
Perpetual Credit Income Trust (ASX: PCI)

Investor Presentation

August 2023

Trust is earned.

Perpetual 

Important note

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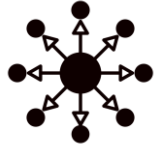
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Our views on the current market environment

- Domestic credit spreads grind tighter on the back of stronger than anticipated corporate earnings results
- Primary market issuance resurgent, led by major bank senior
 - e.g. PCI participated in 10-year \$750M fixed rate AUD denominated bond from Lloyds Banking Group
 - Securitised assets (RMBS/ABS/CMBS) primary market activity has also picked up
- RBA cash rate unchanged; domestic yield curve steepens; short end rallies.
- Our view on the outlook for credit is neutral
 - Market demand and new issuance has increased
 - Technical indicators such as US credit, equity and equity volatility are supportive
 - However, challenging economic growth expectations and tightening financial conditions weigh on the outlook
- In the high yield space
 - Credit spreads remain attractive
 - We are focused on new issuance that have a conservative debt structure and can withstand an economic downturn environment.

Portfolio summary



Well diversified portfolio

- 122 assets across 83 issuers
- Each issuer exposure typically 1 – 2%
- Specialists in Australian corporate credit (bonds, floating rate notes and loans) and RMBS/ABS
- Corporate credit has exposure to a broad range of industries/sectors



Income

- Running yield of the portfolio has increased from 5.3% to 8.3% over 12 months to 31 August 2023
- Income return has consistently been the most significant contributor to portfolio return



Active, opportunistic and risk aware investing

- Cash has reduced slightly to 2.6% as at 31 August 2023 due to deployment in assets
- Investing with high conviction and identifying the best relative value opportunities across the full spectrum of credit and fixed income assets, in Australia and globally.
- Short duration portfolio to mitigate interest rate risk – 6 days duration; 2.9 years portfolio weighted average life
- Hedging – fixed rate bonds hedged back to floating rate; foreign currency exposures hedged back to AUD
- No loans in the portfolio are assessed as being at risk of impairment or default

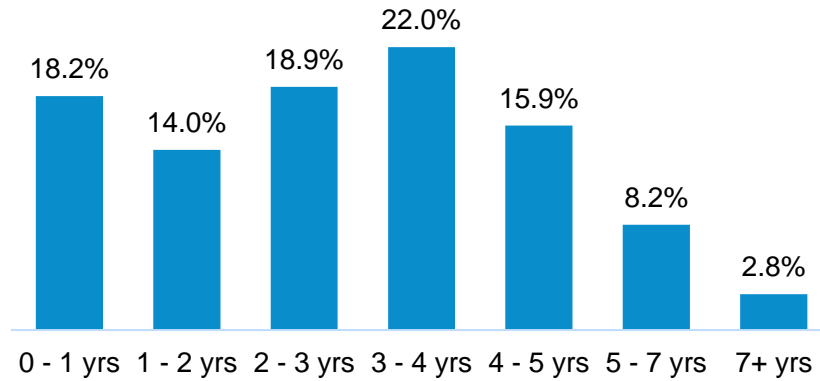
Top 10 holdings

Issuer	Credit rating	Sector	Asset	Weighting
Perpetual Loan Fund	Sub investment grade and unrated	Corporate	<ul style="list-style-type: none"> Comprised of 19 issuers. The floating rate corporate loans have terms of between 1 and 6 years but the issuers typically repay prior to maturity e.g. Arnotts, AUB Group, SCF Group, MYOB, Iron Mountain 	45.3%
Perpetual Securitised Credit Fund	Unrated	RMBS/ABS/CMBS	Floating rate warehouse notes	3.4%
NAB	Investment grade	Bank	Floating rate note	2.0%
Perenti Finance	Sub investment grade	Financial services	Floating rate note	1.8%
Westpac	Investment grade	Bank	Subordinated floating rate note	1.7%
Think Tank	Investment grade	CMBS	Floating rate note	1.5%
Scentre Group	Investment grade	Consumer services	Floating rate note	1.5%
Liberty Funding	Investment grade	ABS	Floating rate note	1.5%
Emeco	Unrated	Corporate	Floating rate note	1.4%
Centuria Capital	Investment grade	REIT	Hybrid capital note	1.3%

