Perpetual Credit Income Trust

ARSN 626 053 496

Annual Report
For the year ended
30 June 2023

Perpetual

Perpetual Credit Income Trust
Appendix 4E
For the year ended 30 June 2023

Final report

This final report is for the year ended 30 June 2023. The previous corresponding year ended was 30 June 2022.

The Directors of Perpetual Trust Services Limited, the Responsible Entity of the Perpetual Credit Income Trust (the Trust) announce the audited results of the Trust for the year ended 30 June 2023 as follows:

Results for announcement to the market

	Year ended			
	30 June 2023	30 June 2022	Increase/ (decrease)	
	$'000	$'000	$'000	%
Net assets attributable to unitholders	**434,381**	431,518	2,863	0.66
Total investment income/(loss)	**34,348**	7,064	27,284	386.24
Profit/(loss) for the year	**30,375**	3,215	27,160	844.79

Brief explanation of results

The profit for the year of $30,375,000 represented a large increase from the $3,215,000 profit in the prior year. The increase in investment income and profit were a function of the improvement in the net positive portfolio performance of the Trust compared to the year ended 30 June 2022. Net portfolio performance for the year of 7.1% was substantially higher to the 0.7% return for the previous year.

As of 30 June 2023, the net assets of the Trust were $434,381,000, a 0.66% increase from the balance as at 30 June 2022.

Distributions information

The distributions for the year were as follows:

Year ended	Cents per unit	Total amount $'000
30 June 2023	**6.9025**	**27,675**
30 June 2022	4.3762	17,533

Subsequent to the year end, on 25 July 2023, the Responsible Entity announced a distribution of 0.6738 cents per ordinary unit which amounted to $2,701,847 and was paid on 8 August 2023.

Distribution Reinvestment Plan

The Responsible Entity has established a Distribution Reinvestment Plan (DRP). The Responsible Entity expects to make distributions on a monthly basis. For such distributions, the record date is generally the last ASX trading day of each month and the last day for electing into the DRP will be 5.00pm (Sydney time) on the first ASX trading day after the record date.

Units under the DRP are issued at the net asset value of a unit as determined in accordance with the Trust's Constitution on the record date.

On 25 October 2022, the Responsible Enity announced that the DRP would be suspended until further notice.

Net Tangible Assets

	As at	
	30 June 2023	30 June 2022
	$	$
Net Tangible Assets per unit	**1.082**	1.077

Control gained or lost over entities during the year

Name of entity	Date of gain of control	Contribution to profit ($'000)
Perpetual Securitised Credit Fund	9 December 2022	756

Details of associates and joint venture entities

The Trust did not have any interest in associates and joint venture entities during the year.

Other information

The Trust is not a foreign entity.

Independent audit report

This Appendix 4E is based on the financial statements which has been audited by the Trust's auditor, KPMG.

Additional disclosure requirements can be found in the notes to the Trust's financial statements for the year ended 30 June 2023.

Contents

These financial statements cover Perpetual Credit Income Trust as an individual entity.

The Responsible Entity of Perpetual Credit Income Trust is Perpetual Trust Services Limited (ABN 48 000 142 049) (AFSL 236 648). The Responsible Entity's registered office is Level 18 Angel Place, 123 Pitt Street, Sydney, NSW 2000.

Directors' report

Perpetual Trust Services Limited (ABN 48 000 142 049, AFSL 236 648) is the Responsible Entity of Perpetual Credit Income Trust (the Trust). The directors of the Responsible Entity (the "Directors") present their report together with the financial statements of the Trust for the year ended 30 June 2023 and the auditor's report thereon.

Principal activities

The Trust is a registered managed investment scheme domiciled in Australia.

The investment objective of the Trust is to provide investors with monthly income by investing in a diversified pool of credit and fixed income assets in accordance with the Product Disclosure Statement and the provisions of the Trust's Constitution.

The Trust was constituted on 9 May 2018 and commenced operations on 8 May 2019. The Trust is currently listed on the Australian Securities Exchange (ASX) under the ASX code PCI.

The Trust did not have any employees during the year.

There were no significant changes in the nature of the Trust's activities during the year.

Directors

The Directors of Perpetual Trust Services Limited during the year and up to the date of this report are shown below. The Directors were in office for this entire year except where stated otherwise.

Glenn Foster	
Phillip Blackmore	
Richard McCarthy	
Vicki Riggio	Alternate Director for Phillip Blackmore

Units on issue

Units on issue in the Trust at the end of the year are set out below:

	As at	
	30 June 2023	30 June 2022
	Units	Units
Units on issue	**400,967,882**	400,816,133

Review and results of operations

During the year, the Trust invested in accordance with the investment objective and guidelines as set out in the governing documents of the Trust and in accordance with the provisions of the Trust's Constitution.

Directors' report (continued)

Results

The performance of the Trust, as represented by the results of its operations, was as follows:

	Year ended	
	30 June 2023	30 June 2022
Profit/(loss) ($'000)	**30,375**	3,215
Distributions paid and payable ($'000)	**27,675**	17,533
Distributions (cents per unit)	**6.9025**	4.3762

Financial position

As at 30 June 2023, the Trust's total assets amounted to $440,503,000 (30 June 2022: $439,154,000).

Net Tangible Assets (NTA) per unit as disclosed to the ASX were as follows:

	As at	
	30 June 2023	30 June 2022
	$	$
At reporting period*	**1.092**	1.082
High during period	**1.092**	1.115
Low during period	**1.074**	1.077

* The above NTA per unit was the cum-price which includes 0.97 cents per unit distribution (2022: 0.49 cents per unit).

As at 30 June 2023, the Trust's NTA were $1.082 per unit. The slight increase of 0.46% compared to the NTA of $1.077 per unit as at 30 June 2022 was due to credit spread dynamics contributing to return and increasing the value of underlying assets. However, the Trust's income return was the most significant contributor of performance over the year to 30 June 2023, as a result of increases of the target cash rate by the Reserve Bank of Australia and the Trust benefiting from increased income received from underlying assets.

The Trust continued to deliver to its investment objective of providing monthly income to investors and paid distributions totalling 6.9025 cents per unit during the year.

The Investment Manager continues to follow a robust, active and risk-aware approach to invest in a diversified and actively managed portfolio of quality credit and fixed income assets. This involves top-down market screening of the credit environment and extensive bottom-up fundamental research to develop a list of approved issuers.

Further information on the operating and financial performance of the Trust is contained in the Investment Manager's section of the annual report.

Significant changes in state of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Trust that occurred during the financial year.

Directors' report (continued)

Matters subsequent to the end of the financial year

On 25 July 2023, the Responsible Entity announced a distribution of 0.6738 cents per ordinary unit which amounted to $2,701,847 and was paid on 8 August 2023.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect:

(i) the operations of the Trust in future financial years; or
(ii) the results of those operations in future financial years; or
(iii) the state of affairs of the Trust in future financial years.

Likely developments and expected results of operations

The Trust will continue to be managed in accordance with the investment objective and guidelines as set out in the governing documents of the Trust and in accordance with the provisions of the Trust's Constitution.

The results of the Trust's operations will be affected by a number of factors, including the performance of investment market in which the Trust invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

Indemnity and insurance of officers and auditors

No insurance premiums are paid for out of the assets of the Trust in regards to insurance cover provided to either the officers of the Responsible Entity or the auditor of the Trust. So long as the officers of the Responsible Entity act in accordance with the Trust's Constitution and the *Corporations Act 2001*, the officers remain indemnified out of the assets of the Trust against losses incurred while acting on behalf of the Trust. The auditor of the Trust is in no way indemnified out of the assets of the Trust.

Fees paid to and interests held in the Trust by the Responsible Entity or its related parties

Fees paid to the Responsible Entity and its related parties out of Trust's property during the year are disclosed in note 15 to the financial statements.

No fees were paid out of Trust's property to the Directors of the Responsible Entity during the year.

The number of units in the Trust held by the Responsible Entity or its related parties as at the end of the financial year are disclosed in note 15 to the financial statements.

Units in the Trust

The movement in units on issue in the Trust during the year is disclosed in note 7 to the financial statements.

The value of the Trust's assets and liabilities is disclosed in the statement of financial position and derived using the basis set out in note 2 to the financial statements.

Environmental regulation

The operations of the Trust are not subject to any particular or significant environmental regulations under Commonwealth, State or Territory law.

Rounding of amounts to the nearest thousand dollars

The Trust is an entity of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* issued by the Australian Securities and Investments Commission (ASIC) relating to the "rounding off" of amounts in the Directors' report. Amounts in the Directors' report have been rounded to the nearest thousand dollars in accordance with *ASIC Corporations Instrument*, unless otherwise indicated.

Directors' report (continued)

Lead auditor's independence declaration

A copy of the lead Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 15.

This report is made in accordance with a resolution of the Directors of Perpetual Trust Services Limited.

Director

Sydney
21 August 2023

Investment Manager's report

Dear Investors,

During Financial Year 2023 (FY23), the Perpetual Credit Income Trust (Trust; PCI) marked its 4-year anniversary on the ASX and has continued to deliver to its investment objective of providing investors with monthly income by investing in a diversified pool of credit and fixed income assets. In FY23, investors were paid 6.90 cents per unit[1] and since inception, the Trust has paid out $77.1 million in distributions or 19.26 cents per unit.

Market overview

Fixed income markets continued to face challenging conditions in FY23 as rising interest rates, persistent elevated inflation and rising recession risks manifested in bond yield volatility. Traditional fixed rate bond strategies recovered slightly in 2023 after their worst calendar year on record but continued to exhibit elevated volatility as markets struggled to anticipate the path of central bank monetary policy tightening.

By contrast, floating rate credit strategies (such as PCI) were well insulated from elevated yield volatility and benefitted from rising interest rates which resulted in higher income for our investors from floating rate coupons. Credit spreads provided a healthy yield premium throughout FY23 as spreads remained wide relative to historical levels.

FY23 also was notable for an elevated number of event driven relative value opportunities throughout the year where spiking volatility or dramatic shifts in yields or credit spreads created a happy hunting ground for active managers. These included UK pension funds liquidating assets as bond yields spiked following the disastrous Truss government mini budget in September 2022, APRA clarifying their guidelines on callable bonds in November 2022, and most recently sharp selloffs in credit (most notably bank hybrids) following the collapses of Silicon Valley Bank and Credit Suisse in March 2023. We aim to construct a portfolio with defensive properties that mitigate the downside of tail risks events such as these, while being able to take advantage of the relative value opportunities left in their wake.

Trust performance

Over the 12 months to 30 June 2023, the Trust's portfolio returned 7.1%[2].

Income return was the single most significant contributor to performance over the past 12 months. The most aggressive monetary policy tightening cycle I've seen has provided a strong tailwind for the Trust's running income as a result of its exposure to floating rate assets. The running yield[3] on the Trust's assets increased substantially over the period from 4.7% in June 2022 to 7.6% in June 2023. The Trust's running yield also continues to offer a robust buffer against ongoing volatility in credit and bond markets.

The Trust's income was primarily generated by coupon payments and interest income from investments in loans provided to non-financial corporates. Residential Mortgage-Backed Securities (RMBS), Domestic Banks and Real Estate Investment Trusts also contributed to the Trust's income return.

Credit spread dynamics contributed to return over the year. Credit spreads represent the yield premium paid to bondholders for taking on credit risk and narrowing credit spreads increase the value of the Trust's assets. Credit spreads remained wide of historical levels through FY23, consolidating after a significant selloff observed in FY22. The most significant contributing sectors to spread return were non-financial corporates and domestic banks while RMBS exposure detracted marginally as spreads widened reflecting elevated securitisation volumes. The Trust's US dollar denominated exposures performed well as USD spreads narrowed throughout FY23. Note that while the Trust has a capacity to invest in foreign denominated bonds, exposures are fully hedged back to Australian Dollars.

1 Rounded to two decimal places.
2 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.
3 For the Trust, the running yield is based on NTA and represents the anticipated return on the underlying securities if it is held to maturity assuming nothing else changes.

