

PERPETUAL CREDIT INCOME TRUST INVESTOR PRESENTATION

5 March 2021

IMPORTANT NOTE

This presentation has been prepared and issued by Perpetual Investment Management Limited ABN 18 000 866 535, AFSL 234426 (PIML), as the investment manager for Perpetual Credit Income Trust (PCI). Perpetual Trust Services Limited ABN 48 000 142 049 AFSL 236648 (PTSL) is the responsible entity and issuer of PCI.

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AGENDA

Perpetual Credit Income Trust (PCI) portfolio update

The case for high yield and the Perpetual Loan Fund

Asset valuation

PERPETUAL CREDIT INCOME TRUST (ASX: PCI)

A ROBUST, ACTIVE AND RISK AWARE INVESTMENT PROCESS

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TRUST



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



Investment process

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

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. As at 31 January 2021, all foreign currency exposures were hedged to Australian dollar floating rate.

PERPETUAL'S SPECIALIST CREDIT & FIXED INCOME TEAM

OUR SENIOR PORTFOLIO MANAGEMENT TEAM HAVE BEEN INVESTING TOGETHER FOR OVER A DECADE

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MICHAEL KORBER
Managing Director
Credit & Fixed Income

Portfolio Manager:
Perpetual Credit Income Trust
Perpetual Pure Credit Alpha

39 years experience, 16 years at Perpetual



ANNE MOAL
Head of Corporate High Yield

Portfolio Manager:
Perpetual Loan Fund

24 years experience, 7 years at Perpetual

Portfolio Managers

VIVEK PRABHU
Head of Fixed Income

28 years experience, 16 years at Perpetual

GREG STOCK
Head of Credit Research

28 years experience, 16 years at Perpetual

THOMAS CHOI
Senior Portfolio Manager

18 years experience, 12 years at Perpetual

Analysts

JP BAE
Senior Dealer / Associate Portfolio Manager

17 years experience, 10 years at Perpetual

CAROL YUAN
Credit Analyst (Investment Grade & High Yield)

13 years experience, 3 years at Perpetual

MICHAEL MURPHY
Credit Analyst (Private Debt & High Yield)

8 years experience, 2 year at Perpetual

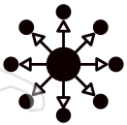
JEFFREY WU
Analyst

3 years experience, 2 years at Perpetual

ONE OF THE MOST EXPERIENCED, STABLE AND PROVEN TEAMS IN THE AUSTRALIAN MARKET

PORTFOLIO CONSTRUCTION

A ROBUST, ACTIVE AND RISK AWARE INVESTMENT PROCESS



DIVERSIFICATION

We believe the portfolio is well diversified in respect of both the number and broad spectrum of credit and fixed income assets included in the portfolio.



SOURCES OF INCOME

PCI primarily generates its income and running yield from coupon payments received from corporate bonds and asset backed securities and interest income from investment in loans.



CREDIT DURATION IS SHORT

A short portfolio weighted average life means the portfolio is less sensitive to credit spread movements than longer dated securities.



FLOATING INTEREST RATE EXPOSURE

We seek to minimise interest rate risk by investing in floating rate notes. This means the portfolio will benefit from an increase in interest payments as market interest rates move up. Vice versa if market interest rates move down. Investments in fixed rate corporate bonds will typically be hedged to a floating rate.



AUSTRALIAN DOLLAR (AUD) CREDIT FUND

To manage the sensitivity to currency risk, investment in foreign denominated assets are typically hedged back to AUD.

Portfolio summary

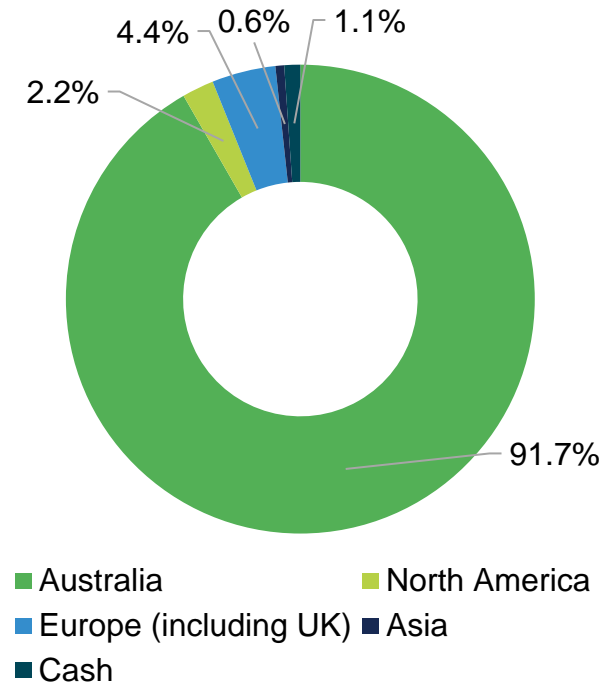
As at 31 January 2021	Amount
Number of holdings	116
Number of issuers	87
Running yield	3.6%
Portfolio weighted average life	4.4 years
Interest rate duration	36 days

AN AUSTRALIAN FOCUSED PORTFOLIO

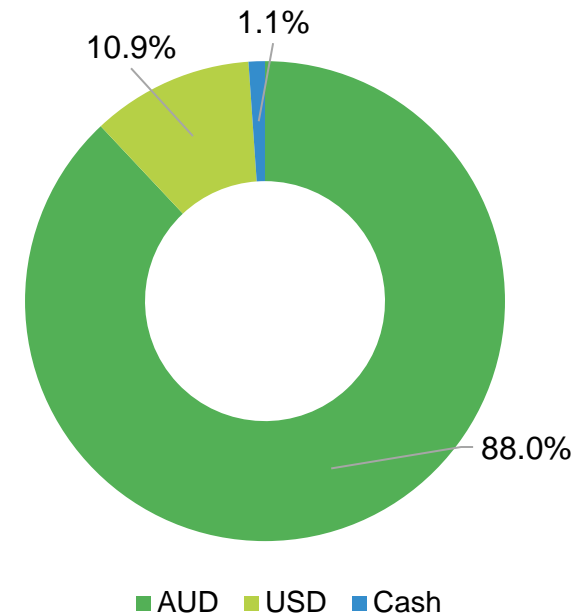
UNDERPINNED BY STRONG IN-DEPTH, BOTTOM UP RESEARCH