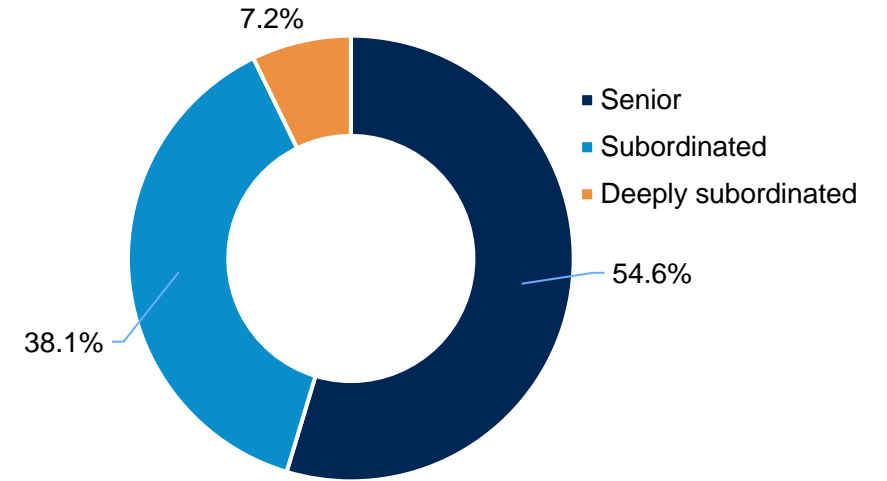
Portfolio composition

As at 31 August 2023

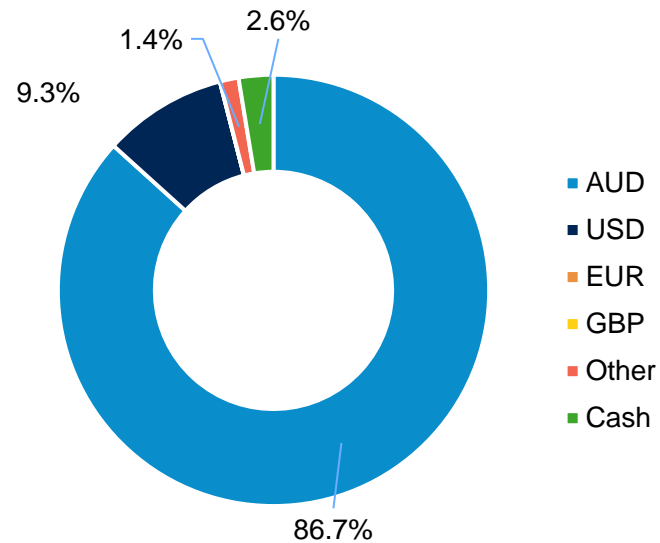
Breakdown by maturity



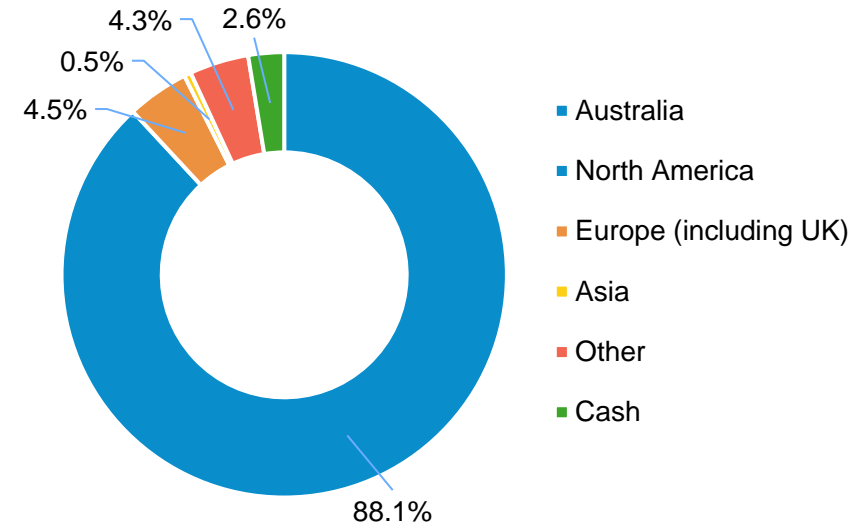
Breakdown by seniority (capital structure)