Investment philosophy and process

At Perpetual, we believe the key to investing in credit and fixed income assets is constructing, and actively managing, a well-diversified portfolio of quality assets. Through the Trust's flexible investment strategy diversification can be achieved across asset type, credit quality, maturity, country and issuer. At least 30% of the portfolio must be held in investment grade assets[4] and the Trust has a maximum allocation of 70% to high yield assets (sub-investment grade and unrated assets[5]). We believe this provides the opportunity to generate higher returns for the portfolio while complementing the allocation to investment grade assets.

Our team follows a robust, active and risk-aware approach to investing in credit and fixed income assets. This involves top-down market screening of the credit environment and extensive bottom-up fundamental research to develop a list of approved issuers. Our research seeks to identify attractive issuers who we consider have:

- A good balance sheet and 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.

For unrated or sub-investment grade assets, we undertake a more extensive due diligence process, which includes meetings with arrangers and borrowers. We mainly focus on high yield assets that have senior loan positions in the capital structure. We will not invest unless we have high conviction.

While the Trust has the flexibility to invest globally, our preference generally is to focus on Australian issuers which can be listed or unlisted and denominated in AUD or foreign currencies. We believe our local presence and ability to meet borrowers and their management team provide an advantage in assessing opportunities and managing credit risk for the portfolio.

Our investment process aims to find the most attractive segments of the market and to ensure that adequate compensation is provided for investments. We actively manage risk via our thorough investment process and by diversifying the portfolio across industry sectors, maturities and credit rating bands.

Portfolio composition

The Trust portfolio is predominantly floating rate, with near zero duration (resulting in very low susceptibility to changes in interest rates) and relatively short weighted average life (reducing the sensitivity to movements in credit spreads). These characteristics are crucial in the current environment as they minimise duration risk, benefit from rising and persistently elevated interest rates (through higher coupons) while managing and mitigating credit risks.

Over the year, the Trust portfolio selectively added risk reflecting the improving outlook for credit spreads (while remaining challenging) and the attractive relative value of new issues. The Trust's weighted average life was lengthened, ending FY23 just under 3-years which – while representing an uplift from June 2022 – remains relatively conservative. The Trust's credit rating exposures are also relatively conservative with 44.1% of the portfolio invested in investment grade assets and cash at the end of FY23. The Trust added to BBB and BB rated exposure over the year, taking advantage of relative value on offer at the nexus of investment grade and high yield.

When it comes to positioning, we believe diversification is incredibly important. As at 30 June 2023, the Trust's portfolio held 126 assets across 87 issuers[6]. Investments include corporate bonds, floating rate notes, securitised assets and private debt (for example, corporate loans). Diversification is not simply about having a large number of issuers or different types of credit quality. We also spread the risk in the portfolio across a variety of sectors, industries, and asset types such as government bonds, RMBS/ABS, and corporate loans.

In terms of what we look for in the portfolio, the borrowers are typically large corporates with a strong market position, strong barriers to entry to protect their market share from new entrants and high recurring revenues that are resilient to economic downturns.

In contrast, we have very little exposure to companies that have exposure to discretionary spending. We also have no exposure to property development, which is more dependent on economic cycles, and we're mindful that many investors are already heavily weighted to the property sector with their own direct investments.

4 Investment grade assets are those where the issuer is in the rating bands BBB to AAA, as rated by an independent agency.
5 A sub-investment grade asset has a rating below BBB-/Baa3 and includes unrated assets.
6 Number of holdings and number of issuers reported on a full look through basis (excluding derivatives).

Changes to the Trust in FY23

The Trust may obtain its exposure to corporate loans and securitised assets indirectly by investing in the Perpetual Loan Fund and the Perpetual Securitised Credit Fund.

In November 2022, the Trust announced an amendment to its investment strategy to allow it to invest in the Perpetual Securitised Credit Fund (SCF) to gain indirect exposure to securitised assets. The establishment of SCF creates operational efficiencies in dealing with securitised assets and provides prospect for greater access to deal flow by utilising the purchasing power and expertise of Perpetual's broader credit and fixed income team. The Portfolio Manager of the SCF is Senior Portfolio Manager Thomas Choi who has worked with the Credit and Fixed Income team since 2010, where his focus has been on securitised and structured assets and the management of investment grade and enhanced cash strategies.

In April 2023, Michael Murphy was appointed as Portfolio Manager of the Perpetual Loan Fund. Michael is primarily responsible for sourcing and assessing investments in the high yield space. As at 30 June 2023, the Perpetual Loan Fund comprised 45.7% of PCI.

Outlook

Ongoing uncertainty around the outlook and the path of monetary policy tightening continue to provide a challenging environment for investors. We believe that diversified actively managed credit plays a crucial role in investor portfolios. The Perpetual Credit Income Trust offers a source of regular income offering an attractive running yield by prudently and selectively taking on credit risk while minimising interest rate risk.

The Perpetual Credit and Fixed Income Investment Team has a proprietary credit scoring process that examines valuation, macroeconomic factors, supply and demand alongside technical indicators to quantitatively assess the outlook for credit markets. As of 30 June 2023, our view is that the outlook for credit markets is marginally negative, indicating a challenging environment for credit spreads.

While risks are elevated, there are also a number of promising corollaries to the most aggressive tightening of financial conditions in decades. Most notably for credit focused and floating rate strategies, rising interest rates fuel increases in the coupons paid on floating rate assets, improving the income generated for investors. At the same time, higher rates and tightening financial conditions means quality issuers come to market offering more attractive yields to take on their debt. These are the conditions where prudent active management can set up portfolios for success. We have been selective in what new issues to add to the Trust portfolio, especially in the high yield and private loan space over the last 12-months but expect to be increasingly active in the coming financial year. While we expect to see more attractive opportunities, recession risks, earnings and credit downgrades mean that prudent management of credit, capital structure and sector risks remains crucial.

We believe the Trust is well positioned to continue providing a stable source of regular income while weathering the challenging conditions presented by the macroeconomic outlook.

Thank you for your continued support and we look forward to providing you with further updates on the Trust's investments over the coming year.

Michael Korber

Managing Director, Credit and Fixed Income
Portfolio Manager, Perpetual Credit Income Trust

Corporate governance statement

Background

Perpetual Trust Services Limited (PTSL) (**Responsible Entity**) is the responsible entity for the Perpetual Credit Income Trust (ASX:PCI) (**Trust**), a registered managed investment scheme that is listed on the Australian Securities Exchange (**ASX**).

The Responsible Entity is a wholly owned subsidiary of Perpetual Limited (ASX: PPT) (**Perpetual**).

The Responsible Entity is reliant on Perpetual for access to adequate resources including directors, management, staff, functional support (such as company secretarial, responsible managers, legal, compliance, risk and finance) and financial resources. As at the date of this Corporate Governance Statement, Perpetual has at all times made such resources available to the Responsible Entity.

In operating the Trust, the Responsible Entity's overarching principle is to always act in good faith and in the best interests of the Trust's unitholders, in accordance with its fiduciary duty. The Responsible Entity's duties and obligations in relation to the Trust principally arise from: the Constitution of the Trust; the Compliance Plan for the Trust; the Corporations Act 2001 (**Act**); the ASX Listing Rules; the Responsible Entity's Australian Financial Services Licence; relevant regulatory guidance; relevant contractual arrangements; and other applicable laws and regulations.

Corporate governance

At Perpetual, good corporate governance includes a genuine commitment to the ASX Corporate Governance Council Corporate Governance Principles and Recommendations (4th Edition) (**Principles**).

The directors of the Responsible Entity are committed to implementing high standards of corporate governance in operating the Trust and, to the extent applicable to registered managed investment schemes, are guided by the values and principles set out in Perpetual Limited's Corporate Governance Statement and lodged with the ASX each year. The Responsible Entity is pleased to advise that, to the extent the Principles are applicable to registered managed investment schemes, its practices are largely consistent with the Principles.

As a leading responsible entity, the Responsible Entity operates a number of registered managed investment schemes (**Schemes**). The Schemes include the Trust as well as other schemes that are listed on the ASX.

The Responsible Entity's approach in relation to corporate governance in operating the Trust is consistent with its approach in relation to the Schemes generally.

The Responsible Entity addresses each of the Principles that are applicable to externally managed listed entities in relation to the Schemes, including the Trust, as at the date of this Corporate Governance Statement.

Principle 1

Lay solid foundations for management and oversight

The role of the Responsible Entity's Board is generally to set objectives and goals for the operation of the Responsible Entity and the Schemes, to oversee the Responsible Entity's management, to regularly review performance and to monitor the Responsible Entity's affairs and act in the best interests of the unitholders of the Trust. The Responsible Entity's Board is accountable to the unitholders of the Trust, and is responsible for approving the Responsible Entity's overall objectives and overseeing their implementation in discharging their duties and obligations and operating the Trust.

Directors, management and staff are guided by Perpetual's Code of Conduct and Perpetual's Risk Appetite Statement which is designed to assist them in making ethical business decisions.

The role of the Responsible Entity's management is to manage the business of the Responsible Entity in operating the Trust. The Responsible Entity Board delegates to management all matters not reserved to the Responsible Entity's Board, including the day-to-day management of the Responsible Entity and the operation of the Trust.

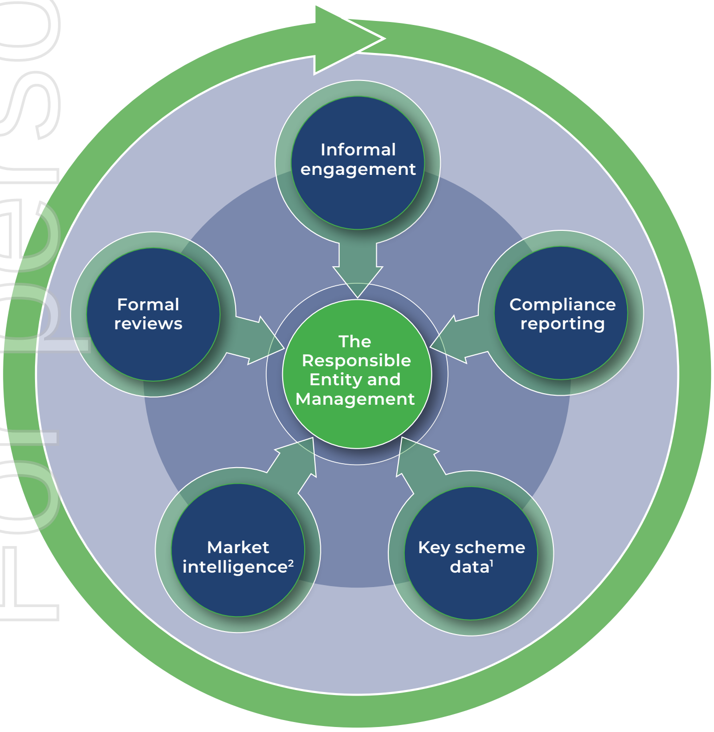
The Responsible Entity appoints agents (Service Providers) to manage the key operations of the Trust which include investment management, administration, custody and other specialist services and functions as required depending on the nature of the Trust. The Responsible Entity obtains relevant services from third party service providers under outsourcing agreements.

Effective processes for monitoring Service Providers are integral to the Responsible Entity's operations, given that substantial operational activities are outsourced to third parties. The Management of the Responsible Entity ensure a systematic and rigorous approach is applied with respect to monitoring the performance of outsourced Service Providers to the Trust.

The Responsible Entity views all interactions with Service Providers as a monitoring opportunity, from the informal discussions that regularly occur with Service Providers, to more formalised monitoring reviews. The outcomes of all interactions with Service Providers inform the Responsible Entity's view as to the extent to which the Service Provider is complying with their operational obligations to the Responsible Entity.

Prior to appointment, all Service Providers are subject to operational due diligence, to verify that the Service Provider can deliver the outsourced services in an efficient, effective and compliant manner. All Service Providers are assigned an initial operational risk rating.

The Responsible Entity's approach to Service Provider monitoring is outlined in the diagram below. In addition to the continuous monitoring that occurs through day to day interactions with Service Providers in the regular course of business, all Service Providers are required to periodically report to the Responsible Entity as to the extent to which they have met their obligations. Periodically, the Service Provider's risk rating is reviewed by the stakeholders within the business, based on the outcomes of all interactions that have occurred with the Service Provider during the review period.