- We have a flexible investment strategy that allows investment in credit and fixed income assets diversified by asset type, credit quality, issuers and countries.
- However, our preference is to focus on Australian issuers which can be ASX-listed or unlisted.
- The assets in the PCI portfolio are predominantly issued by Australian issuers in AUD or foreign currencies. Assets can also be issued by offshore issuers in AUD or foreign currencies.
- We believe our local presence and ability to meet borrowers' management teams provides us with an advantage in assessing opportunities and managing credit risk for the portfolio.

Domicile of Issuer



Currency breakdown



As at 31 January 2021, foreign currency exposures were hedged to Australian dollar floating rate.

Source: Perpetual Investment Management Limited. Data is as at 31 January 2021. All figures are unaudited and approximate. Figures may not sum due to rounding.

PORTFOLIO COMPOSITION

OUR ACTIVE MANAGEMENT AIMS TO DELIVER A DIVERSIFIED PORTFOLIO

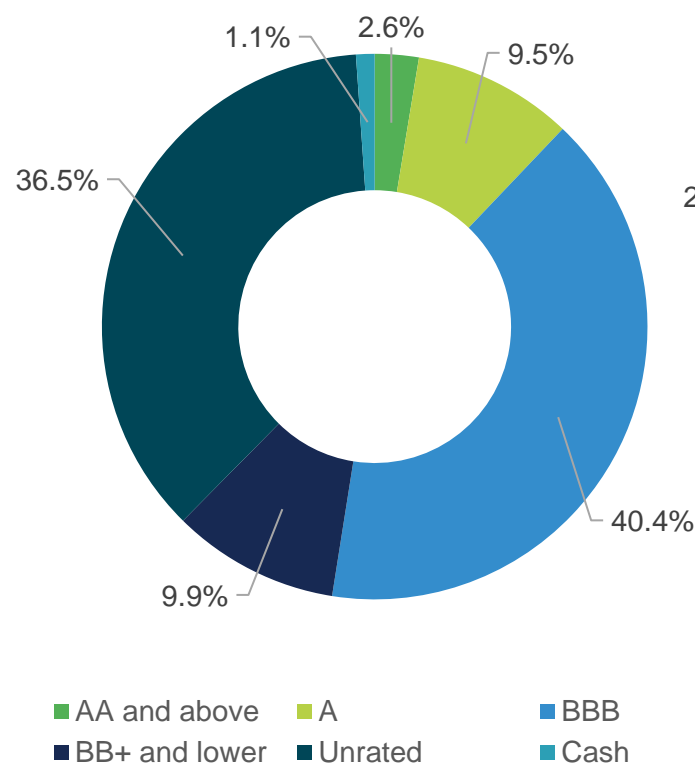
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Our active approach means our diversified portfolio of investments is continually assessed, and actively traded, in favour of credit and fixed income assets that will help deliver attractive risk-return outcomes for investors.

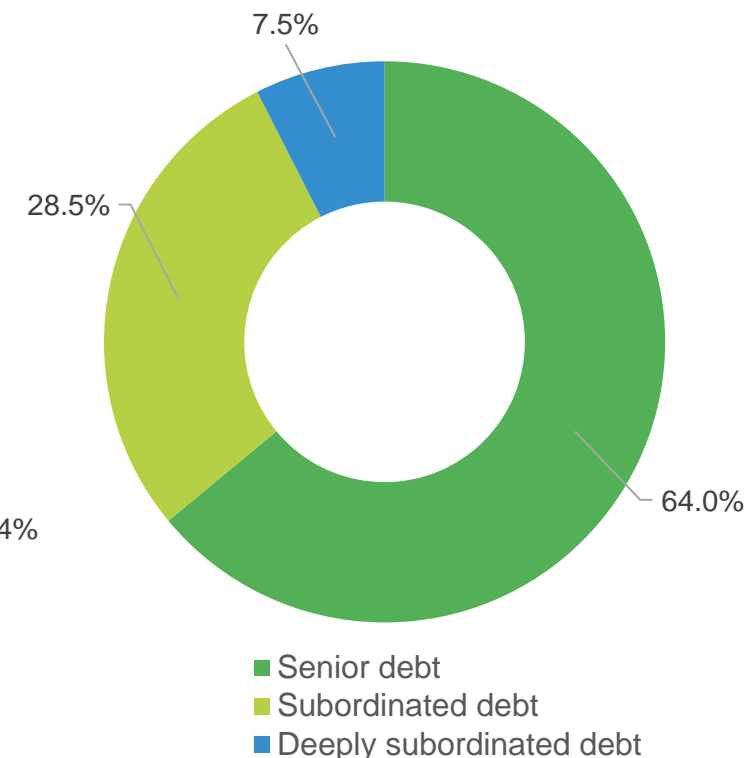
Allocations to investment grade assets are core to our portfolio. We only invest in high yield securities and private loans where we have high conviction.

- We mainly focus our investments in sub-investment grade and unrated corporate bonds and loans on senior positions in the capital structure.

Credit rating of assets



Seniority of assets



Source: Perpetual Investment Management Limited. Data is as at 31 January 2021. All figures are unaudited and approximate. Figures may not sum due to rounding.

