

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 seeks 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⁾	\$2.09 / \$2.00
Market Cap. / NAV ⁽²⁾	\$539m / \$517m
Unit Pricing	Daily
Distributions	Monthly
Website	metricscredit.com.au

MARKET AND INVESTMENT ACTIVITY

January is traditionally a slow month in the Australian corporate loan market and 2018 was no exception. Primary issuance volume was a relatively modest ~US\$1.2b and was generally limited to a handful of refinancings of smaller <US\$100m club-style loans. The most notable transaction to reach financial close during the month was ASX-listed Beach Energy's A\$1.5b facility arranged to part finance its acquisition of the Lattice Energy business from Origin Energy. This facility had been syndicated by the lead arranging banks ANZ, CBA and Credit Suisse to a further 14 lenders in late 2017. The transaction close had been awaiting regulatory approvals.

Despite the limited transactional activity over January, liquidity in global capital markets remains sound and a conducive bank funding environment is providing the opportunity for high quality / investment grade corporate borrowers to refinance at tighter pricing levels and often with longer tenors than that of their existing loan facilities. As a result, it is expected that over 2018 issuance volume in the Australian corporate loan market will be driven by refinancing, with some significant transactions in the Project Finance & Infrastructure loan market

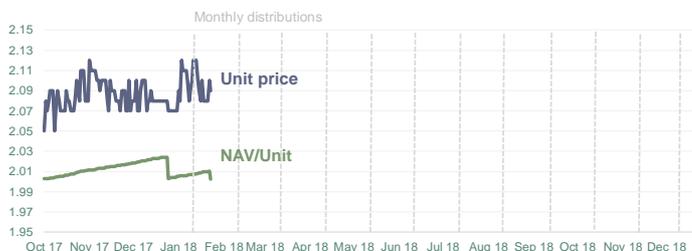
including the expected sale of 51% of the NSW government's ownership of the WestConnex toll-roads project. It continues to be notable that while banks remain highly competitive lending to corporate borrowers, continued rationing of capital to the commercial real estate sector has resulted in attractive pricing, terms and conditions for lenders with current appetite to lend in this market segment.

Through January, MXT further diversified its loan exposure by two new loans (one commercial real estate loan provided by the MCP Real Estate Debt Fund and one corporate facility provided by the MCP Diversified Australian Senior Loan Fund). At the end of January, MXT was invested in 71 loans and MCP has committed to several loan facilities closing over the coming months.

MXT announced an 0.81c per unit distribution which was paid on the 8th of February 2018 resulting in an annualised distribution rate of 4.75% from listing date to 31 January 2018.

A new research report for MXT was released by Australia Ratings during January and is available at www.metricscredit.com.au/mcp-master-income-trust/.

NAV/UNIT AND UNIT PRICE PERFORMANCE



NOTE: First distribution end December 2017 and month end thereafter.

FUND PERFORMANCE

	1mth	1yr	3yr ⁽³⁾	5yr ⁽³⁾	Incep ⁽⁴⁾
Net Return (%)	0.38	-	-	-	1.61
RBA Cash Rate (%)	0.13	-	-	-	0.51
Distribution (%)	0.40	-	-	-	1.48
Distribution (c/Unit)	0.81	-	-	-	3.00

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

RESEARCH



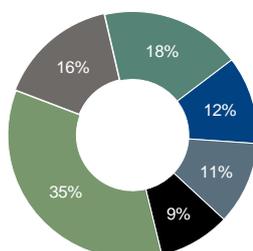
PLATFORMS

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

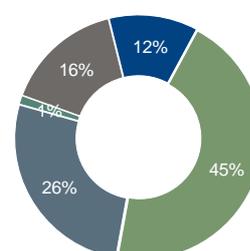
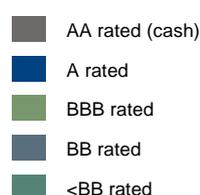
MCP MASTER INCOME TRUST