1 Includes information regarding investment performance, actual versus strategic asset allocation, liquidity where applicable and complaints, incidents and issues arising with respect to the operation of the Trust.

2 Information from secondary sources, including the media and analysts and rating house reports.

The Responsible Entity maintains policy, procedure and program documents that determine the nature and frequency of formal service provider monitoring reviews. Service providers are typically subject to reviews every 2 years.

The Service Provider risk rating dictates any additional monitoring measures required to be put in place – for example a Service Provider assessed as 'low to medium risk' will be subject to the standard monitoring measures the Responsible Entity utilises under the Service Provider Monitoring Framework. Service Providers risk rated 'high to very high' may be subject to additional oversight measures to deal with the factors that caused the Service Providers risk rating to be high or very high. In addition, management and stakeholders utilise the risk assessment rating in determining if any action is required when considering information and the outcomes of all interactions that have occurred with the Service Provider during the review period.

Principle 2

Structure the board to be effective and add value

At present the Responsible Entity Board consists of three executive directors, one non-executive director and one alternate director. The names of the current directors and year of appointment is provided below:

Perpetual Trust Services Limited

Name of Director	Year of Appointment
Glenn Foster	2021
Richard McCarthy	2018
Phillip Blackmore	2022
Vicki Riggio (Alternate for Phillip Blackmore)	2022

As the Responsible Entity's Board consists of a majority of executive directors, a Compliance Committee is appointed in relation to the Trust (refer to Principle 7). None of the directors of the Responsible Entity are independent and they are not remunerated by the Responsible Entity. The Compliance Committee comprises a majority of external members and is chaired by an external member who is not the chair of the Responsible Entity Board.

Principle 3

Instil a culture of acting lawfully, ethically and responsibly

The Responsible Entity relies on a variety of mechanisms to monitor and maintain a culture of acting lawfully, ethically and responsibly:

- policies and procedures: a Code of Conduct which articulates and discloses Perpetual's values, cyclical mandatory training, a Whistleblowing Policy and a Gifts, Political Donations, Bribery and Corrupt Practices Policy (further details noted below);
- Perpetual's Enterprise Behaviours framework, and risk ratings that are intertwined into its annual performance, remuneration and hiring processes; and
- a regular feedback mechanism in place to assess employee sentiment, with actions implemented in response to results.

These apply to all directors and employees of Perpetual, and the Responsible Entity. The Code of Conduct, Perpetual's Enterprise Behaviours and core values supports all aspects of the way the Responsible Entity conducts its business and is embedded into Perpetual's performance management process.

The Code of Conduct draws from and expands on Perpetual's Core Values of integrity, partnership and excellence. The Code of Conduct underpins Perpetual's culture. The Responsible Entity Board and the Compliance Committee are informed of material breaches of the Code of Conduct which relate to the Schemes and the Responsible Entity.

Additional policies deal with a range of issues such as the obligation to maintain client confidentiality and to protect confidential information, the need to make full and timely disclosure of any price sensitive information and to provide a safe workplace for employees, which is free from discrimination. Compliance with Perpetual's Code of Conduct is mandatory for all employees. A breach is considered to be a serious matter that may impact an employee's performance and reward outcomes and may result in disciplinary action, including dismissal.

A full copy of the Code of Conduct is available on Perpetual's website (www.perpetual.com.au/about/corporate-governance/code-of-conduct).

Perpetual also has a Whistleblowing Policy to protect directors, executives, employees (including current and former), contractors and suppliers (and relatives and dependants of any of these people) who report misconduct, including:

- conduct that breaches any law, regulation, regulatory licence or code that applies to Perpetual;
- fraud, corrupt practices or unethical behaviour;
- bribery;
- unethical behaviour which breaches Perpetual's Code of Conduct or policies;
- inappropriate accounting, control or audit activity; including the irregular use of Perpetual or client monies;
- any conduct that amounts to modern slavery, such as debt bondage and human trafficking of employees; and
- any other conduct which could cause loss to, or be detrimental to the interests or reputation of, Perpetual or its clients.

As part of Perpetual's Whistleblowing Policy, a third party has been engaged to provide an independent and confidential hotline for whistle-blowers who prefer to raise their concern with an external organisation.

A full copy of the Whistleblowing Policy is available on Perpetual's website (www.perpetual.com.au/about/corporate-governance/code-of-conduct).

As part of Perpetual's commitment to promoting good corporate conduct and to conducting business in accordance with the highest ethical and legal standards, bribery and corrupt practices will not be tolerated by Perpetual under any circumstances. Perpetual's Gifts, Political Donations, Bribery and Corrupt Practices Policy supports Perpetual's commitment by:

- prohibiting the payment of political donations;
- instituting proper procedures regarding the exchange of gifts;
- clearly outlining Perpetual's zero tolerance for bribery and corruption; and
- including avenues where concerns may be raised.

Material breaches of the Code of Conduct or the Gifts, Political Donations, Bribery and Corrupt Practice policy are managed in accordance with Perpetual's usual issues management process which would include reporting to the Responsible Entity Board and Compliance Committee where the breach relates to a product or service offered by the Responsible Entity.

A full copy of the Gifts, Political Donations, Bribery and Corrupt Practices Policy is available on Perpetual's website (www.perpetual.com.au/about/corporate-governance/code-of-conduct).

Mechanisms are in place to ensure the Responsible Entity Board and the Compliance Committee are informed of material breaches which impact the Trust and the Responsible Entity which would include material breaches of the Code of Conduct and material incidences reported under the Whistleblowing Policy.

Principle 4

Safeguard the integrity of corporate reports

The functions of an audit committee are undertaken by the full Responsible Entity Board with assistance from management. The Responsible Entity has policies and procedures designed to ensure that the Trust's:

- financial reports are true and fair and meet high standards of disclosure and audit integrity; and
- other reports released on ASX are materially accurate and balanced.

This includes policies relating to the preparation, review and sign off process required for the Trust's financial reports, the engagement of the Trust's independent auditors and the review and release of certain reports on the ASX.

The declarations under section 295A of the Corporations Act 2001 provide formal statements to the Responsible Entity Board in relation to the Trust (refer to Principle 7). The declarations confirm the matters required by the Corporations Act in connection with financial reporting. The Responsible Entity receives confirmations from the service providers involved in financial reporting and management of the Trust, including the Investment Manager. These confirmations together with the Responsible Entity's Risk and Compliance Framework which includes the service provider oversight framework, assist its staff in making the declarations provided under section 295A of the Corporations Act. The Responsible Entity manages the engagement and monitoring of independent 'external' auditors for the Trust. The Responsible Entity Board receives periodic reports from the external auditors in relation to financial reporting and the compliance plans for the Trust.

Principle 5

Make timely and balanced disclosure

The Responsible Entity has a continuous disclosure policy to ensure compliance with the continuous disclosure requirements of the Corporations Act and the ASX Listing Rules in relation to the Trust. This policy sets out the processes to review and authorise market announcements and is periodically reviewed to ensure that it is operating effectively. The Responsible Entity requires service providers, including the Investment Manager, to comply with its policy in relation to continuous disclosure for the Trust.

The Responsible Entity board has appointed a Continuous Disclosure Committee to assist in meeting its continuous disclosure obligations. The Committee is comprised of the Company Secretary (who is also the Continuous Disclosure Officer), General Manager Managed Fund Services Perpetual Corporate Trust, and Global Head of Corporate Affairs & Sustainability. The Responsible Entity's management is required to notify the Continuous Disclosure Officer or Continuous Disclosure Committee of any information a reasonable person would expect to have a material effect on the unit price or would influence an investment decision in relation to the Trust, to determine if immediate disclosure to ASX is required.

The Responsible Entity board also considers its continuous disclosure obligations as a standing item at each scheduled board meeting.

Principle 6

Respect the rights of unitholders

The Responsible Entity is committed to ensuring timely and accurate information about the Trust is available to security holders via the Trust's website. All ASX announcements are promptly posted on the Trust's website: (www.perpetual.com.au/asset-management/listed-investment-vehicles/income/pci-investors/asx-announcements/). The annual and half year results financial statements and other communication materials are also published on the website.

In addition to the continuous disclosure obligations, the Responsible Entity receives and responds to formal and informal communications from unitholders and convenes formal and informal meetings of unitholders as requested or required.

The meetings are held in accordance with the requirements of the Corporations Act that apply to a registered managed investment scheme. The Responsible Entity has an active program for effective communication with the unitholders and other stakeholders in relation to Trust.

The Responsible Entity is ultimately responsible for ensuring that any complaints received from unitholders are handled in accordance with its policy settings and regulatory requirements. The Responsible Entity has adopted Perpetual's Complaints Handling Policy, which is available at Making a complaint | Perpetual.

The Responsible Entity is a member of the Australian Financial Complaints Authority (**AFCA**) external dispute resolution scheme. If unitholders are dissatisfied with the Responsible Entity's handling of their complaint, AFCA may be able to assist unitholders achieve resolution to their complaint.

The Responsible Entity is also committed to communicating with shareholders electronically in relation to communications from the unit registry. Shareholders may elect to receive information from the Company's share registry electronically.

Principle 7

Recognise and manage risk

The Responsible Entity has established a Compliance Committee, comprised of Johanna Turner (**Chair**), Penni James and Vicki Riggio. A majority of the Responsible Entity Compliance Committee is comprised of external members, including an external independent Chair.

The Compliance Committee meets at least quarterly. The Compliance Committee Terms of Reference sets out its role and responsibilities, which is available upon request. The Compliance Committee is responsible for monitoring compliance by the Responsible Entity of the Compliance Plan for the Trust, Trust Constitution and the Corporations Act. It is also responsible for assessing the adequacy of the Compliance Plan for the Trust and making recommendations to the Responsible Entity board.

The Responsible Entity values the importance of robust risk and compliance management. The Responsible Entity operates under the Perpetual Limited (**Perpetual**) Risk Management Framework (**RMF**) which applies to all the activities Perpetual undertakes as Responsible Entity.

The RMF aligns to International Standard ISO 31000:2018 'Risk Management Guidelines' and consists of supporting frameworks, programs and policies which have been developed, implemented and are regularly assessed for effectiveness to support the management of specific risks considered material to Perpetual defined within the following risk categories: Strategic, People, Financial, Investment, Operational, Information Technology, Cyber Security, Outsourcing, Environmental, Social & Governance, Compliance & Legal and Conduct Risk.

At Perpetual a current risk register is maintained as part of our formal risk management program. The systems supporting the business have been designed to ensure risks are managed within the boundaries of the Perpetual Risk Appetite Statement (**RAS**) which articulates the expected behaviours, measures and tolerances that management are to take into account when setting and implementing strategy and running their day-day areas of responsibility.

Perpetual's RMF is reviewed at least annually and was last updated and approved by the Perpetual Board on 19 April 2023. Additionally, other programs and policies supporting the RMF regularly reviewed to ensure they remain fit-for purpose and effective.

The Perpetual Board sets a clear tone from the top regarding its commitment to effective risk management by promoting an effective risk culture where all Group Executives are accountable for managing risk, embedding risk management into business processes within their area of responsibility and creating an environment of risk awareness, ownership and responsiveness by all Perpetual employees. The Board's commitment is reflected through the establishment of, and investment in the Perpetual Risk, Compliance and Internal Audit functions, led by the Chief Risk and Sustainability Officer (**CRSO**).

The RMF is underpinned by the "Three Lines of Accountability" model to implement best practice risk management. This model sees the first line, being business unit management, accountable for the day to day identification, ownership and management of risks. Perpetual's Risk, Compliance and Client Advocacy functions represent the second line who provide the risk and compliance governing documents, systems, tools, advice and assistance to enable management to effectively identify, assess, manage and monitor risk and meet their compliance obligations, and are responsible for reviewing and challenging first line activities. Internal Audit provides independent assurance, representing the third line, and reports to the Audit, Risk and Compliance Committee (**ARCC**).

