

# 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<sup>(1)</sup>

ASX Ticker Code	MXT
Price / NAV (share) <sup>(2)</sup>	\$2.07 / \$2.00
Market Cap. / NAV <sup>(2)</sup>	\$752m / \$728m
Unit Pricing	Daily
Distributions	Monthly
Website	metricscredit.com.au

## MARKET AND INVESTMENT ACTIVITY

Following one of the busier periods that the Australian syndicated loan market has experienced in recent years, transactions slowed in July to A\$4.2b, albeit this was well above the A\$0.5b completed in July 2017.

July volume was driven by the A\$3b loan to finance Blackstone's acquisition of the Investa Office Fund REIT. Aside from this, market activity was limited to a handful of smaller loans, including a facility to support Quadrant Private Equity's acquisition of childcare provider Junior Adventures Group, a refinancing for ASX-listed gold miner Resolute Mining and loans for both Crookwell II Wind Project and White Rock Wind Farm.

Refinancing activity is likely to remain subdued in the coming months, however there is currently a solid pipeline of corporate activity. Significant transactions such as the demerger of Coles from parent Wesfarmers will provide lending opportunities.

In 2018, the Australian syndicated loan market has been one of the most active across Asia. With Australian loan issuance increasing by ~15% to US\$46b it now ranks a close second behind Hong Kong in the APAC (ex-Japan) region after issuance from the Hong Kong and Chinese markets fell 20% and 33% respectively (to US\$48b and US\$45b). Lower domestic demand combined with a strong funding position and Australia's sound lending fundamentals has seen banks from these markets further expand their presence in Australia.

During July, MXT gained exposure to three new loans including to two corporate borrowers and one in the real estate sector, and was repaid on one loan to an industrial real estate borrower following the sale of the property. At the end of July, MXT was invested in 84 loan facilities.

MXT announced an 0.91c per unit July distribution paid in early August, representing an annualised distribution rate of 4.93% since listing, exceeding the target return of the cash rate +3.25% pa (currently 4.75% pa).

## NAV/UNIT AND UNIT PRICE PERFORMANCE



NOTE: First distribution end December 2017 and month end thereafter.  
Entitlement Offer announced 26 February 2018 and closed 27 March 2018.

## FUND PERFORMANCE

	1mth	1yr	3yr <sup>(3)</sup>	5yr <sup>(3)</sup>	Incep <sup>(4)</sup>
Net Return (%)	0.50	-	-	-	4.08
RBA Cash Rate (%)	0.13	-	-	-	1.25
Distribution (%)	0.46	-	-	-	3.98
Distribution (c/Unit)	0.91	-	-	-	7.97

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

## RESEARCH



## PLATFORMS

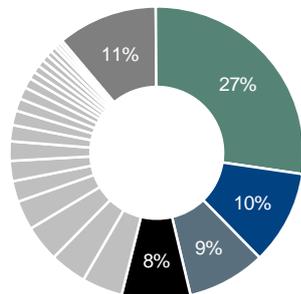
AMP North	AMP PortfolioCare	Asgard	BT Panorama
BT Wrap	CFS FirstWrap	HUB24	IOOF
Macquarie Wrap	MLC Navigator	MLC Wrap	Netwealth

# MCP MASTER INCOME TRUST

## PORTFOLIO CONSTRUCTION<sup>(5)</sup>

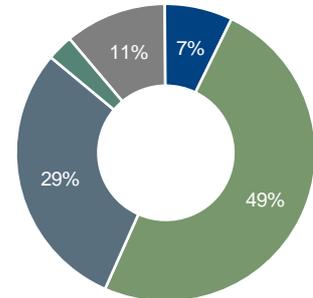
### Industry Allocation<sup>(6)</sup>

- Cash
- Real Estate Mgt & Development
- Hotels, Restaurants & Leisure
- Transport Infrastructure
- Real Estate Investment Trusts
- Other Industries



### Credit Quality<sup>(7)</sup>

- AA (Cash)
- A rated
- BBB rated
- BB rated
- <BB rated



## OTHER FUND SETTINGS

Number of Individual investments	84	Interest Duration (days) <sup>(8)</sup>	36
Investment Grade (%) <sup>(7)</sup>	68%	Credit Duration (years) <sup>(9)</sup>	2.5

## NET RETURNS<sup>(10)</sup>

(%)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2018	0.38	0.32	0.43	0.38	0.38	0.45	0.50	-	-	-	-	-	2.85
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	0.73	0.81	0.78	0.81	0.93	0.91	-	-	-	-	-	5.78
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. 10. Where last day of the month is a non business day returns based on estimated unit price at month end.

## ABOUT THE MANAGER

MCP is an Australian debt-specialist fund manager with significant direct lending expertise. 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 \$3.0 billion.

## ENQUIRIES

General 1300 010 311 [invest@metricscredit.com.au](mailto:invest@metricscredit.com.au) Unit registry 1300 133 451 [registry@mainstreamgroup.com](mailto:registry@mainstreamgroup.com)

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