¹An investment grade asset has a long term rating of BBB-/Baa3 to AAA/Aaa.

² A sub-investment grade asset has a rating below BBB-/Baa3 and includes unrated assets

PORTFOLIO COMPOSITION

OUR ACTIVE MANAGEMENT AIMS TO DELIVER A DIVERSIFIED PORTFOLIO

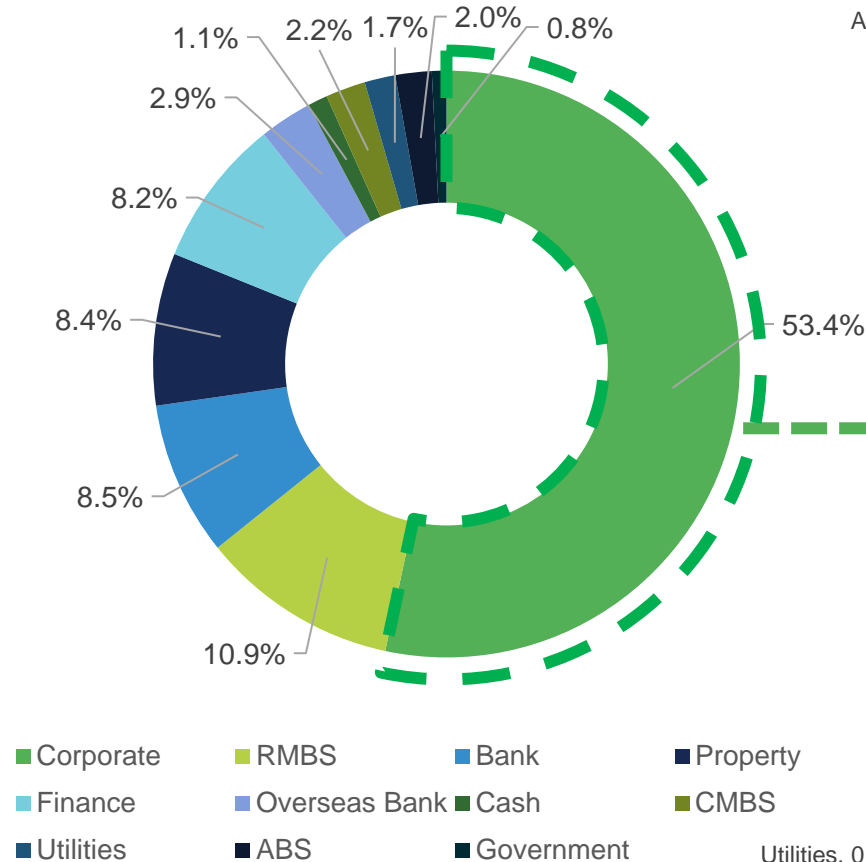
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Our fundamental research process is designed to identify attractive issuers and assets on a risk return basis.

For example, as part of our research we look for corporate issuers who have:

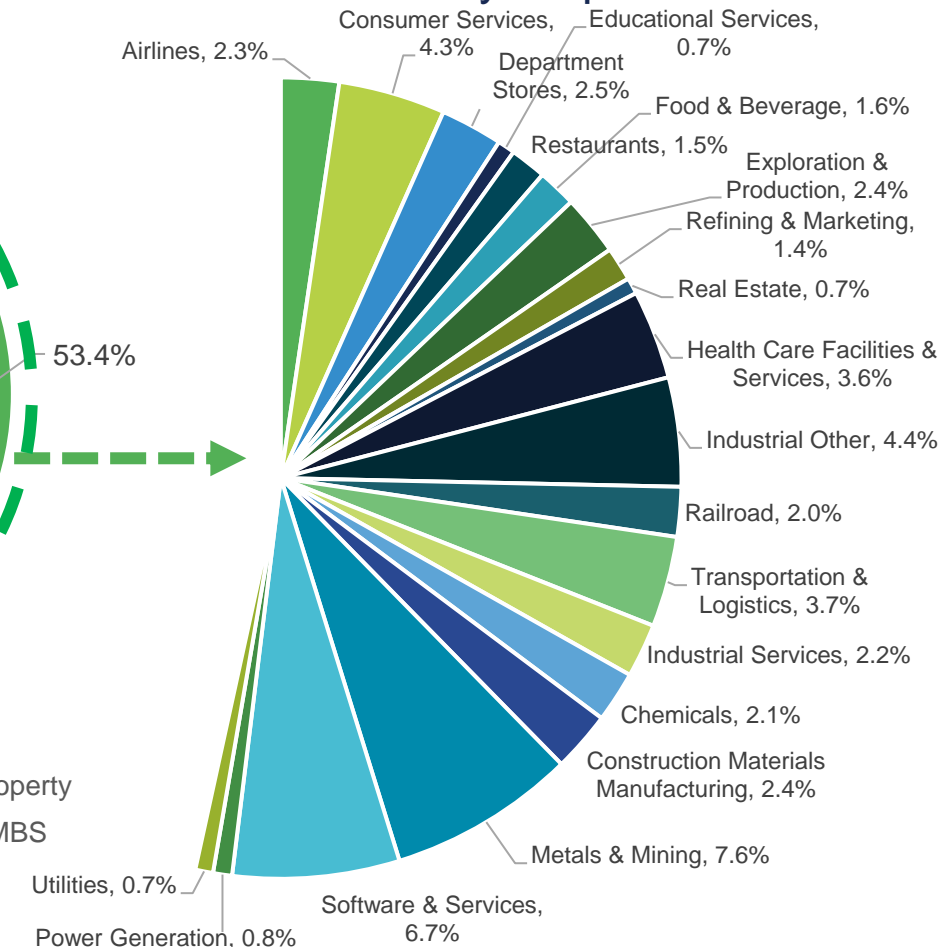
- A good balance sheet
- Predictable cash flows
- Hold a competitive market position
- Have a quality, capable management and governance structure; and
- Have low susceptibility to the potential impact of regulatory changes, political risk, litigation risk and other types of event risk