Internal Audit is an integral part of Perpetual's governance and risk management culture and aims to protect Perpetual's earnings, reputation and customers. Perpetual's Internal Audit function reports functionality to the Perpetual Limited ARCC, and for administrative purposes, through the Perpetual CRSO and is independent from the External Auditor and from Perpetual Executive Management. Internal Audit provides independent and objective assurance, a disciplined approach to the assessment and improvement of risk management and monitoring and reporting on audit findings and recommendations. The Internal Audit Plan (Plan) is approved formally by the ARCC each year and re-assessed quarterly to ensure it is dynamic and continues to address the key risks faced by the Group. Progress against the Plan, changes to the Plan and results of audit activity are reported quarterly to the ARCC.

Perpetual's ARCC is responsible for oversight and monitoring of the Perpetual's RAS, Compliance and Risk Management Frameworks and internal control systems, and risk culture. The ARCC is also responsible for monitoring overall legal and regulatory compliance across Perpetual including the Responsible Entity. The ARCC is comprised of Ian Hammond (Chair), Nancy Fox, Kathryn Matthews and Gregory Cooper. The ARCC Terms of Reference sets out its role and responsibilities. This can be obtained on the Perpetual website.

In respect of environmental, social and governance (ESG) considerations, the Investment Manager has a Responsible Investment Policy and incorporates ESG matters into its investment analysis and decision-making practices. The Investment Manager's approach is to seek to achieve the best risk-adjusted investment returns over specified time periods. This obligation is satisfied by focusing on both the quality and value of possible investments. This investment philosophy recognises that while traditional financial measures are an important consideration, extra- financial factors such as ESG matters can also influence investment performance.

Consistent with this philosophy, it is the policy of the Investment Manager that, to the extent that information is available, the Trust's Portfolio Manager should incorporate ESG issues into investment analysis and decision-making. Analysis may include:

- what ESG issues the investment is exposed to and whether any of these factors present risks to the investment's current or future financial performance
- what impact ESG issues are likely to have on the investment's prospects; and
- how well ESG issues are being managed by the company or issuer, and therefore how likely the possible impacts are to occur.

The Investment Manager has an ESG Risk Scoring process, which includes internal and external research on an issuer's approach to managing ESG factors (such as the issuer's environmental policy and strategy, how it considers ESG factors in its supply chain management and whether it has been involved in corporate misconduct) and the issuer's revenue sources. This allows credit analysts to assess as part of their credit research on each corporate issuer the ESG risks of that issuer and whether the issuer has any controls or measures in place to address these risks. The credit analyst uses this information to determine an ESG Risk Score. ESG risk scores can be Low, Medium, High or Very High. This score is included in each corporate issuer's credit profile. It assists the portfolio manager to evaluate credit risk and relative value pricing.

Principle 8

Remunerate fairly and responsibly

The Responsible Entity does not have a Remuneration Committee. The fees and expenses which the Responsible Entity is permitted to pay out of the assets of the Trust are set out in the Trust constitution. The Trust financial statements provide details of all fees and expenses paid by the Trust during a financial period.

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Perpetual Trust Services Limited as the Responsible Entity of Perpetual Credit Income Trust

I declare that, to the best of my knowledge and belief, in relation to the audit of Perpetual Credit Income Trust for the financial year ended 30 June 2023 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Andrew Reeves

Partner

Sydney

21 August 2023

Statement of comprehensive income

	Notes	Year ended 30 June 2023 $'000	30 June 2022 $'000
Investment income			
Dividend/distribution income		**16,922**	8,978
Interest income	3	**13,373**	11,081
Net gains/(losses) on financial instruments at fair value through profit or loss	4	**4,091**	(13,065)
Net foreign exchange gains/(losses)		**(38)**	62
Other income		**-**	8
Total investment income/(loss)		**34,348**	7,064
Expenses			
Responsible Entity's fees	15	**130**	134
Investment Manager's fees	15	**3,128**	3,190
Other expenses	5	**715**	525
Total expenses		**3,973**	3,849
Profit/(loss)		**30,375**	3,215
Other comprehensive income		**-**	-
Total comprehensive income/(loss) for the year		**30,375**	3,215
Earnings per unit			
Basic and diluted earnings per unit (cents per unit)	8	**7.58**	0.80

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of financial position

	Notes	As at 30 June 2023 $'000	30 June 2022* $'000
Assets			
Cash and cash equivalents	13(b)	**6,521**	13,636
Margin accounts		**1,120**	579
Financial assets at fair value through profit or loss	9	**423,054**	421,152
Receivables	11	**9,808**	3,787
Total assets		**440,503**	439,154
Liabilities			
Margin accounts		**1,460**	-
Financial liabilities at fair value through profit or loss	10	**445**	605
Distributions payable	6	**3,875**	1,955
Payables	12	**342**	5,076
Total liabilities		**6,122**	7,636
Net assets attributable to unitholders - equity	7	**434,381**	431,518

*The cash and cash equivalents for the comparative period has been represented to align with the current year presentation of margin accounts. Refer to note 2(d).

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of changes in equity

	Notes	Year ended **30 June 2023** **$'000**	 30 June 2022 $'000
Total equity at the beginning of the year	7	**431,518**	445,475
Comprehensive income for the year			
Profit/(loss) for the year		**30,375**	3,215
Other comprehensive income		**-**	-
Total comprehensive income for the year		**30,375**	3,215
Transactions with unitholders			
Units issued upon reinvestment of distributions	7	**163**	361
Distributions to unitholders	6, 7	**(27,675)**	(17,533)
Total transactions with unitholders		**(27,512)**	(17,172)
Total equity at the end of the year	7	**434,381**	431,518

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of cash flows

		Year ended	
		30 June 2023	30 June 2022*
	Notes	**$'000**	$'000
Cash flows from operating activities			
Dividends/distributions received		**11,276**	8,711
Interest received		**13,001**	9,509
Other income received		**273**	275
Responsible Entity's fees paid		**(137)**	(201)
Investment Manager's fees paid		**(3,357)**	(3,429)
Other expenses paid		**(791)**	(496)
Net cash inflow/(outflow) from operating activities	13(a)	**20,265**	14,369
Cash flows from investing activities			
Proceeds from sale of investments		**213,482**	194,032
Payments for purchase of investments		**(216,172)**	(187,809)
Amount received from/(paid to) brokers for margin		**919**	(276)
Net cash inflow/(outflow) from investing activities		**(1,771)**	5,947
Cash flows from financing activities			
Distributions paid		**(25,586)**	(16,513)
Net cash inflow/(outflow) from financing activities		**(25,586)**	(16,513)
Net increase/(decrease) in cash and cash equivalents		**(7,092)**	3,803
Cash and cash equivalents at the beginning of the year		**13,636**	9,813
Effects of foreign currency exchange rate changes on cash and cash equivalents		**(23)**	20
Cash and cash equivalents at the end of the year	13(b)	**6,521**	13,636

*The cash and cash equivalents for the comparative period has been represented to align with the current year presentation of margin accounts. Refer to note 2(d).

The above statement of cash flows should be read in conjunction with the accompanying notes.

Contents of the notes to the financial statements

Notes to the financial statements

1 General information

These financial statements cover Perpetual Credit Income Trust (the Trust) as an individual entity. The Trust is a registered managed investment scheme, which was constituted on 9 May 2018, commenced operations on 8 May 2019 and its units commenced trading on the Australian Securities Exchange (ASX: PCI) on 14 May 2019. The Trust will terminate in accordance with the provisions of the Trust's Constitution or by Law. The Trust is domiciled in Australia.

The Responsible Entity of the Trust is Perpetual Trust Services Limited (ABN 48 000 142 049, AFSL 236 648). The Responsible Entity's registered office is Level 18, Angel Place, 123 Pitt Street, Sydney, NSW 2000.

The Investment Manager of the Trust is Perpetual Investment Management Limited (AFSL 234 426).

The investment objective of the Trust is to provide investors with monthly income by investing in a diversified pool of credit and fixed income assets in accordance with the Product Disclosure Statement and the provisions of the Trust's Constitution.

The financial statements of the Trust are for the year ended 30 June 2023. The financial statements are presented in the Australian currency.

The financial statements were authorised for issue by the directors of the Responsible Entity (the "Directors of the Responsible Entity") on 21 August 2023. The Directors of the Responsible Entity have the power to amend and reissue the financial statements.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001* in Australia. The Trust is a for-profit entity for the purpose of preparing the financial statements.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

Compliance with International Financial Reporting Standards

The financial statements also comply with International Financial Reporting Standards and Interpretations issued by the International Accounting Standards Board.

Functional and presentation currency

The financial statements are presented in Australian dollars, which is the Trust's functional currency.

Use of estimates

Management makes estimates and assumptions that affect the reported amounts in the financial statements. Estimates and associated assumptions are reviewed regularly and are based on historical experience and various other factors, including expectations of future events that are believed to be reasonable under the circumstances. Where applicable to the fair value measurement, the current changing market conditions are assessed and estimated. Actual results may differ from these estimates.

The use of estimates and critical judgements in fair value measurement that can have significant effect on the amounts recognised in the financial statements is described in note 17(d).

New standards, amendments and interpretations adopted by the Trust

There are no new accounting standards, amendments and interpretations that are effective for the first time for the financial year beginning 1 July 2022 that have a material impact on the financial statements of the Trust.

2 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

New standards, amendments and interpretations effective after 1 July 2023 and have not been early adopted

A number of new accounting standards, amendments and interpretations have been published that are not mandatory for the 30 June 2023 reporting period and have not been early adopted in preparing these financial statements. None of these are expected to have a material impact on the financial statements of the Trust.

(b) Financial instruments

(i) Classification

The Trust classifies its financial instruments based on its business model for managing those investments and their contractual cash flow characteristics. The Trust's investment portfolio is managed and its performance is evaluated on a fair value basis in accordance with the Trust's documented investment strategy. The Trust's policy is to evaluate the information about its investments on a fair value basis together with other related financial information.

Derivatives, equity securities and unlisted unit trusts are classified as financial assets at fair value through profit or loss.

For debt securities, the contractual cash flows are solely payments of principal and interest, however, they are neither held for collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Trust's business model's objective. Consequently, the debt securities are classified as financial assets at fair value through profit or loss.

Derivative contracts that have negative values are presented as financial liabilities at fair value through profit or loss.

(ii) Recognition/derecognition

The Trust recognises financial assets and liabilities on the date it becomes party to the purchase contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

Investments are derecognised on the date the Trust becomes party to the sale contractual agreement (trade date).

(iii) Measurement

At initial recognition, a financial asset or liability is measured at fair value. Transaction costs are expensed in profit or loss as incurred. Subsequently all financial assets and liabilities are measured at fair value without any deduction for estimated future selling costs. Gains and losses arising from changes in the fair value measurement are recognised in profit or loss in the period in which they arise.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Further details of fair value measurement are disclosed in note 17(d).

(iv) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

(c) Net assets attributable to unitholders

The Trust is a closed-end vehicle and accordingly there are no redemptions by investors. Instead, while the Trust is listed, unitholders who wish to exit their investment will be able to do so via the ASX.

Units in the Trust are listed on the ASX and traded by unitholders. The units can be traded on the ASX at any time for cash based on the listed price. While the Trust is listed and liquidity is generally expected to exist in the secondary market (ASX), there are no guarantees that an active trading market with sufficient liquidity will be available.

2 Summary of significant accounting policies (continued)

(c) Net assets attributable to unitholders (continued)

The Trust's units are classified as equity as the Trust satisfies all criteria for the classification of puttable financial instruments as equity under AASB 132 *Financial Instruments: Presentation*.

- the puttable financial instruments entitle the holder to a pro-rata share of net assets in the event of the Trust's liquidation;
- the puttable financial instruments are in the class of instruments that is subordinate to all other classes of instruments and the class features are identical;
- the puttable financial instrument does not include any contractual obligations to deliver cash or another financial asset, or to exchange financial instruments with another entity under potentially unfavourable conditions to the Trust, and it is not a contract settled in the Trust's own equity instrument; and
- the total expected cash flows attributable to the puttable financial instruments over the life are based substantially on the profit or loss.