Breakdown by currency



Breakdown by domicile of issuer



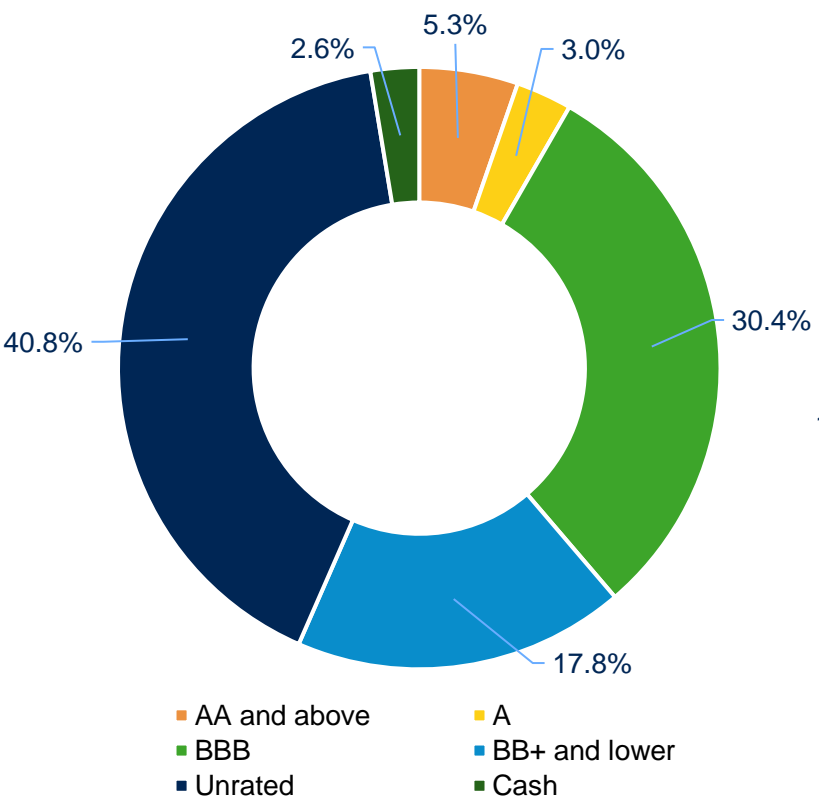
Source: Standard & Poor's, Bloomberg and Perpetual Investment Management Limited.

As at 31 August 2023, foreign currency exposures were hedged to Australian dollar floating rate. All figures are unaudited and approximate. Figures may not sum due to rounding.