Sector allocation



Corporate RMBS Bank Property
Finance Overseas Bank Cash CMBS
Utilities ABS Government

Breakdown by corporate sector



Utilities, 0.7%
Power Generation, 0.8%
Software & Services, 6.7%
Metals & Mining, 7.6%
Construction Materials Manufacturing, 2.4%
Chemicals, 2.1%
Industrial Services, 2.2%
Transportation & Logistics, 3.7%
Railroad, 2.0%
Industrial Other, 4.4%
Health Care Facilities & Services, 3.6%
Real Estate, 0.7%
Refining & Marketing, 1.4%
Exploration & Production, 2.4%
Restaurants, 1.5%
Food & Beverage, 1.6%
Department Stores, 2.5%
Educational Services, 0.7%
Consumer Services, 4.3%
Airlines, 2.3%

Source: Perpetual Investment Management Limited.
Data is as at 31 January 2021. All figures are unaudited and approximate. Figures may not sum due to rounding.

Source: Bloomberg. Data is as at 31 January 2021.
All figures are unaudited and approximate. Figures may not sum due to rounding.

PORTFOLIO COMPOSITION

CREDIT QUALITY OF ASSETS

- An investment grade asset has a long term rating of BBB- to AAA for Standard & Poor's (S&P) and Fitch or Baa3 to Aaa for Moody's. The highest rating is AAA/Aaa which indicates that the issuer of the debt asset has extremely strong capacity to meet its financial commitment.
- A sub-investment grade asset has a rating below BBB- for S&P and Fitch or Baa3 for Moody's.
- Unrated securities are also becoming increasingly common and refer to assets issued by borrowers without an established credit rating from a rating agency such as S&P, Moody's Investor Services or Fitch.

A SELECTION OF ISSUERS IN THE PORTFOLIO

INVESTMENT GRADE



SUB INVESTMENT GRADE



UNRATED ASSETS



Types of assets include corporate bonds, private loans, asset backed securities (ABS), hybrid securities and convertibles.

PORTFOLIO UPDATE

CONTRIBUTORS TO PERFORMANCE

Understanding credit spreads

- Investment performance is generally attributed to the Manager's selection of assets for the portfolio and the movement of credit spreads.
- Credit spreads refer to the compensation or return provided for accepting credit risk, which is the risk that a borrower or counterparty does not meet its principal and/or interest payment obligations as they fall due.
- When credit spreads tighten, this indicates improving market conditions and/or a more positive view on the risk profile of borrowers. This means the value of an existing asset in the portfolio will increase. Vice versa when credit spreads widen.

Performance

- The PCI portfolio has returned 4.5%¹ over the 6 months to 31 January 2021 with credit spread tightening being the primary contributor to performance.
- 53.4% of the portfolio is allocated to the corporate sector and they have been the top contributors to performance. We continue to find good relative value opportunities in debt instruments issued by corporates.
- Within the corporate sector, the portfolio has benefited from exposures to energy following the recovery of the oil price.
- Residential mortgage backed securities (RMBS) have provided attractive and reliable sources of income for the portfolio.

Source: Perpetual Investment Management Limited, as at 31 January 2021

¹ 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 UPDATE

MARKET CONDITIONS PROVIDED THE ULTIMATE TEST OF RESILIENCE

During the COVID-19 led volatility:

- Investment grade (IG) assets dominated trading
 - This reflected the support from central banks towards IG credits as well as access to equity for many ASX listed issuers to strengthen their balance sheet.
- The high yield market was muted
 - High yield investors, including PCI, generally maintained their exposures and these assets proved resilient through the volatility.
 - Some loans were in sectors impacted by COVID-19-such as childcare and hospitality sectors. However, our view is that these issuers in the PCI portfolio have been well supported with access to capital and they have returned to positive cash flow earlier than anticipated.
- Since inception of PCI in May 2019:
 - No issuers (i.e. borrowers) in the portfolio have had an impairment. Impairments arise when there is sufficient uncertainty about the ability of the borrower to pay, in full or part, the notional amount of the loan.
 - We have not experienced, nor do we expect, any default from borrowers in the portfolio.
 - There has been no delayed or non-payment of interest by borrowers.

PORTFOLIO UPDATE

OUTLOOK

- The Investment Team have a proprietary credit scoring process that assesses the factors that are likely to cause changes in the outlook of credit markets. Typical ranges for a credit score are from -4 to +4.
 - As at 31 January 2021, our credit score was +4 which indicates a positive outlook over the short to medium term.
 - This follows strong momentum in markets as a result of government intervention and economic support.
 - As such, we are confident with the investments in the portfolio and how it is performing given its short maturity (portfolio average weighted life 4.5 years and short interest rate duration 36 days).
- We believe the portfolio is well positioned to take advantage of the good relative opportunities in credit markets. More specifically, we have increased allocation to high yield assets (loans, RMBS or other assets) over the last few months particularly in Australia. We believe this will continue to provide attractive sources of income which will support a healthy running yield.
- We have observed merger and acquisition activity in the private equity sector which we expect may lead to an increased demand for borrowing. This creates the potential for new issuance which may generate attractive returns for the portfolio.

PCI – ASX UNIT PRICE TO NET TANGIBLE ASSETS (NTA)



- Market conditions provided the ultimate test of resilience for the PCI portfolio since listing on the ASX in 2019.
- Prior to the COVID-led market volatility, PCI was trading at an average premium to NTA of 2.8%.
- As at 31 January 2021, PCI was trading at discount to NTA of -3.5%.