(d) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash at bank and other short term and highly liquid financial assets with a maturity period of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Reclassification of Cash and cash equivalents

For the purposes of the presentation of the statement of financial position and statement of cash flows, cash and cash equivalents for the comparative period has been represented to align with the current year presentation of margin accounts. The margin account balance of $579,000 has been reclassified out of cash and cash equivalents and disclosed separately as margin accounts in the statement of financial position for the comparative period. This resulted in the following changes in the statement of cash flows for the comparative period:

(a) cash and cash equivalents at the beginning of the year decreased by $303,000;
(b) net cash inflow/(outflow) from investing activities decreased by $276,000; and
(c) cash and cash equivalents at the end of the year decreased by $579,000.

There is no material impact on the Trust's financial performance, changes in equity, net assets or any other quantitative metric of the Trust.

(e) Margin accounts

Margin accounts comprise cash held or owed as collateral for derivative transactions. The cash is held by or owed to the broker and is only available to meet margin calls. It is not included as a component of cash and cash equivalents.

(f) Receivables

Receivables include accrued income and receivables for securities sold.

These amounts are recognised initially at fair value and subsequently measured at amortised cost. At each reporting date, the Trust shall measure the loss allowance on receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Trust shall measure the loss allowance at an amount equal to 12-month expected credit losses. Significant financial difficulties of the counterparty, probability that the counterparty will enter bankruptcy or financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the gross carrying amount adjusted for the loss allowance.

2 Summary of significant accounting policies (continued)

(f) Receivables (continued)

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

The carrying amount of receivables is a reasonable approximation of fair value due to their short term nature.

(g) Payables

Payables include accrued expenses and payables for securities purchased which are unpaid at the end of the reporting period.

The carrying amount of payables is a reasonable approximation of fair value due to their short term nature.

(h) Investment income

Interest income from financial assets at amortised cost is recognised using the effective interest method and includes interest from cash and cash equivalents.

Interest from financial assets at fair value through profit or loss is determined based on the contractual coupon interest rate and includes interest from debt securities.

Dividend and distribution income from financial assets at fair value through profit or loss is recognised in profit or loss when the Trust's right to receive payments is established.

Other changes in fair value for such instruments are recorded in accordance with the accounting policies described in note 2(b).

(i) Expenses

All expenses, including Responsible Entity's fees and Investment Manager's fees, are recognised in profit or loss on an accruals basis.

(j) Income tax

The Trust is not subject to income tax provided the taxable income of the Trust is attributed in full to its unitholders each financial year. Unitholders are subject to income tax at their own marginal tax rates on amounts attributable to them.

(k) Distributions

Distributions are payable as set out in the Trust's Constitution. Such distributions are recognised as payable when they are determined by the Responsible Entity of the Trust.

(l) Goods and Services Tax

The Goods and Services Tax (GST) is incurred on the cost of various services provided to the Trust by third parties. The Trust qualifies for Reduced Input Tax Credit (RITC); hence expenses such as Responsible Entity's fees and Investment Manager's fees have been recognised in profit or loss net of the amount of GST recoverable from the Australian Taxation Office. Payables are inclusive of GST. The net amount of GST recoverable is included in receivables in the statement of financial position. Cash flows are included in the statement of cash flows on a gross basis.

2 Summary of significant accounting policies (continued)

(m) Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined. Translation differences on assets and liabilities carried at fair value are reported in profit or loss on a net basis within net gains/(losses) on financial instruments at fair value through profit or loss.

(n) Rounding of amounts

The Trust is an entity of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* issued by the Australian Securities and Investments Commission (ASIC) relating to the "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded to the nearest thousand dollars in accordance with *ASIC Corporations Instrument*, unless otherwise indicated.

3 Interest income

	Year ended	
	30 June 2023	30 June 2022
	$'000	$'000
Cash and cash equivalents	**257**	3
Debt securities	**13,116**	11,078
Total	**13,373**	11,081

4 Net gains/(losses) on financial instruments at fair value through profit or loss

Net gains/(losses) arising from changes in the fair value measurement comprise:

	Year ended	
	30 June 2023	30 June 2022
	$'000	$'000
Net unrealised gains/(losses) on financial instruments at fair value through profit or loss	**6,836**	(14,214)
Net realised gains/(losses) on financial instruments at fair value through profit or loss	**(2,745)**	1,149
Net gains/(losses) on financial instruments at fair value through profit or loss	**4,091**	(13,065)

5 Other expenses

	Year ended 30 June 2023 $'000	Year ended 30 June 2022 $'000
Auditors' remuneration	**59**	57
ASX fees	**101**	103
Registry services	**190**	195
Custody administration fees	**115**	100
Legal fees	**35**	14
Transaction costs	**24**	27
Other expenses	**191**	29
Total	**715**	525

6 Distributions to unitholders

The distributions for the year were as follows:

	Year Ended 30 June 2023 $'000	30 June 2023 CPU	30 June 2022 $'000	30 June 2022 CPU
Distributions paid - July	**1,686**	**0.4206**	1,267	0.3165
Distributions paid - August	**1,868**	**0.4661**	1,267	0.3163
Distributions paid - September	**1,866**	**0.4653**	1,227	0.3063
Distributions paid - October	**2,054**	**0.5123**	1,269	0.3167
Distributions paid - November	**2,071**	**0.5165**	1,226	0.3060
Distributions paid - December	**2,238**	**0.5582**	1,395	0.3482
Distributions paid - January	**2,242**	**0.5593**	1,413	0.3526
Distributions paid - February	**2,116**	**0.5278**	1,461	0.3648
Distributions paid - March	**2,407**	**0.6004**	1,651	0.4120
Distributions paid - April	**2,445**	**0.6097**	1,556	0.3884
Distributions paid - May	**2,807**	**0.7000**	1,846	0.4607
Distributions payable - June	**3,875**	**0.9663**	1,955	0.4877
Total distributions	**27,675**		17,533	

7 Net assets attributable to unitholders

Movements in the number of units and net assets attributable to unitholders during the year were as follows:

	As at			
	30 June 2023 Units'000	30 June 2022 Units'000	**30 June 2023 $'000**	30 June 2022 $'000
Opening balance	**400,816**	400,489	**431,518**	445,475
Units issued upon reinvestment of distributions	**152**	327	**163**	361
Distributions to unitholders	**-**	-	**(27,675)**	(17,533)
Profit/(loss)	**-**	-	**30,375**	3,215
Closing balance	**400,968**	400,816	**434,381**	431,518

As stipulated within the Trust's Constitution, each unit represents a right to an individual unit in the Trust and does not extend to a right to the underlying assets of the Trust. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Trust.

Capital risk management

The Trust considers its net assets attributable to unitholders as capital. The Trust is not subject to applications and redemptions except as permitted by the distribution reinvestment plan.

8 Earnings per unit

	Year ended	
	30 June 2023	30 June 2022
Profit/(loss) attributable to unitholders ($'000)	**30,375**	3,215
Weighted average number of units on issue ('000)	**400,945**	400,646
Basic and diluted earnings per unit (cents per unit)	**7.58**	0.80

Basic and diluted earnings per unit is calculated by dividing the profit attributable to unitholders of the Trust by the weighted average number of ordinary units on issue during the year. There is no difference between basic and diluted earnings per unit as no units are dilutive in nature.

9 Financial assets at fair value through profit or loss

	As at	
	30 June 2023 $'000	30 June 2022 $'000
Derivatives		
Futures	**360**	-
Swaps	**2,073**	608
Equity securities	**1,979**	2,554
Debt securities	**211,075**	243,440
Unlisted unit trusts	**207,567**	174,550
Total financial assets at fair value through profit or loss	**423,054**	421,152

10 Financial liabilities at fair value through profit or loss

	As at 30 June 2023 $'000	As at 30 June 2022 $'000
Derivatives		
Futures	**-**	113
Swaps	**445**	492
Total financial liabilities at fair value through profit or loss	**445**	605

11 Receivables

	As at 30 June 2023 $'000	As at 30 June 2022 $'000
Dividends/distributions receivable	**7,682**	2,036
Interest receivable	**2,073**	1,701
GST receivables	**53**	50
Total receivables	**9,808**	3,787

12 Payables

	As at 30 June 2023 $'000	As at 30 June 2022 $'000
Responsible Entity's fees payable	**11**	11
Investment Manager's fees payable	**277**	277
Audit fees payable	**12**	12
Payables for securities purchased	**-**	4,704
Other payable	**42**	72
Total payables	**342**	5,076

13 Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities

	Year ended	
	30 June 2023	30 June 2022*
	$'000	$'000
(a) Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities		
Profit/(loss)	**30,375**	3,215
(Increase)/decrease in dividends/distributions receivable	**(5,646)**	(267)
(Increase)/decrease in interest receivable	**(372)**	(1,572)
(Increase)/decrease in GST receivables	**(3)**	(3)
Increase/(decrease) in payables	**(36)**	(7)
Net (gains)/losses on financial instruments at fair value through profit or loss	**(4,091)**	13,065
Net foreign exchange (gains)/losses	**38**	(62)
Net cash inflow/(outflow) from operating activities	**20,265**	14,369
(b) Components of cash and cash equivalents		
Cash at the end of the year as shown in the statement of cash flows is reconciled to the statement of financial position as follows:		
Cash at bank	**6,521**	13,636
Total cash and cash equivalents	**6,521**	13,636
(c) Non-cash financing activities		
Distribution payments satisfied by the issue of units under the distribution reinvestment plan	**163**	361

*The cash and cash equivalents for the comparative period has been represented to align with the current year presentation of margin accounts. Refer to note 2(d).

14 Remuneration of auditors

During the year, the following fees were paid or payable for services provided by the auditors of the Trust:

	Year ended	
	30 June 2023	30 June 2022
	$	$
KPMG		
Audit and review of financial statements	**47,676**	45,902
Tax compliance services	**8,368**	8,234
	56,044	54,136
PricewaterhouseCoopers		
Audit of compliance plan	**2,960**	2,767
	2,960	2,767
Total auditors' remuneration	**59,004**	56,903

Audit fees were paid or payable by the Trust.

15 Related party transactions

Responsible Entity

The Responsible Entity of Perpetual Credit Income Trust is Perpetual Trust Services Limited (ABN 48 000 142 049, AFSL 236 648), a wholly owned subsidiary of Perpetual Limited (ACN 000 431 827).

The Trust does not employ personnel in its own right. However, it is required to have an incorporated Responsible Entity to manage the activities of the Trust and this is considered the key management personnel.

Key management personnel

(a) Directors

Key management personnel includes persons who were Directors of the Responsible Entity at any time during the year as follows:

Glenn Foster	
Phillip Blackmore	
Richard McCarthy	
Vicki Riggio	Alternate Director for Phillip Blackmore

(b) Other key management personnel

There were no other persons with responsibility for planning, directing and controlling the activities of the Trust, directly or indirectly, during the year or since the end of the year.

Key management personnel unitholdings

During or since the end of the year ended 30 June 2023, none of the Directors held units in the Trust, either directly, indirectly or beneficially (2022: Nil).

The Responsible Entity did not hold units in the Trust at the end of the year ended 30 June 2023 (2022: Nil).

Key management personnel compensation

Key management personnel do not receive any remuneration directly from the Trust. They receive remuneration from a related party of the Responsible Entity in their capacity as Directors or employees of the Responsible Entity or its related parties. Consequently, the Trust does not pay any compensation to its key management personnel. Payments made from the Trust to the Responsible Entity do not include any amounts attributable to the compensation of key management personnel.

Key management personnel loan disclosures

The Trust has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting year.

Other transactions within the Trust

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the Trust since the end of the previous financial year and there were no material contracts involving Director's interests existing at year end.

15 Related party transactions (continued)

Investment Manager's fees

The Investment Manager, Perpetual Investment Management Limited, is a related party to the Trust. In accordance with AASB 124 *Related Party Disclosures*, a member of the same group as the Responsible Entity (who provides key management personnel services) is a related party.