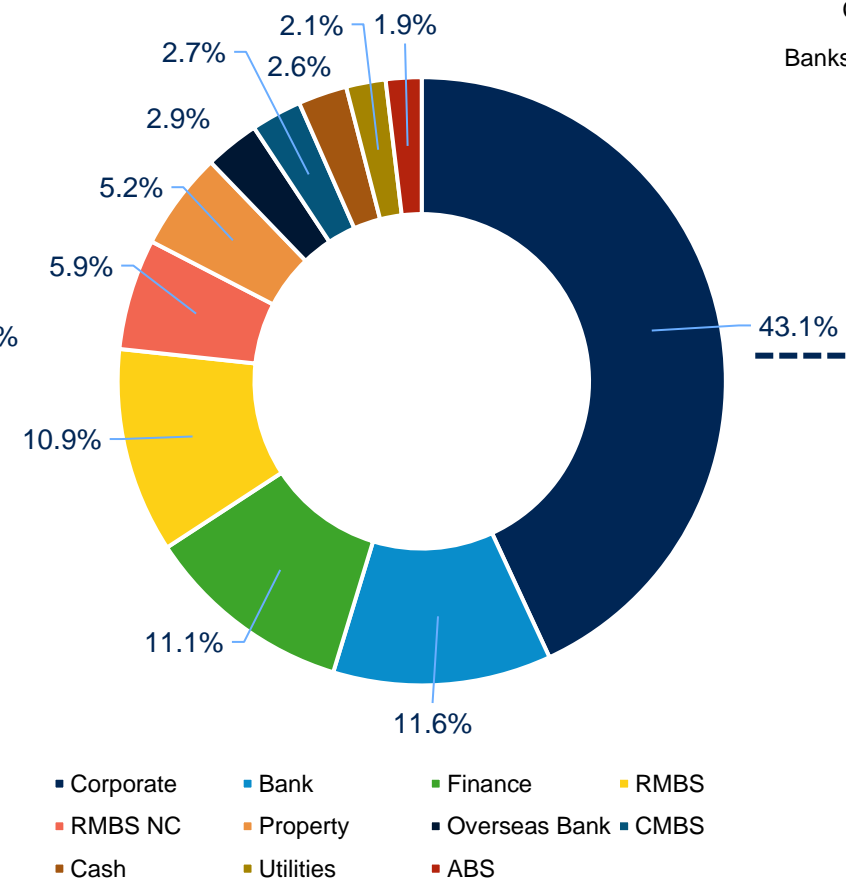
Portfolio composition

As at 31 August 2023

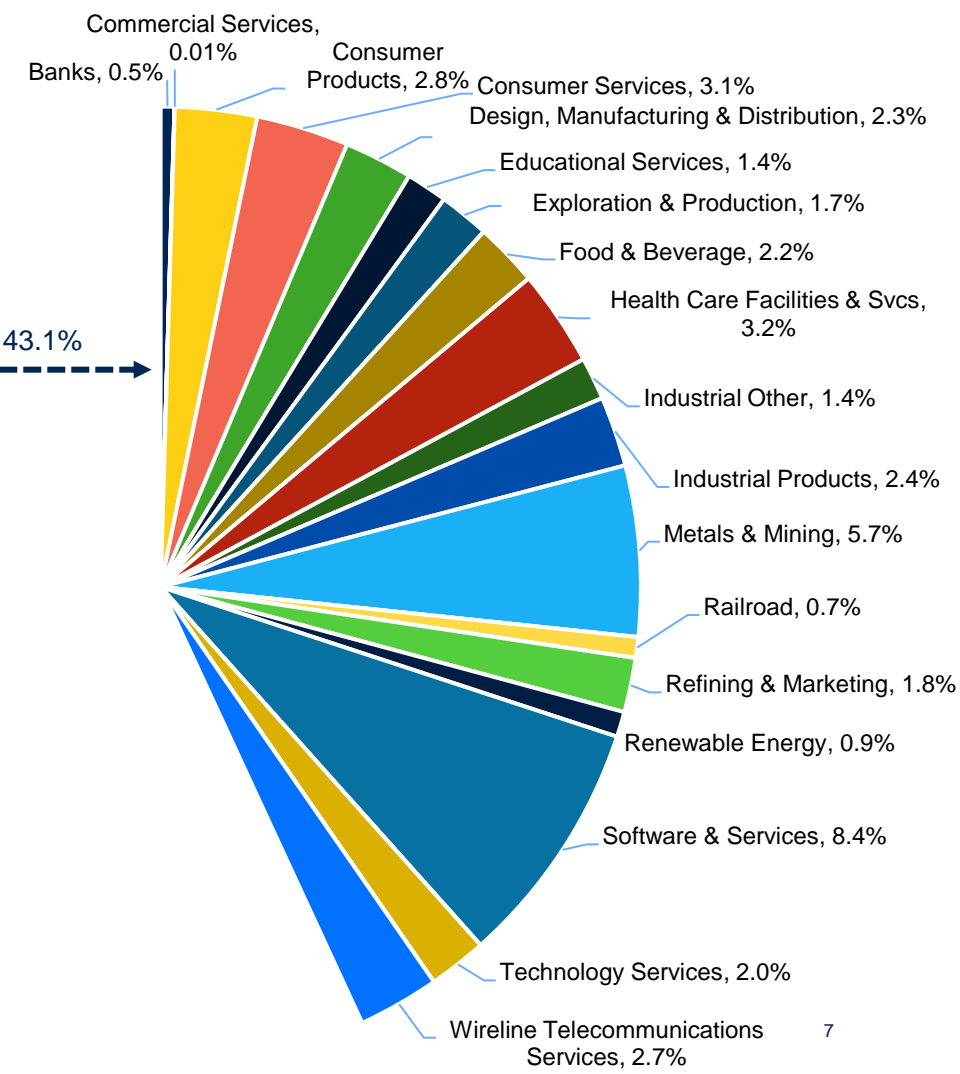
Breakdown by credit rating



Sector allocation



Breakdown by corporate sector



Source: Standard & Poor's, Bloomberg and Perpetual Investment Management Limited. All figures are unaudited and approximate. Figures may not sum due to rounding.

PCI performance

Investment performance

As at 31 August 2023	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	0.7%	2.6%	4.0%	7.8%	5.3%	-	4.2%
Target Return^	0.6%	1.9%	3.7%	6.8%	4.7%	-	4.5%
Distribution Return	0.6%	2.2%	4.0%	7.1%	4.9%	-	4.5%
RBA Cash Rate	0.3%	1.0%	2.0%	3.4%	1.3%	-	1.1%

* Investment returns 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. The comparison to the RBA Cash Rate is not intended to compare an investment in PCI to a cash holding. The PCI investment portfolio is of higher risk than an investment in cash.

^ Target Return is RBA Cash Rate + 3.25% p.a. (net of fees) through the economic cycle. This is a target only and may not be achieved.

Distribution

- Delivered monthly income since inception
- Historical 12-month distribution yield is 7.2%#

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	FYTD
FY2023	0.42	0.47	0.47	0.51	0.52	0.56	0.56	0.53	0.60	0.61	0.70	0.97	6.90
FY2024	0.67	0.68											1.35

Source: Perpetual Investment Management Limited, as at 31 August 2023

Yield is calculated based on the total dividends of 7.367 cents per unit in the last 12 months and the closing share price of \$1.03 as at 31 August 2023. Past performance is not indicative of future performance.