PCI'S INCOME FOCUS

MAY BE ATTRACTIVE PARTICULARLY AS INVESTORS SEARCH FOR YIELD IN A LOW INTEREST RATE ENVIRONMENT

- PCI continues to meet its investment objective of providing investors with monthly income by investing in a diversified pool of credit and fixed income assets.
- The table below¹ shows the distribution in cents per unit paid each month in the respective financial year.
- The annual distribution return is 3.5%¹. This is in line with PCI's target return of RBA Cash Rate + 3.25% (net of fees) through the economic cycle².

AS AT 31 JANUARY 2021	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	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	0.30						2.12

Source: Perpetual Investment Management Limited. Data is as at 31 January 2021

¹ 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.

² This is a target only and may not be achieved.

INVESTMENT PORTFOLIO PERFORMANCE

AS AT 31 JANUARY 2021

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	1 MTH	3 MTHS	6 MTHS	1 YR	3 YRS P.A.	5 YRS P.A.	SINCE INCEP P.A.
PCI Investment Portfolio ¹ Returns net of operating expenses	0.5%	2.8%	4.5%	3.0%	-	-	3.4%
RBA Cash Rate	0.0%	0.0%	0.0%	0.2%	-	-	0.6%
Excess Returns	0.5%	2.8%	4.5%	2.8%	-	-	2.9%
Distribution Return	0.3%	0.8%	1.7%	3.5%	-	-	3.5%

¹Investment 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.

THE CASE FOR HIGH YIELD

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INVESTMENT IN HIGH YIELD AND LOANS

DESIGNED TO PROVIDE ATTRACTIVE RETURNS WITH WELL MANAGED RISKS

- Investment in high yield (unrated or sub-investment grade assets) provides a point of differentiation for PCI's investment strategy as these assets typically pay higher coupons than investment grade assets and can be a valuable source of income.
- These types of assets are typically issued to wholesale or institutional markets and are challenging for retail investors to access.
- Many Australian companies (listed or unlisted) choose to be unrated, but that does not necessarily mean they are not quality companies. For example, they may be market leaders in their respective field in Australia but may not be considered as large as their US or European counterparts.
- We believe the key to investing in unrated or sub-investment grade assets is to have strong research
 - Our Investment Team will meet with arrangers, advisers and borrowers and undertake independent, extensive and analytical research.
 - On the private loan side, we have access to extensive due diligence reports, and much more information than what is usually available to public investors on comparable assets.
 - Access to the sector knowledge of our Equity Investments Team and their extensive network also provides an advantage.
 - We do not invest in an asset unless we have high conviction.

INVESTMENT IN HIGH YIELD AND LOANS

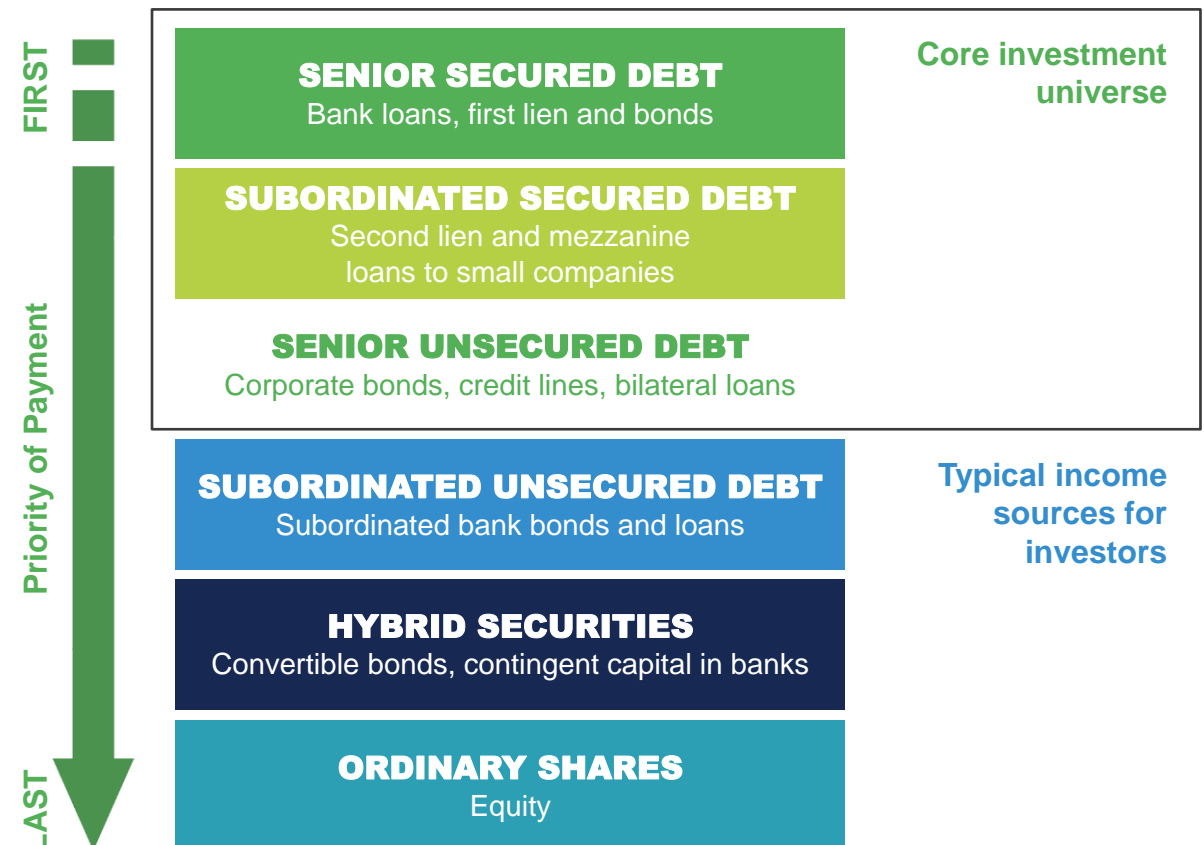
FOCUS ON THE CAPITAL STRUCTURE

Why is the capital structure important?

