

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⁾ | \$2.07 / \$2.00 |
| Market Cap. / NAV ⁽²⁾ | \$752m / \$727m |
| Unit Pricing | Daily |
| Distributions | Monthly |
| Website | metricscredit.com.au |

MARKET AND INVESTMENT ACTIVITY

As anticipated, the end of the financial year saw a significant level of activity in the Australian syndicated loan market. A total of A\$12b of loans reached completion during June and while this was down on the A\$16b completed in June 2017, YTD volume of A\$47b is slightly ahead of the A\$44b completed over 1H CY2017.

Market activity was dominated by large ASX-listed corporate and infrastructure project borrowers refinancing their loan facilities. Headline transactions included loans for Lend Lease, Origin Energy, AGL and MYOB along with Westfield shopping centre owner Scentre Group. In the project finance and infrastructure segment NSW Electricity Networks (Transgrid), Macarthur Wind Farm, APA, Queensland Airports and Millmerran Power all completed refinancings. The loan financing intelliHUB's acquisition of Origin Energy's smart meter business Acumen was the most notable new to market loan to close.

The Australian syndicated loan market remains liquid and competition amongst lenders is high. Key transactions such as the A\$3.2b Origin Energy facility have been significantly over-subscribed during the syndication/sell-down phase.

Loan market activity in June also reinforced the emergence of longer dated lending with nearly all investment grade borrowers having included a 7-year tranche in their loan facilities. Whilst the Australian major banks struggle to profitably lend for longer than 5-years to corporate borrowers, Asian banks which maintain favourable funding profiles are willing to offer these longer tenors. The preference for longer term loans also suggests borrowers expect loan pricing to increase in the near term.

Whilst the market will likely slow down in coming months, there are several borrowers currently in the market for loans including S&G Hotels, Port of Newcastle and oOh!media, which is arranging financing for its acquisition of competitor Adshel.

During June, MXT gained exposure to four new loans in the real estate sector and was repaid on one loan. At the end of June, MXT was invested in 82 loan facilities. MXT announced an 0.93c per unit June distribution paid in early July, representing an annualised distribution rate of 4.88% 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 ⁽³⁾ | 5yr ⁽³⁾ | Incep ⁽⁴⁾ |
|-----------------------|------|-----|--------------------|--------------------|----------------------|
| Net Return (%) | 0.45 | - | - | - | 3.57 |
| RBA Cash Rate (%) | 0.12 | - | - | - | 1.12 |
| Distribution (%) | 0.47 | - | - | - | 3.53 |
| Distribution (c/Unit) | 0.93 | - | - | - | 7.06 |

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

RESEARCH



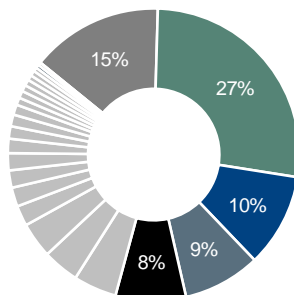
PLATFORMS

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

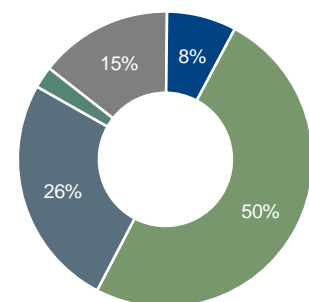
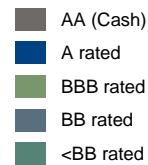
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PORTFOLIO CONSTRUCTION⁽⁵⁾

Industry Allocation⁽⁶⁾



Credit Quality⁽⁷⁾



OTHER FUND SETTINGS

| | | | |
|-------------------------------------|-----|---|-----|
| Number of Individual investments | 82 | Interest Duration (days) ⁽⁸⁾ | 27 |
| Investment Grade (%) ⁽⁷⁾ | 73% | Credit Duration (years) ⁽⁹⁾ | 1.9 |

NET RETURNS⁽¹⁰⁾

| (%) | 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 | - | - | - | - | - | - | 2.35 |
| 2017 | - | - | - | - | - | - | - | - | - | 0.46 | 0.35 | 0.41 | 1.23 |

NOTE: Past performance is not a reliable indicator of future performance.
Cash holdings temporarily elevated post capital raising and have since been allocated to underlying funds.

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 | - | - | - | - | - | - | 4.87 |
| 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 Unit registry 1300 133 451 registry@mainstreamgroup.com

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