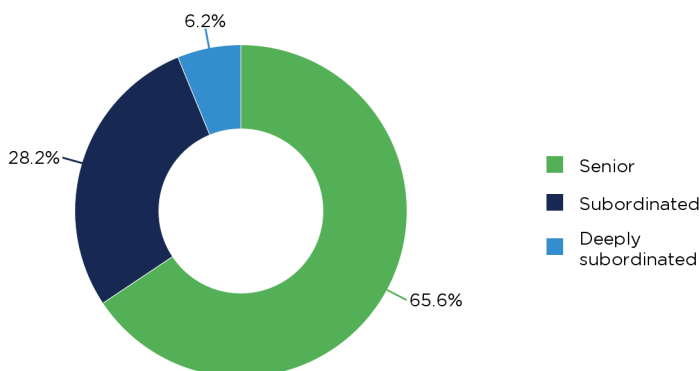
AS AT 31 DECEMBER 2020	1 MTH	3 MTHS	6 MTHS	1 YR	3 YRS P.A.	5 YRS P.A.	SINCE INCEP P.A.
Total unitholder return	-0.7%	3.3%	11.3%	-4.4%	-	-	0.2%
RBA Cash Rate	0.0%	0.0%	0.1%	0.2%	-	-	0.9%
Excess returns	-0.7%	3.3%	11.3%	-4.6%	-	-	-0.7%
Distribution return	0.3%	0.9%	2.0%	3.5%	-	-	3.0%

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.

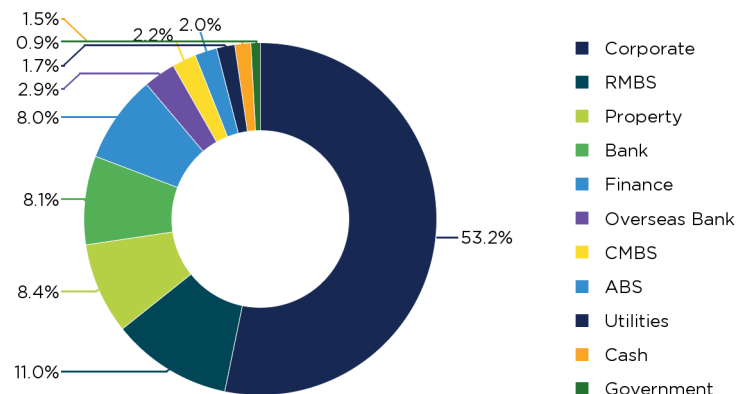
NTA PER UNIT VS ASX UNIT PRICE PERFORMANCE



SENIORITY BREAKDOWN



SECTOR ALLOCATION



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

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TRUST COMMENTARY

PORTFOLIO UPDATE

The Trust's portfolio returned 0.8% in December, outperforming the Reserve Bank of Australia (RBA) Cash Rate (benchmark). The key contributing factor to performance was the continued tightening of credit spreads due to improving macroeconomic expectations and investor confidence following the US presidential election and COVID-19 vaccine news. Domestic spreads were resilient in late December as travel restrictions were reintroduced to combat the spread of COVID-19 in New South Wales. On aggregate, credit spreads in the corporate sector outperformed the financial sector. Portfolio allocations to non-financial corporates, property and domestic banks were the main contributors to performance.

Primary market activity was subdued through the latter half of the month in line with seasonal expectations. The Manager participated in primary and secondary markets throughout early December, increasing the number of issuers in the Trust's portfolio from 82 to 86 and assets from 110 to 113. While the investment strategy of the Trust is to typically invest in 50 to 100 assets, the Manager is seeing numerous opportunities which it believes will add value to the portfolio and provide further diversification benefit by reducing sector, issuer and credit duration risks.

During the month, the Manager trimmed exposures to the non-financial corporate sector and Residential Mortgage Backed Securities (RMBS). The Manager also took the opportunity to rebuild the Trust's cash position in order to maintain flexibility to deploy capital as relative value opportunities are identified. The portfolio's seniority and credit rating (investment grade and non-investment grade) allocations were broadly maintained.

Key changes to the portfolio are detailed below.

The Manager took part in the December issuance by Goodman Australian Industrial Fund, increasing the Trust's exposure to industrial property. Industrial property spreads have proven resilient in comparison to other commercial real estate throughout the pandemic and rating agency Standard & Poor's recently placed Goodman Industrial Partnership on a positive outlook which represented one of the first positive adjustments in the Real Estate Investment Trust (REIT) space since the start of 2020.

The Manager elected to liquidate the recently established position in NBN Co's 5-year November issue. Subsequently, NBN Co issued a 10-year floating rate note in December which increased the credit spread. The Manager was able to lock in profits on the 5-year position prior to the spread widening.

The Manager participated in new issuance from the University of Western Sydney and the University of Wollongong. The university sub-sector had struggled through the first three quarters of 2020 as a result of the spread of COVID-19. However, expectations of increasing interstate and potential international travel is expected to be supportive for the sector and flow onto positive credit spread movements.

The Trust's income was predominantly generated by coupon payments and interest income from portfolio exposure to non-financial corporates, residential mortgage backed securities, property and non-bank financials. The Trust portfolio's running yield remained at 3.7% at the end of December.

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 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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