- We mainly focus our investments in sub-investment grade and unrated corporate bonds and loans on senior positions in the capital structure.
- These senior positions rank higher in priority (in the event a company is wound up) which means the invested capital should be repaid before capital is returned to investors in subordinated, hybrid securities or shares.
- By investing in senior positions of the capital structure, high yield investments aim to provide attractive and reliable income and low capital volatility.

Typical capital structure of a company

Below illustrates how payments in the capital structure are prioritised.



INVESTMENT IN HIGH YIELD AND LOANS

UNDERTAKING AN EXTENSIVE DUE DILIGENCE PROCESS WHICH AIMS TO SCREEN ISSUERS AND IDENTIFY THE MOST ATTRACTIVE ASSETS

Legal documentation review

Loan documentation is not standard. It is key to understand Lenders' rights and enforceability to make sure the risk is properly understood and priced

Board and management review

Ensuring quality, capable management and governance structure. Establishing an ongoing dialogue with management.

Valuation of business (including distressed valuation)

Looking for companies that we believe have resilient asset values to cover the amount of the debt we propose to hold.



Capital structure review

For example, senior secured or unsecured debt or subordinated secured or unsecured debt

In-depth financial analysis and modelling

Analysing the strength of the company's balance sheet, valuable assets and predictable cash flows

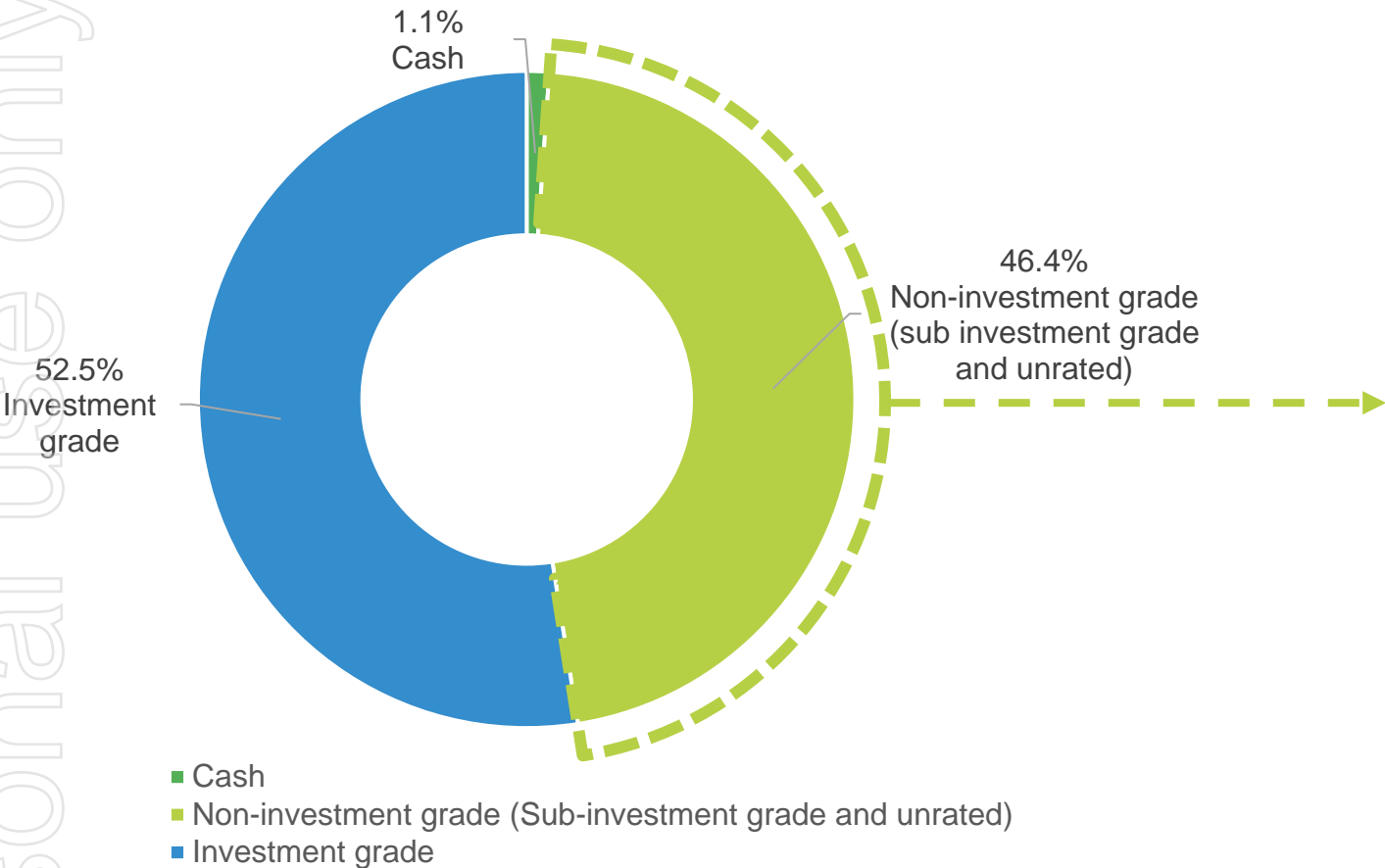
Understanding of market position and sector trends

Identifying companies who we consider hold a competitive market position and have low susceptibility to the potential impact of regulatory changes, political risk, litigation risk and other types of event risk

