

MCP MASTER INCOME TRUST

TRUST INFORMATION

Trust

MCP Master Income Trust (MXT) ARSN 620 465 090

Responsible Entity

The Trust Company (RE Services) Limited ACN 003 278 831; AFSL 235 150

Manager

Metrics Credit Partners Pty Ltd (MCP) ACN 150 646 996; AFSL 416 146

Investment Objective

Provide monthly cash income, low risk of capital loss and portfolio diversification by actively managing diversified loan portfolios and participating in Australia's bank-dominated corporate loan market. The Manager seeks to implement active strategies designed to balance delivery of the Target Return, while seeking to preserve investor capital.

Investment Strategy

To create a diversified exposure to Australian corporate loans generally reflecting activity in the corporate loan market and with the resultant diversity by borrower, industry and credit quality. Through active portfolio risk management, the Manager will seek to preserve investor capital.

Target Return

RBA Cash Rate +3.25% pa net of fees.

Investment Highlights

- // Experienced and active management team with proven track record.
- // Monthly cash income from floating rate Australian direct lending.
- // Attractive risk-adjusted returns from a diversified portfolio.
- // Portfolio diversification in Australian corporate fixed income.
- // Attractive fee structure and stable Net Asset Value (NAV) backing.

UNIT PRICE AND NAV⁽¹⁾

ASX Ticker Code	MXT
Price / NAV (share) ⁽²⁾	\$2.08 / \$2.00
Market Cap. / NAV ⁽²⁾	\$537m / \$517m
Unit Pricing	Daily
Distributions	Monthly
Website	metricscredit.com.au

MARKET AND INVESTMENT ACTIVITY

After a relatively subdued first half of 2017, Australian corporate loan market activity continued to build throughout the second half of the year and with US\$11b of club-style and syndicated corporate loan transactions reaching financial close in December, full year volume totalled US\$82b (provided to ~200 individual borrowers), up 12% on CY2016. Despite this growth, competition amongst domestic and international banks remains strong and as a result market pricing tightened during the year. With banks willing to provide large lending commitments to investment grade corporate borrowers oversubscribed transactions were common and the year saw several major transactions funded on a club basis (where a smaller group of lenders directly arrange and provide a loan facility), which eliminates the need for a more expensive underwrite and syndication (to other banks). These club financings often resulted in limiting opportunities for smaller lenders to participate in such loan facilities.

During December several significant corporate loans reached financial close, headlined by Tabcorp Holding's facility used to finance its merger with Tatts Group. Other notable December transactions included refinancings for Australian wireless communication tower owner-operator Axicom, power generator Energy

Developments Pty Ltd and AMP Group. ASX-listed toll road investor Transurban Group increased its existing corporate working capital facility. In the project finance and infrastructure loan market, Chinese firm Xinjiang Goldwind Science & Technology Co Ltd closed a loan to develop its Stockyard Hill Wind Farm, which at 530MW will be Australia's largest wind farm. The APA, Marubeni and Osaka Gas sponsored energy distributor Energy Fund Finance Corp refinanced its loan facility and North Queensland Airports also refinanced its loan facility.

Through December, MCP was active in providing an additional 7 loan facilities (all of which provided by the Metrics Credit Partners Diversified Australian Senior Loan Fund) including several commercial real estate loans and received full repayment on 3 loans. These new investments were sourced from both arranging banks and MCP's own direct origination. At the end of December MXT was invested in 69 loan facilities, MCP has committed to a number of new loan facilities closing early 2018. MXT IPO proceeds are expected to be fully invested by Q1'18. MXT has announced a 2.186c per unit distribution to be paid on 12 January 2018 representing an annualised distribution rate of 4.75% from listing date to 31 December 2017. MXT will now make monthly distributions to investors.

NAV/UNIT AND UNIT PRICE PERFORMANCE



FUND PERFORMANCE

(%)	1mth	1yr	3yr ⁽³⁾	5yr ⁽³⁾	Incep ⁽⁴⁾
Net Return	0.41	-	-	-	1.23
RBA Cash Rate	0.13	-	-	-	0.38
Distribution ⁽⁵⁾	1.08	-	-	-	1.08

NOTE: NOTE: NAV/Unit went ex-distribution on 29 December 2017¹. Past performance is not a reliable indicator of future performance.

RESEARCH

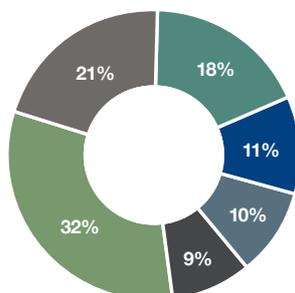
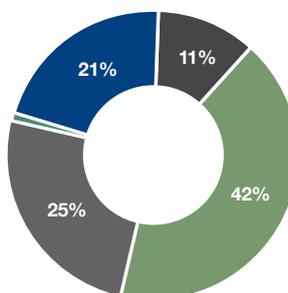
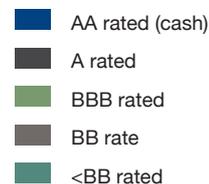


PLATFORMS

AMP North	AMP PortfolioCare	Asgard	BT Panorama
BT Wrap	CFS FirstWrap	HUB24	IOOF
Macquarie Wrap	MLC Navigator	MLC Wrap	Netwealth

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PORTFOLIO CONSTRUCTION

Industry Allocation⁽⁶⁾Credit Quality⁽⁷⁾

OTHER FUND SETTINGS

Number of Individual Investments	69	Interest Duration (days) ⁽⁸⁾	24
Investment Grade (%) ⁽⁷⁾	74%	Credit Duration (years) ⁽⁹⁾	2.1

NET RETURNS

(%)	Jan	Feb	Mar	April	May	June	July	Aug	Sep	Oct	Nov	Dec	YTD
2018	-	-	-	-	-	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-	-	0.46	0.35	0.41	1.23

NOTE: Past performance is not a reliable indicator of future performance.

NOTES

1. As at close of business month end 2. Ex-distribution 3. Note MXT invests in underlying MCP funds which engage in direct lending activities. 4. Annualised. 5. 5 December 2018 distribution for period from IPO. 6. MSCI and Standard & Poor's' Global Industry Classification Standard Industry. 7. Rated by MCP including where not rated by public rating agencies. 8. Weighted average to next interest rate roll on underlying loans and cash. 9. Weighted average to final maturity on underlying loans and cash.

ABOUT THE MANAGER

MCP is an Australian debt-specialist fund manager with significant direct lending expertise in the Australian corporate loan market. MCP manages funds on behalf of investors seeking opportunities in credit and fixed income markets.

MCP's Investment Team has significant corporate and institutional lending experience and currently manages wholesale funds in excess of \$2.5 billion.

ENQUIRIES

General ☎ 1300 010 311 ✉ invest@metricscredit.com.au Unit registry ☎ 1300 133 451 ✉ registry@fundbpo.com

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