

# 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. MCP is an alternatives asset manager specialising in private credit, equity and debt capital markets. MCP has significant experience in corporate and institutional lending and currently manages assets in excess of \$3.0 billion.

### 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.

### Investment Strategy

Provide exposure reflecting activity in the Australian corporate loans market with diversification by borrower, industry and credit quality. MCP seeks to implement active strategies designed to balance delivery of the Target Return, while preserving 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>	\$753m / \$728m
Unit Pricing	Daily
Distributions	Monthly
Website	<a href="http://www.metricscredit.com.au">www.metricscredit.com.au</a>

## MARKET AND INVESTMENT ACTIVITY

The Australian syndicated and club loan market segment was quiet in September, with only four loans totalling A\$2b funded (vs A\$5.6b pcp). Endeavour Energy, Arnott's Biscuits, and Myer Holdings all refinanced loans during September, with a commercial property loan to Mirvac SLS Development rounding out the month.

The Endeavour Energy deal demonstrated the strong international demand for Australian corporate loans. The facility was provided by a syndicate of 14 offshore banks and one life insurer which provided a 12-year institutional tranche.

Although the September quarter saw only ~A\$11b of syndicated and club loans funded, the transaction pipeline remains strong with demand for refinancings typically peaking in the December quarter.

In the bi-lateral corporate loan market segment, activity remains strong across all sectors, particularly in real estate development due to the well publicised withdrawal of commercial banks due to regulatory pressures.

There is also a strong pipeline of mid-sized private equity sponsored acquisition financings which will result in several new assets for MXT prior to year-end.

Loan transactions for borrowers in the infrastructure and project finance space remain aggressively bid by domestic and offshore banks and currently rarely provide compelling risk/return value.

During September, MXT gained exposure to one new loan in the education sector and was repaid on one commercial property loan. MXT also provided commitments to five loans which are expected to close during October. At the end of September, MXT was invested in 85 loan facilities.

MXT announced an 0.79c per unit September distribution to be paid in early October, representing an annualised distribution rate of 4.99% 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 (%)	0.45	-	-	-	5.00
RBA Cash Rate (%)	0.12	-	-	-	1.50
Distribution (%)	0.40	-	-	-	4.86
Distribution (c/Unit)	0.79	-	-	-	9.72

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

## RESEARCH



## PLATFORMS

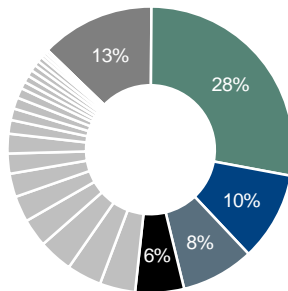
AMP North	AMP PortfolioCare	Asgard	BT Panorama
BT Wrap	CFS FirstWrap	HUB24	IOOF
Macquarie Wrap	MLC Navigator	MLC Wrap	Netwealth

# MCP MASTER INCOME TRUST

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

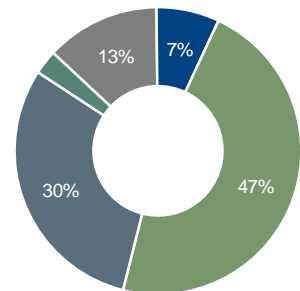
### Industry Allocation<sup>(6)</sup>

- 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	85	Interest Duration (days) <sup>(8)</sup>	34
Investment Grade (%) <sup>(7)</sup>	67%	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	0.49	0.45	-	-	-	3.77
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	0.96	0.79	-	-	-	7.53
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.

## 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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