HIGH YIELD PORTFOLIO COMPOSITION

DIVERSIFICATION ACROSS CREDIT QUALITY AND SECTORS

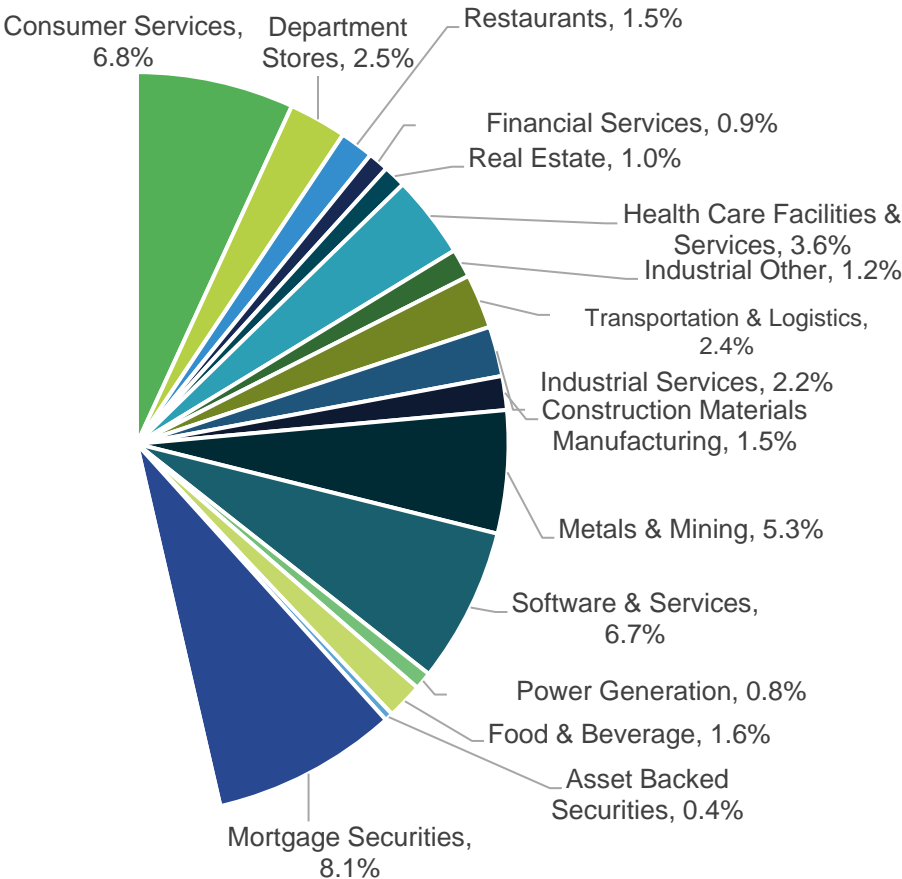
Credit rating of assets



Source: Perpetual Investment Management Limited. Data is as at 31 January 2021. All figures are unaudited and approximate. Figures may not sum due to rounding.

²¹ | ¹An investment grade asset has a long term rating of BBB-/Baa3 to AAA/Aaa.
² A sub-investment grade asset has a rating below BBB-/Baa3 and includes unrated assets

Breakdown of sub investment grade and unrated assets by sector



Source: Bloomberg. Data is as at 31 January 2021. All figures are unaudited and approximate. Figures may not sum due to rounding.

INVESTMENT IN HIGH YIELD

EXAMPLES OF SUB-INVESTMENT GRADE ASSETS



Issuer:	Australian Technology Innovators Pty Limited, the parent holding company of InfoTrack and Leap Legal Software <ul style="list-style-type: none"> Both are leading technology innovators in legal management software Both unlisted
Sector:	Corporate – software & services
Type:	Loan (floating rate)
Credit quality	Sub-investment grade Rated B1 by Moody's
Seniority	Senior secured
Country:	Issuer incorporated in Australia Asset denominated in AUD

Issuer:	Mineral Resources Limited <ul style="list-style-type: none"> Leading diversified mining services company Listed ASX: MIN
Sector:	Corporate – metals and mining
Type:	Fixed rate bond
Credit quality	Sub-investment grade Rated Ba3 by Moody's and B+ by S&P
Seniority	Senior unsecured
Country:	Issuer incorporated in Australia Asset denominated in USD

INVESTMENT IN HIGH YIELD

EXAMPLES OF UNRATED ASSETS

Centuria

Issuer:	Centuria Capital No.2 Fund <ul style="list-style-type: none"> Wholly owned subsidiary of Centuria Capital Group (ASX: CNI). Specialist investment manager centred around property funds and investment bonds.
Sector:	Property
Type:	Fixed rate bonds and Floating Rate Notes
Credit quality	Unrated
Seniority	Senior secured
Country:	Issuer incorporated in Australia Asset denominated in AUD



citadel group
MANAGING COMPLEXITY

Issuer:	The Citadel Group <ul style="list-style-type: none"> Enterprise software and services company Unlisted
Sector:	Corporate – software & services
Type:	Loan (floating rate)
Credit quality	Unrated
Seniority	Senior secured
Country:	Issuer incorporated in Australia Asset denominated in USD

INVESTMENT IN HIGH YIELD PERPETUAL LOAN FUND

- PCI will invest in loans directly, or indirectly through its investment in the Perpetual Loan Fund, to gain exposure to corporate loan investments. Under PCI's investment strategy, the maximum exposure to the Perpetual Loan Fund is 70% of the portfolio.
- The Perpetual Loan Fund facilitates the administration of loan assets in a more efficient manner. In particular, this allows the Investment Team to deal in larger loan sizes and also means that borrowers are only required to face one counterparty (as opposed to separate loan documentation – where a loan may be held by other credit/fixed income funds managed by Perpetual).
- As at 31 January 2021:
 - The Perpetual Loan Fund comprised 27% of the PCI portfolio
 - Perpetual Loan Fund comprises of 15 loans that have terms of between 1 and 6 years
 - All loans are floating rate and denominated in AUD
- The increase in allocation from 20% in July 2020 to 27% in January 2021 to the Perpetual Loan Fund reflects:
 - The continued ramp-up of PCI investments since inception
 - Market volatility in 2020 presenting opportunities in the high yield market which we found attractive from a relative value and income perspective.
- All loans have been positive contributors to the portfolio's performance over the last 6 months and form a key component to the portfolio's target construction.