PORTFOLIO CONSTRUCTION⁽⁵⁾

Industry Allocation⁽⁶⁾



Credit Quality⁽⁷⁾



OTHER FUND SETTINGS

Number of Individual investments	71	Interest Duration (days) ⁽⁸⁾	35
Investment Grade (%) ⁽⁷⁾	72%	Credit Duration (years) ⁽⁹⁾	2.3

NET RETURNS

(%)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2018	0.38	-	-	-	-	-	-	-	-	-	-	-	0.38
2017	-	-	-	-	-	-	-	-	-	0.46	0.35	0.41	1.23

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

DISTRIBUTIONS

(cents/Unit)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2018	0.81	-	-	-	-	-	-	-	-	-	-	-	0.81
2017	-	-	-	-	-	-	-	-	-	-	-	2.19	2.19

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

NOTES

1. As at close of business month end 2. Ex-distribution 3. Annualised. 4. IPO 9 October 2017. 5. Note MXT invests in underlying MCP funds which engage in direct lending activities. 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@mainstreamgroup.com

DISCLAIMER The Trust Company (RE Services) Limited ABN 45 003 278 831 AFSL 235 150 (Perpetual) is the responsible entity of MCP Master Income Trust (the Trust). This monthly report has been prepared by Metrics Credit Partners Pty Ltd ABN 27 150 646 996 AFSL 416 146 (MCP), the investment manager of the Trust. The information is of a general nature only and has been prepared without taking into account your objectives, financial situation or needs. Before making an investment decision, you should consider obtaining professional investment advice that takes into account your personal circumstances and should read the current product disclosure statement (PDS) of the Trust. The PDS for the Trust is available from invest@metricscredit.com.au. Neither Perpetual nor MCP guarantees repayment of capital or any particular rate of return from the Trust. All opinions and estimates included in this report constitute judgments of MCP as at the date of the report and are subject to change without notice. Past performance is not a reliable indicator of future performance. Whilst MCP believes the information contained in these materials are based on reliable information, no warranty is given to its accuracy and persons relying on this information do so at their own risk. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information.

The Zenith Investment Partners ('Zenith') Australian Financial Services License No. 226872 rating (assigned August 2017) referred to in this document is limited to "General Advice" (s766B Corporations Act 2001) for Wholesale clients only. This advice has been prepared without taking into account the objectives, financial situation or needs of any individual and is subject to change at any time without prior notice. It is not a specific recommendation to purchase, sell or hold the relevant product(s). Investors should seek independent financial advice before making an investment decision and should consider the appropriateness of this advice in light of their own objectives, financial situation and needs. Investors should obtain a copy of, and consider the PDS or offer document before making any decision and refer to the full Zenith Product Assessment available on the Zenith website. Past performance is not an indication of future performance. Zenith usually charges the product issuer, fund manager or related party to conduct Product Assessments. Full details regarding Zenith's methodology, ratings definitions and regulatory compliance are available on our Product Assessments and at <https://www.zenithpartners.com.au/regulatory-guidelines-funds-research>

BondAdviser has acted on information provided to it and our research is subject to change based on legal offering documents. This research is for informational purposes only. This information discusses general market activity, industry or sector trends, or other broad-based economic, market or political conditions and should not be construed as investment advice. The content of this report is not intended to provide financial product advice and must not be relied upon as such. The statements and/or recommendations on this Report are our opinions only. We do not explicitly or implicitly recommend or suggest an investment strategy of any kind. Neither the accuracy of that data nor the methodology used to produce the report can be guaranteed or warranted. We have taken all reasonable steps to ensure that any opinion or recommendation is based on reasonable grounds. The data generated by the research is based on methodology that has limitations; and some of the information in the reports is based on information from third parties. Full details regarding BondAdviser's methodology and regulatory compliance are available on our website at <https://www.bondadviser.com.au/documents-and-links>