Under the terms of the Investment Management Agreement, the Investment Manager is entitled to receive a fee of 0.72% per annum (inclusive of GST and net of RITC), calculated by reference to the net asset value of the Trust. In accordance with the Product Disclosure Statement dated 8 March 2019, the Net Asset Value of the Trust is calculated daily by deducting all liabilities, which includes declared but unpaid distributions, calculated in accordance with the Responsible Entity's Unit pricing and Valuation Policy and Australian Accounting Standards (AAS) from the total value of assets of the Trust. The Investment Manager's fees are calculated and accrued daily and paid monthly in arrears.

	30 June 2023 $	30 June 2022 $
Investment Manager's fees	**3,127,695**	3,190,407
Investment Manager's fees payable	**277,100**	276,577

The Investment Manager is appointed for an initial term of ten years unless terminated earlier (Initial Term). The Investment Management Agreement will be automatically extended for a further five year term on the expiry of the Initial Term (Extended Term) unless terminated earlier in accordance with its terms.

If the Investment Management Agreement is terminated during the term, then in certain circumstances the Investment Manager will be entitled to a termination payment equal to the Management fee rate multiplied by the number of years in the Initial Term or Extended Term and the value of the total Portfolio as at the termination date, reduced by one one hundred and twentieth (1/120) for Initial Term or one sixtieth (1/60) for Extended Term for each whole calendar month that has elapsed between the commencement date or the commencement of the Extended Term and the termination date.

The Investment Manager paid for all of the costs incurred in raising capital under and in accordance with the Product Disclosure Statement dated 8 March 2019. If the Investment Management Agreement is terminated during the Initial Term, then in certain circumstances the Investment Manager will be entitled to be reimbursed for these costs, reduced by one one hundred and twentieth (1/120) for each whole calendar month that has elapsed between the commencement date and the termination date.

Responsible Entity's fees and other transactions

Under the terms of the Trust's Constitution, the Responsible Entity is entitled to receive management fees. The Trust incurred management fees (inclusive of GST and net of RITC) of 0.03% per annum. The management fees are calculated by reference to the net asset value of the Trust. The Responsible Entity is also entitled to be remunerated for Additional Fund Administration Services in the manner and at the time as set out in the Trust's Constitution.

The transactions during the year and amounts payable at the reporting date between the Trust and the Responsible Entity were as follows:

	30 June 2023 $	30 June 2022 $
Responsible Entity's fees	**130,320**	134,220
Responsible Entity's fees payable	**11,325**	11,303

15 Related party transactions (continued)

Related party unitholdings

Parties related to the Trust (including the Responsible Entity, its related parties and other schemes managed by the Responsible Entity) held units in the Trust as follows:

30 June 2023

Unitholder	**Number of units held ’000**	**Interest held %**	**Number of units acquired ’000**	**Number of units disposed ’000**	**Distributions paid/payable $’000**
Perpetual Super Wrap	**32**	**0.0**	**-**	**-**	**2**

30 June 2022

Unitholder	Number of units held ’000	Interest held %	Number of units acquired ’000	Number of units disposed ’000	Distributions paid/payable $’000
Perpetual Super Wrap	32	0.0	-	-	1

Investments

The Trust held investments in the following schemes which are also managed by Responsible Entity or its related parties:

30 June 2023

Investments	**Number of units held ’000**	**Fair value of investments $’000**	**Interest held %**	**Number of units acquired ’000**	**Number of units disposed ’000**	**Distributions received/ receivable $’000**
Perpetual Loan Fund	**187,802**	**193,067**	**98.3**	**17,528**	**-**	**16,077**
Perpetual Securitised Credit Fund	**14,500**	**14,500**	**100.0**	**14,500**	**-**	**755**

30 June 2022

Investments	Number of units held ’000	Fair value of investments $’000	Interest held %	Number of units acquired ’000	Number of units disposed ’000	Distributions received/ receivable $’000
Perpetual Loan Fund	170,274	174,550	80.0	42,720	-	8,890

16 Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factors in deciding control and the relevant activities are directed by means of contractual arrangements.

The Trust considers all investments in unlisted unit trusts to be structured entities. The Trust invests in related unlisted unit trusts for the purpose of capital appreciation and earning investment income.

The unlisted unit trusts are invested in accordance with the investment strategy by their respective investment managers. The return of the unlisted unit trusts is exposed to the variability of the performance of their investments. The unlisted unit trusts finance their operations by issuing redeemable units which are puttable at the holder's option and entitle the holder to a proportional stake in the respective trusts' net assets and distributions.

The Trust's exposure to structured entities at 30 June 2023 was $207,567,462(2022: $174,550,294).

The fair value of these entities is included in financial assets at fair value through profit or loss in the statement of financial position.

The Trust's maximum exposure to loss from its interests in the structured entities is equal to the total fair value of its investments in these entities as there are no off balance sheet exposures relating to them. The Trust's exposure to any risk from the structured entities will cease when these investments are disposed of.

The Trust does not have current commitments or intentions and contractual obligations to provide financial or other support to the structured entities. There are no loans or advances currently made to these entities.

Unconsolidated subsidiaries

The Trust applies the investment entity exception to consolidation available under AASB 10 *Consolidated Financial Statements* and measures its subsidiaries at fair value through profit or loss.

The following unconsolidated structured entities are considered to be the Trust's subsidiaries at the reporting date:

	Fair value		**Ownership interest**	
	30 June 2023	30 June 2022	**30 June 2023**	30 June 2022
	$'000	$'000	**%**	%
Perpetual Loan Fund	**193,067**	174,550	**98.3**	80.0
Perpetual Securitised Credit Fund	**14,500**	-	**100.0**	-

The principal place of business for the above entities is Sydney, Australia.

17 Financial risk management

The Trust's activities expose it to a variety of financial risks. The management of these risks is undertaken by the Trust's Investment Manager who has been appointed by the Responsible Entity under an Investment Management Agreement to manage the Trust's assets in accordance with the Investment Objective and Strategy.

The Responsible Entity has in place a framework which includes:

- The Investment Manager providing the Responsible Entity with regular reports on their compliance with the Investment Management Agreement;
- Completion of regular reviews on the Service Provider which may include a review of the investment managers risk management framework to manage the financial risks of the Trust; and
- Regular reporting on the liquidity of the Trust in accordance with the Trust's Liquidity Risk Management Statement.

17 Financial risk management (continued)

The Trust's Investment Manager has in place a framework to identify and manage the financial risks in accordance with the investment objective and strategy. This includes the use of consistent and carefully considered investment strategy and guidelines specifically tailored for the Trust's investment objective. Risk management techniques are used in the selection of investments. These include periodic stress testing for debt securities. Asset managers will only purchase securities (including derivatives) which meet the prescribed investment criteria. Risk may also be reduced by diversifying investments across several asset managers, markets, regions or different asset classes and counterparties.

The Trust is permitted to use derivative products. However, the use of derivatives must be consistent with the investment strategy and restrictions specified in the Trust's governing documents.

All investment securities present a risk of loss of capital. The maximum loss of capital on investment securities is generally limited to the fair values of those positions.

The Trust uses different methods to measure different types of risks to which it is exposed. These methods include Value at Risk ("VaR") analysis in the case of market risk and credit ratings analysis for credit risk.

(a) Market risk

(i) Currency risk

Currency risk arises as the fair value or future cash flows of monetary assets and liabilities denominated in foreign currency will fluctuate due to changes in exchange rates. The currency risk relating to non-monetary assets and liabilities is a component of price risk and not currency risk. However, Investment Manager monitors the exposures on all foreign currency denominated assets and liabilities.

The Trust holds cross currency swaps to protect the valuation of financial assets and liabilities against variations in the exchange rates. The Trust does not designate any derivatives as hedges, and hence these derivative financial instruments are classified at fair value through profit or loss.

The Trust did not have any significant exposure to currency risk (net of foreign currency exposure arising from derivatives) at the reporting date.

Currency risk is managed as part of price risk and measured using VaR analysis.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Trust is exposed to cash flow interest rate risk on financial instruments with floating interest rates. Financial instruments with fixed interest rates expose the Trust to fair value interest rate risk.

The following table summarises the Trust's exposure to interest rate risk:

As at 30 June 2023	Floating interest rate $'000	Fixed interest rate $'000	Non-interest bearing $'000	Total $'000
Financial assets				
Cash and cash equivalents	6,521	-	-	6,521
Margin accounts	1,120	-	-	1,120
Debt securities	155,549	55,526	-	211,075
Derivatives	43	360	2,030	2,433
Financial liabilities				
Margin accounts	1,460	-	-	1,460
Derivatives	9	-	436	445

17 Financial risk management (continued)

(a) Market risk (continued)

(ii) Interest rate risk (continued)

As at 30 June 2022*	Floating interest rate $'000	Fixed interest rate $'000	Non-interest bearing $'000	Total $'000
Financial assets				
Cash and cash equivalents	13,636	-	-	13,636
Margin accounts	579	-	-	579
Debt securities	154,878	88,562	-	243,440
Derivatives	-	-	608	608
Financial liabilities				
Derivatives	-	113	492	605

*The cash and cash equivalents for the comparative period has been represented to align with the current year presentation of margin accounts. Refer to note 2(d).

Interest rate risk is managed as part of price risk and measured using VaR analysis.

(iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual instruments or factors affecting all instruments in the market.

The asset manager uses a number of quantitative techniques to assess the impact of market risk including credit events, changes in interest rates, credit spreads and recovery values on the Trust's investment portfolio.

The asset manager calculates VaR as an indicator of the sensitivity of the Trust's investment portfolio valuation to changes in market prices and rates. VaR is a statistical framework that supports the quantification of market risk within a portfolio at a specified confidence interval over a defined holding period. VaR seeks to quantify the expected dollar losses that may result from the interactive behaviour of all material market prices, spreads, volatilities, and rates based on the historically observed relationships between these markets. The VaR measure is limited by its assumptions.

The VaR measure for the Trust is estimated using a confidence level of 95%, of the potential portfolio losses, if the current market risk positions were to be held unchanged for 21 days.

In estimating VaR, the asset manager makes certain assumptions in relation to expected returns, correlations volatilities, future prices, yields and other micro and macroeconomic variables. These assumptions are often based on historically observed relationships or subjective assessments. The actual outcome may differ materially from the estimate.

	30 June 2023		30 June 2022	
	VaR $'000	**% of Net Assets**	VaR $'000	% of Net Assets
Perpetual Credit Income Trust	**2,693**	**0.62**	3,927	0.91

17 Financial risk management (continued)

(b) Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts when they fall due. The main concentration of counterparty credit risk, to which the Trust is exposed to, arises predominantly from the Trust's investments in debt securities. The Trust is also exposed to counterparty credit risk on derivative financial instruments, cash and cash equivalents and receivables for securities sold. The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets. None of these assets are impaired nor past due but not impaired.

The Trust determines credit risk and measures expected credit losses for financial assets measured at amortised cost using probability of default, exposure at default and loss given default. Investment Manager considers both historical analysis and forward looking information in determining any expected credit loss. Investment Manager considers the probability of default to be low, as a result, no loss allowance has been recognised based on 12-month expected credit losses as any such impairment would be wholly insignificant to the Trust.

(i) Debt securities

Investment management processes include the consideration of counterparty risk. The Investment Manager may refer to the credit ratings issued by rating agencies to assess the creditworthiness of counterparties. The Investment Manager consider (among other things) branding, stability and security marketability of counterparties and consistently monitor exposure through electronic systems.

The Investment Manager monitors the credit ratings of debt securities on a regular basis.

The table below sets out the analysis of debt securities by credit ratings as issued by Standard & Poor's or other rating agencies:

30 June 2023	**AAA to AA-**	**A+ to A-**	**BBB+ to BBB-**	**BB+ to B-**	**NON-RATED**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Debt securities	**15,632**	**12,906**	**134,748**	**20,022**	**27,767**	**211,075**
	15,632	**12,906**	**134,748**	**20,022**	**27,767**	**211,075**

30 June 2022	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to B-	NON-RATED	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Debt securities	15,989	15,463	125,238	21,136	65,614	243,440
	15,989	15,463	125,238	21,136	65,614	243,440

(ii) Derivative financial instruments

The risk of counterparty default in a derivative transaction is minimised by predominantly using exchange traded derivatives (except for currency hedging, contracts for differences and occasionally other approved over the counter instruments). The exchange traded derivatives are only executed and cleared through approved members of the exchanges. For over the counter derivatives, minimum credit ratings apply for counterparties at the time of entering into a contract and ISDA agreements are put in place with counterparties.