Appendix

Perpetual Credit Income Trust (ASX: PCI)

A robust, active and risk aware investment process



Investment objective & target return

- To provide investors with monthly income by investing in a diversified pool of credit and fixed income assets.
- To target a total return of RBA Cash Rate + 3.25% per annum (net of fees) through the economic cycle.¹



Investment guidelines

Typically 50 – 100 assets

30% - 100%	Investment grade assets ² Maximum issuer limit 15%
0% - 70%	Unrated or sub-investment grade assets ³ Maximum issuer limit 10%
70% - 100%	Assets denominated in AUD
0% - 30%	Assets denominated in foreign currencies ⁴
0% - 70%	Perpetual Loan Fund
<5%	Perpetual Securitised Credit Fund



Investment process

- 1 Top down market screening
- 2 Risk appetite and matrix of preferences
- 3 Approved list of issuers
- 4 Fundamental research bottom up

Risks may include, but are not limited to: ASX liquidity, investment, credit or default, credit margin and leverage risks.*

Flexible investment strategy to adapt to changing market conditions.

¹ This is a target only and may not be achieved.

² An investment grade asset has a long term rating of BBB-/Baa3 to AAA/Aaa.

³ A sub-investment grade asset has a rating below BBB-/Baa3 and includes unrated assets

⁴ Foreign currencies are typically hedged back to the Australia dollar.

* For more information on the risks associated with an investment in PCI, please refer to section 7 of the Product Disclosure Statement (PDS).