ASSET VALUATION

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ASSET VALUATION

- The full value of assets in the PCI portfolio is reflected in the estimated Net Tangible Asset (NTA) statement released to the ASX daily, providing investors with transparency as to the portfolio value.
- The majority of the assets in the portfolio, including bonds and floating rate notes, are tradeable securities which are priced daily.
- Where available, loan assets are valued by an external provider independent of Perpetual. As the Australian loan market is relatively small compared to global markets, external market pricing is not available for all loans.
- Where external pricing is not available, loan valuations are considered by the Perpetual Loan Valuation Committee (LVC) and valued at fair value. This means if there is a market price dislocation, as we observed in 2020 with the pandemic, the fair value changes.
 - These loans may be held directly by PCI or indirectly through its investment in the Perpetual Loan Fund and are valued monthly or more frequently if required.

ASSET VALUATION

GENERAL APPROACH OF THE LOAN VALUATION COMMITTEE (LVC)

- Where external pricing is not available, loans are valued at fair value by the LVC having considered the current economic conditions, recent movements in corporate credit spreads and the risk of credit impairment.
- Impairments arise when there is sufficient uncertainty about the ability of the borrower to pay, in full or part, the notional amount of the loan.
- Considerations by the LVC include but are not limited to:
 - Relevant industry standards and guidance, including, Generally Accepted Accounting Principles.
 - Market analysis such as credit spreads of similar loans being issued or traded in Australia, issuance of similar loans by similar issuers in the US or credit spreads of similar risk profile instruments.
 - Information relating to the performance of the loans.
- Loans valued by the LVC are considered at least monthly and the LVC can be called at any time to change valuation.

OUR VALUATION PROCESS IN ACTION

REVISIONS IN 2020 DURING COVID-19 LED MARKET VOLATILITY

- In April 2020, Perpetual's LVC reviewed all valuations across the loan book to consider any revisions following COVID-led volatility.
 - This resulted in the fair value of certain private loan assets being revised downward. The price of these loans were driven by recent movements in corporate credit spreads and the risk of credit impairment in the context of current economic conditions.
 - The downward revisions impacted PCI's NTA by approximately 1%. This was reflected in the daily NTA announcement to ASX, and in PCI's performance for the month.
- The months that followed saw the fair value of private loan assets being revised in line with our analysis of market conditions and borrowers' performance.

Loan valuations in the Perpetual Loan Fund from January 2020 to January 2021



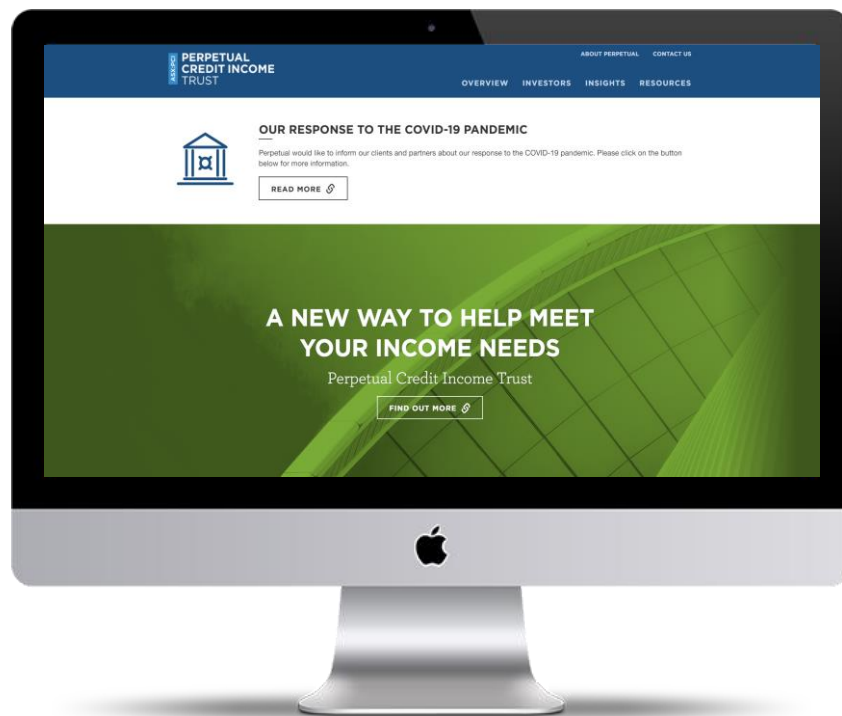
SUMMARY

- PCI's investment objective is to provide monthly income and we have been delivering on this objective since inception.
- The PCI portfolio has returned 4.5%¹ over the 6 months to 31 January 2021 and has adapted well across changing market conditions. This includes its resilience over the COVID-19 led volatility and being well positioned to take advantage of the good relative value opportunities we are seeing in the short to medium term as the outlook for credit and fixed income markets improves.
- Our increase in allocation towards high yield assets are expected to generate attractive returns for the portfolio which will support a healthy running yield. This complements our allocation to investment grade assets which provides a well diversified portfolio in respect of both the number and broad spectrum of credit and fixed income assets included in the portfolio.
- The full value of the portfolio's assets is reflected in the estimated NTA published daily to the ASX and our website.

CONTINUING TO KEEP INVESTORS INFORMED

AVAILABLE ON THE COMPANY WEBSITE

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