(iii) Cash and cash equivalents

The exposure to credit risk for cash and cash equivalents is low as all counterparties have a high grade credit rating.

(iv) Receivables for securities sold

All transactions in equity and debt securities are settled/paid for upon delivery using approved brokers. The risk of default is considered low, as delivery of securities sold is only made once the broker has received payment from the counterparty. Payments on securities acquired are only made after the broker has received the securities. The trade will fail if either party fails to meet its obligations.

17 Financial risk management (continued)

(b) Credit risk (continued)

(iv) Receivables for securities sold (continued)

All transactions in unlisted unit trusts are settled/unitised when unit prices are issued. The risk of default is considered low except when trading in a suspended unlisted unit trust.

(c) Liquidity risk

Liquidity risk is the risk that the Trust will not be able to meet its financial obligations as they fall due.

The Trust is a closed end vehicle and not exposed to any cash redemptions.

The Trust's investment in unlisted unit trusts are considered illiquid as the redemption is subject to the withdrawal offer made by their responsible entity.

The following tables summarise the contractual maturities of financial liabilities, including interest payments where applicable:

As at 30 June 2023			**Contractual cash flows**		
	Carrying amount	**At call**	**less than 6 months**	**6-12 months**	**more than 12 months**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Non-derivative financial liabilities					
Margin accounts	**1,460**	**-**	**1,460**	**-**	**-**
Distributions payable	**3,875**	**-**	**3,875**	**-**	**-**
Payables	**342**	**-**	**342**	**-**	**-**
Total	**5,677**	**-**	**5,677**	**-**	**-**
Derivative financial liabilities					
Swaps	**445**				
Outflow	**-**	**-**	**6,283**	**78**	**3,769**
Inflow	**-**	**-**	**(6,048)**	**(93)**	**(3,489)**
Total	**445**	**-**	**235**	**(15)**	**280**

As at 30 June 2022			Contractual cash flows		
	Carrying amount	At call	less than 6 months	6-12 months	more than 12 months
	$'000	$'000	$'000	$'000	$'000
Non-derivative financial liabilities					
Distributions payable	1,955	-	1,955	-	-
Payables	5,076	-	5,076	-	-
Total	7,031	-	7,031	-	-
Derivative financial liabilities					
Futures	113	-	113	-	-
Swaps	492				
Outflow	-	-	425	10,605	4,598
Inflow	-	-	(201)	(10,261)	(3,292)
Total	605	-	337	344	1,306

17 Financial risk management (continued)

(d) Fair value measurement

The Trust classifies fair value measurement of its financial assets and liabilities by level of the following fair value hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

(i) Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets is based on quoted market prices at the end of the reporting period without any deduction for estimated future selling costs.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

Equity securities and exchange traded derivatives are valued at the last traded price. For the majority of these financial instruments, information provided by the independent pricing services is relied upon for valuation.

(ii) Fair value in an inactive or unquoted market (level 2 and level 3)

The fair value of financial assets and liabilities that are not traded in an active market is determined by using valuation techniques. These include the use of recent arm's length transactions, reference to current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation techniques that provide a reliable estimate of prices obtained in actual market transactions.

Valuation models use observable data to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require Investment Manager to make estimates. Changes in the assumptions for these factors could affect the reported fair value of financial instruments. The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions held.

Debt securities are generally valued using broker quotes. Where discounted cash flow techniques are used, estimated future cash flows are based on Investment Manager's best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions. Management monitors credit spreads closely and conducts regular review to ensure any estimates and assumptions used in the valuation model remain appropriate.

The fair value of derivatives that are not exchange traded is estimated at the amount that would be received or paid to terminate the contract at the end of the reporting period taking into account current market conditions (volatility and appropriate yield curve) and the current creditworthiness of the counterparties.

Investments in unlisted unit trusts are recorded at the unit price as reported by the investment managers of such trusts. The Trust may make adjustments to the value based on the considerations such as: liquidity of the unlisted unit trust or its underlying investments, the value date of the net asset value provided, or any restrictions on redemptions and the basis of accounting.

The Trust's level 3 assets include unlisted unit trusts which are subject to withdrawal offer and valued at the unit price as provided by the Investment Manager without any adjustment.

17 Financial risk management (continued)

(d) Fair value measurement (continued)

Recognised fair value measurements

The following tables present the Trust's financial assets and liabilities by fair value hierarchy levels:

As at 30 June 2023	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets at fair value through profit or loss				
Derivatives				
Futures	**360**	**-**	**-**	**360**
Swaps	**-**	**2,073**	**-**	**2,073**
Equity securities	**1,979**	**-**	**-**	**1,979**
Debt securities	**5,613**	**205,462**	**-**	**211,075**
Unlisted unit trusts	**-**	**-**	**207,567**	**207,567**
Total	**7,952**	**207,535**	**207,567**	**423,054**
Financial liabilities at fair value through profit or loss				
Derivatives				
Swaps	**-**	**445**	**-**	**445**
Total	**-**	**445**	**-**	**445**

As at 30 June 2022	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets at fair value through profit or loss				
Derivatives				
Swaps	-	608	-	608
Equity securities	54	2,500	-	2,554
Debt securities	10,637	232,803	-	243,440
Unlisted unit trusts	-	-	174,550	174,550
Total	10,691	235,911	174,550	421,152
Financial liabilities at fair value through profit or loss				
Derivatives				
Futures	113	-	-	113
Swaps	-	492	-	492
Total	113	492	-	605

Transfers between levels

The Trust's policy is to recognise transfers into and transfers out of fair value hierarchy levels at the end of the reporting period.

There were no transfers between levels as at 30 June 2023 and 30 June 2022.

17 Financial risk management (continued)

(d) Fair value measurement (continued)

Fair value measurements using significant unobservable inputs (level 3)

The following table presents the movement in level 3 instruments for the years ended 30 June 2023 and 30 June 2022.

	30 June 2023 Unlisted unit trusts $'000	30 June 2022 Unlisted unit trusts $'000
Opening balance	**174,550**	132,345
Purchases	**33,154**	44,519
Gains/(losses) recognised in profit or loss	**(137)**	(2,314)
Closing balance	**207,567**	174,550
Total unrealised gains/(losses) recognised in profit or loss for financial instruments held at the reporting date	**(137)**	(2,314)

18 Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The gross and net positions of financial assets and liabilities that have been offset in the statement of financial position are disclosed in the first three columns of the table below:

	Effects of offsetting on the statement of financial position			**Related amounts not offset**	
	Gross amounts $'000	**Gross amounts set off in the statement of financial position $'000**	**Net amounts presented in the statement of financial position $'000**	**Amounts subject to master netting arrangements $'000**	**Net amounts $'000**
As at 30 June 2023					
Financial assets					
Margin accounts	**1,120**	**-**	**1,120**	**-**	**1,120**
Derivatives	**2,433**	**-**	**2,433**	**(1,878)**	**555**
Total	**3,553**	**-**	**3,553**	**(1,878)**	**1,675**
Financial liabilities					
Margin accounts	**(1,460)**	**-**	**(1,460)**	**1,460**	**-**
Derivatives	**(445)**	**-**	**(445)**	**418**	**(27)**
Total	**(1,905)**	**-**	**(1,905)**	**1,878**	**(27)**

18 Offsetting financial assets and financial liabilities (continued)

	Effects of offsetting on the statement of financial position			Related amounts not offset	
	Gross amounts	Gross amounts set off in the statement of financial position	Net amounts presented in the statement of financial position	Amounts subject to master netting arrangements	Net amounts
	$'000	$'000	$'000	$'000	$'000
As at 30 June 2022					
Financial assets					
Margin accounts	579	-	579	(113)	466
Derivatives	608	-	608	(254)	354
Total	1,187	-	1,187	(367)	820
Financial liabilities					
Derivatives	(605)	-	(605)	367	(238)
Total	(605)	-	(605)	367	(238)

Master netting arrangement - not currently enforceable

Agreements with derivative counterparties are based on the ISDA Master Agreements. Under the terms of these arrangements, only where certain credit events occur (such as default), the net position owing/receivable to a single counterparty in the same currency will be taken as owing and all the relevant arrangements terminated. As the Trust does not presently have a legally enforceable right of set-off, these amounts have not been offset in the statement of financial position, but have been presented separately in this note.

19 Derivative financial instruments

A derivative is a financial instrument or other contract which is settled at a future date and whose value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign currency exchange rates, index of prices or rates, credit rating or credit index or other variables.

Derivative financial instruments require no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.

Derivative transactions include many different instruments, such as foreign currency forward contracts, futures and options. Derivatives are considered to be part of the investment process and the use of derivatives is an essential part of the Trust's portfolio management. Derivatives are not managed in isolation. Consequently, the use of derivatives is multifaceted and includes:

- hedging to protect an asset or liability of the Trust against a fluctuation in market values or to reduce volatility;
- a substitution for trading of physical securities; and
- adjusting asset exposures within the parameters set in the investment strategy, and adjusting the duration of fixed interest portfolios or the weighted average maturity of cash portfolios.

While derivatives are used for trading purposes, they are not used to gear (leverage) a portfolio. Gearing a portfolio would occur if the level of exposure to the markets exceeds the underlying value of the Trust.

The Trust held the following derivative instruments during the year:

19 Derivative financial instruments (continued)

(a) Futures

Futures are contractual obligations to buy or sell financial instruments on a future date at a specified price established in an organised market. The futures contracts are collateralised by cash or marketable securities. Changes in futures contracts' values are usually settled net daily with the exchange.

(b) Swaps

Swaps are derivative instruments in which two counterparties agree to exchange one stream of cash flow against another stream.

Interest rate swaps are valued based on the estimated amount that the entity would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

Cross currency swaps are valued at fair value which is based on the estimated amount the Trust would pay or receive to terminate the currency derivatives at the balance sheet date, taking into account current interest rates, foreign exchange rates, volatility and the current creditworthiness of the currency derivatives counterparties. Cross currency swaps are used to hedge the Trust's foreign currency exposure. However, hedge accounting has not been applied.

Credit default index swap is a credit derivative used to hedge credit risk or to take a position on a basket or credit entities (index). It is an agreement between two parties whereby one party pays the other a fixed coupon for the specified term of the agreement. The other party makes no payment unless a specified credit event occurs.

Risk exposures and fair value measurements

Information about the Trust's exposure to financial risks and the methods and assumptions used in determining fair values is provided in note 17. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of the derivative financial instruments.

20 Segment information

The Trust is organised into one main operating segment with only one key function, being the investment of funds predominantly in Australia together with opportunistic investments globally.

21 Significant events during the year

There were no significant events during the year.

22 Events occurring after the reporting period

On 25 July 2023, the Responsible Entity announced a distribution of 0.6738 cents per ordinary unit which amounted to $2,701,847 and was paid on 8 August 2023.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect:

(i) the operations of the Trust in future financial years; or
(ii) the results of those operations in future financial years; or
(iii) the state of affairs of the Trust in future financial years.

23 Contingent assets, liabilities and commitments

There were no outstanding contingent assets, liabilities or commitments as at 30 June 2023 and 30 June 2022.

Directors' declaration

In the opinion of the Directors of Perpetual Trust Services Limited, the Responsible Entity of Perpetual Credit Income Trust:

(a) the financial statements and notes, set out on pages 16 to 42, are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

  (ii) giving a true and fair view of the Trust's financial position as at 30 June 2023 and of its performance for the financial year ended on that date;

(b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable;

(c) note 2(a) confirms that the financial statements also comply with International Financial Reporting Standards and Interpretations as issued by the International Accounting Standards Board; and

(d) the directors have been given the declarations required by Section 295A of the *Corporation Act 2001.*

This declaration is made in accordance with a resolution of the Directors of Perpetual Trust Services Limited.

Director

Sydney
21 August 2023

Independent Auditor's Report

To the unitholders of Perpetual Credit Income Trust

Opinion

We have audited the ***Financial Report*** of Perpetual Credit Income Trust (the Trust).

In our opinion, the accompanying Financial Report of the Trust is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Trust's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Statement of financial position as at 30 June 2023
- Statement of comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Trust in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

This matter was addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

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Valuation and existence of financial assets ($423.1m) and financial liabilities ($0.4m) at fair value through profit or loss	
Refer to Notes 2(b), 9, 10, 17(d), and 18 to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**

The Trust's financial assets and financial liabilities at fair value through profit or loss (FVTPL) comprise investments in:
• unlisted unit trusts – These unlisted unit trusts predominantly hold investments in the Perpetual Loan Fund;
• debt securities;
• equity securities;
• derivative assets (futures and swaps);
• derivative liabilities (swaps).
The Trust outsources certain processes and controls relevant to:
• Recording and valuing investments to the investment administrator;
• Maintaining custody and underlying records of investments to the custodian;
• Initiating and executing the purchase and sale of investments to the investment manager.
Valuation and existence of financial assets and financial liabilities at FVTPL is a key audit matter due to the:
• Overall size of the Trust's portfolio of investments which are significant to its financial position. The Trust's investments in unlisted unit trusts and debt securities comprise 47% and 48%, respectively, of the Trust's total assets at year-end;
• Importance of the performance of these investments in driving the Trust's investment income and capital performance, as reported in the Financial Report;
• Various types of investments held by the Trust. We focussed our assessment on the reasonableness and authoritativeness of sources used by the Trust to value them.
As a result, this was the area with greatest
	Our procedures included:
	• We assessed the appropriateness of the accounting policies applied by the Trust, including those relevant to the fair value of investments, against the requirements of the accounting standards.
	• We obtained and read the Trust's custodians' and investment administrators' SOC 1 (*System and Organization Controls 1*) assurance reports for the period from 1 April 2022 to 31 March 2023 to understand the processes and assess the controls relevant to the:
	    • Custodian – to maintain custody and underlying records of the Trust's investments; and
	    • Investment Administrator – to record and value the Trust's investments.
	• We obtained and read the Trust's custodian's and investment administrator's bridging letters over the period not covered by the SOC1 assurance reports. We compared processes and controls in the bridging letters for consistency with those in the SOC1 assurance reports.
	• We obtained and read the Trust's investment manager's GS007 (*Guidance Statement 007 Audit Implications of the Use of Service Organisations for Investment Management Services*) assurance report for the period from 1 July 2022 to 30 June 2023 to understand the processes and assess controls relevant to the investment managers initiation and execution of the purchase and sale of the Trust's investments.
	• We assessed the reputation, professional competence and independence of the auditors of the GS007 and SOC1

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effect on our overall audit strategy and allocation of senior resources in planning and performing our audit. In assessing this Key Audit Matter, we involved our valuation specialists, who understand the Trust's investment profile and business and the economic environment it operates in.	assurance reports. • We checked total unit holdings in the unlisted unit trusts to underlying unit holding information. • With the involvement of our valuation specialists, we checked the valuation of the underlying investments in the unlisted unit trusts which drive their Net Asset Values using independently sourced market data for observable inputs, such as published credit spreads and margins. We compared these Net Asset Values to the fair value of unlisted unit trust investments recorded by the Trust at year-end. • With the involvement of our valuation specialists, we compared the valuation of the Trust's debt securities and equity securities, as recorded in the general ledger to independently sourced market prices at year-end. • With the involvement of our valuation specialists, we performed an independent valuation of the Trust's derivative assets and liabilities by using independently sourced market data for observable inputs, such as interest rates and foreign exchange rates. We compared this to the fair value of derivative assets and liabilities recognised by the Trust at year end. • We checked the existence of investments being the ownership and quantity held to external custody reports as at year-end. • We evaluated the Trust's disclosures of investments, using our understanding obtained from our testing, against the requirements of the accounting standards.

Other Information

Other Information is financial and non-financial information in Perpetual Credit Income Trust's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors of Perpetual Trust Services Limited (the Responsible Entity) are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other

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Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors of Perpetual Trust Services Limited (the Responsible Entity) are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Trust's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Trust or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf. This description forms part of our Auditor's Report.

KPMG

Andrew Reeves

Partner

Sydney

21 August 2023

ASX additional information

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is as follows. The information is current as at 31 July 2023 unless otherwise indicated.

A. Corporate governance statement

Refer to the annual report.

B. Substantial unitholders

There are no substantial unitholders.

C. Classes of units

Refer to the financial statements, note 7.

D. Voting rights

Voting rights which may attach to or be imposed on any unit or class of units is as follows:

(a) on a show of hands each unitholder has one vote; and
(b) on a poll, each unitholder has one vote for each dollar of the value of the total units they have in Trust.

E. Distribution of units

Analysis of numbers of unitholders by size of holding:

Size of holding	Number of holders	Total units	Percentage
1 - 1000	173	62,421	0.02%
1,001 - 5,000	532	1,715,968	0.43%
5,001 - 10,000	784	6,547,049	1.63%
10,001 - 100,000	5,442	202,789,389	50.57%
100,001 and over	645	189,853,055	47.35%
	7,576	**400,967,882**	**100.00%**

The number of unitholders holding less than a marketable parcel is 97 and they hold 4,903 units.

F. Twenty largest unitholders

The names of the twenty largest unitholders are listed below:

Unitholders	Numbers of units	Percentage
HSBC Custody Nominees (Australia) Limited	12,715,304	3.17%
Citicorp Nominees Pty Limited	8,815,604	2.20%
Navigator Australia Ltd	8,133,163	2.03%
BNP Paribas Nominees Pty Ltd	4,992,530	1.25%
Netwealth Investments Limited (Super Services A/C)	4,131,422	1.03%
Netwealth Investments Limited (Wrap Services A/C)	3,176,993	0.79%
J P Morgan Nominees Australia Pty Limited	3,030,534	0.76%
First Samuel Ltd	2,725,432	0.68%
Mutual Trust Pty Ltd	2,042,000	0.51%
The Art Gallery Board	1,874,289	0.47%
HSBC Custody Nominees (Australia) Limited - A/C 2	1,609,617	0.40%
Mr Glen Robert Mcivor	1,551,317	0.39%

ASX additional information (continued)

F. Twenty largest unitholders (continued)

Unitholders	Numbers of units	Percentage
The Corporation Of The Trustees Of The Order Of The Sisters Of Mercy In QLD	1,363,636	0.34%
Geat Incorporated (Geat-Preservation Fund A/C)	1,359,372	0.34%
Perpetual Corporate Trust Ltd (Affluence LIC Fund)	1,200,000	0.30%
Mercantile Investments Pty Ltd	1,025,000	0.26%
Mrs Gillian Mary Smith	1,011,000	0.25%
AK Clough Holdings Pty Ltd	974,906	0.24%
Carama Pty Ltd	960,000	0.24%
Milpera Pty Ltd	909,091	0.23%

G. Stock exchange listing

The Trust's units are listed on the Australian Securities Exchange (ASX) and are traded under the code PCI.

H. Voluntary escrow

There are no restricted units in the Trust or units subject to voluntary escrow.

I. Unquoted units

There are no unquoted units on issue.

J. Review of operations and activities for the reporting period

Refer to the Directors' report contained within the annual report.

K. On-market buy back

There is no current on-market buy back.

L. Cash and Assets used

During the year ended 30 June 2023, the Trust invested in accordance with the investment objective and guidelines as set out in the latest Product Disclosure Statement of the Trust dated 8 March 2019 and in accordance with the Trust's Constitution.

M. List of investments held by the Trust at 30 June 2023

	Fair value $'000
Unlisted unit trusts	
Perpetual Loan Fund	**193,067**
Perpetual Securitised Credit Fund	**14,500**
Total Unlisted unit trusts	**207,567**
Equity security	
Australia and New Zealand Banking Group Limited Capital Note	**1,979**
Total Equity security	**1,979**

ASX additional information (continued)

M. List of investments held by the Trust at 30 June 2023 (continued)

	Fair value $'000
Debt Securities	
AGI Finance Pty Limited	**3,216**
Ampol Limited	**7,873**
Apollo Trust	**1,554**
AusNet Services Holdings	**5,882**
Australia and New Zealand Banking Group	**10,737**
Australia Pacific Airports	**852**
Bank Of Queensland Limited	**5,029**
Bendigo and Adelaide Bank	**2,915**
BNP Paribas	**7,399**
BPCE S.A.	**3,446**
Centuria Capital 2 Fund	**9,936**
Challenger Life Company Limited	**4,526**
Commonwealth Bank Australia	**3,007**
ConQuest Trust	**220**
Cooperatieve Rabobank UA	**4,742**
Downer Group Finance Pty Limited	**1,909**
Emeco Pty Limited	**6,231**
Flexi Trust	**566**
GPT Wholesale Office Fund No.1	**1,947**
Heritage Bank Limited	**2,303**
HSBC	**2,000**
Humm ABS Trust	**127**
IMB Limited	**3,728**
Insurance Australia Group Limited	**12,597**
Kingfisher Trust	**6,329**
Liberty Funding Pty Limited Srs 2019-1SME	**4,149**
Liberty Funding Pty Limited Srs 2020-1A	**252**
Liberty Funding Pty Limited Srs 2020-1SME	**990**
Liberty Funding Pty Limited Srs 2023-1	**8,602**
Light Trust	**2,517**
Lion Trust	**1,637**
Macquarie Bank Limited	**7,198**
Mineral Resources Limited	**5,214**
National Australia Bank	**4,070**
Pacific National Finance	**2,958**
Peet Limited	**4,201**
Pepper Residential Securities Trust	**4,778**
Pepper SPARKZ Trust No.4	**805**
Perenti Finance Pty Limited	**7,361**
Progress Trust	**212**
QBE Insurance Group Limited	**3,732**

ASX additional information (continued)

M. List of investments held by the Trust at 30 June 2023 (continued)

	Fair value $'000
Debt Securities (continued)	
Resimac Bastille Trust	**809**
Salute Trust	**688**
Santos Finance Limited	**4,849**
Scentre Group Trust 2	**6,187**
SMHL Srs2020-1	**1,547**
Suncorp Group Ltd	**2,997**
The Superannuation Members Srs 2019-1	**2,973**
Torrens Trust Srs 2019-1	**3,703**
Torrens Trust Srs 2021-1	**2,146**
Westconnex Finance Company Pty Limited	**2,839**
Westpac Banking Corporation	**7,337**
Woodside Finance Limited	**2,266**
Woolworths Group Limited	**1,360**
Worley Financial Services Pty Ltd	**3,627**
Total Debt Securities	**211,075**
Derivatives	
Futures	**360**
Swaps	**1,628**
Total Derivatives	**1,988**
Total	**422,609**

N. Investment transactions

The total number of transactions entered during the year ended 30 June 2023 was 703. The total brokerage paid during the year was $23,606.

O. Total Management Fees paid or accrued during the year

Refer to the financial statements, note 15.

Directory

Responsible entity
Perpetual Trust Services Limited
ABN 48 000 142 049
AFSL 236 648

Registered office
Level 18, 123 Pitt Street
Sydney NSW 2000
Phone 1800 022 033

Directors
Glenn Foster
Phillip Blackmore
Richard McCarthy
Vicki Riggio (Alternate)

Company secretaries
Claudia Rososinski
Gananatha Minithantri
Sylvie Dimarco

Investment manager
Perpetual Investment Management Limited
Level 18, 123 Pitt Street
Sydney NSW 2000
AFSL 234 426

Auditor
KPMG
International Towers Sydney 3
300 Barangaroo Avenue
Sydney NSW 2000

Australian Securities Exchange Code
ASX: PCI

Unit registry
Automic Pty Ltd
Level 5, 126 Phillip Street
Sydney NSW 2000

Website
www.perpetualincome.com.au

Perpetual

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