

INVESTMENT RATING REPORT



INVESTMENT RATING: **SUPERIOR**

PRODUCT COMPLEXITY: **RELATIVELY SIMPLE**

Fund Details
Investment Manager: Metrics Credit Partners Pty. Ltd.
Investment Structure: Registered Australian unit trust
Category: Australian credit
Investment Style: Diversified Australian private corporate credit
Inception: 1 July 2020
Management Fees and Costs: Estimated to be 0.68% p.a. of the Trust's NAV
Performance Fee: May be payable to sub-funds (SPDF II & REDF)
Distribution: Monthly
Responsible Manager/Entity: Equity Trustees Ltd.
Investment Objective: To provide monthly cash income equivalent to RBA cash rate plus 3.25%, net of fees. To reduce the risk of capital loss by investing in managed diversified loan portfolios and participating in Australia's bank-dominated corporate loan market.

Review Summary

The Metrics Direct Income Fund (the Trust) is a registered Australian unit trust investing in the Australian corporate loan market through investment in Metrics' wholesale funds. The Trust may also hold units in the listed trust, Metrics Master Income Trust (ASX: MXT). The characteristics of the investment are exceptionally low capital volatility, regular monthly income flow, and a significant return margin compared with cash and short-term cash securities.

The experienced management team at Metrics Credit Partners has grown its capability steadily, increasing team size, fund size, and diversification of the funds underlying the Trust.

This is an attractive investment on a risk-return basis offering a well-managed, well-diversified investment in a sub-asset class that would otherwise be difficult to access for non-bank investors.

As the investments of the Metrics Direct Income Fund are largely untraded, this investment may be illiquid at times. Investors should consider this a medium-to-long-term investment.

Investment Rating & Foresight Complexity Indicator

A **SUPERIOR** rating indicates the highest level of confidence that the Trust can deliver a risk-adjusted return in line with its investment objectives. The investment manager for this strategy is experienced and well-resourced, with a solid track record.

Designation as an **RELATIVELY SIMPLE** indicates that the investment manager will seek to outperform their chosen market sector, in this case, the Australian corporate loan market. The investment, comprised of equity-funded corporate loans, currently has no core leverage.

The strategies used to outperform, while requiring a depth of market experience and due diligence, are completely compatible with normal market practice. This includes the potential conversion of debt to equity in a restructuring, where the strategy is designed to limit capital loss/preserve investor capital.

Performance (30 June 2022)

	Net Return	RBA Cash Rate	Distn	Spread to RBA
1mth (%)	0.48	0.07	0.53	0.46
3mth (%)	1.24	0.11	1.33	1.23
6mth (%)	2.23	0.13	2.42	2.28
1yr (% pa)	4.54	0.18	4.63	4.44
2 yr (%pa)	6.20	0.17	4.41	4.24

Source: Metrics (assumes participation in re-investment plan)

Fund Details

Fund	Metrics Direct Income Fund, ARSN 641 620 331
Dominant Strategy	Income generation through diversified investment in Australian corporate credit
Investment Structure	Registered Australian Unit Trust
Investment Manager	Metrics Credit Partners Pty. Ltd.; ACN 150 646 996, AFSL 416146
Trustee/RE	Equity Trustees Ltd.; ACN 004 031 298
Custodian	EQT Australia Ltd.; ACN 111 042 132
Administrator	MCH Fund Administration Services Pty. Ltd.; ACN 636 286 970
Unit Registry	Automic Pty. Ltd. (Automic Group) ACN 152 260 814
KEY FEATURES	
Inception	1 July 2020
Geographic Mandate	Australia
Minimum Application	\$1,000
Redemptions	If the Trust is liquid, monthly redemptions at the end of each month, subject to 15 business days prior written notice.
NAV Pricing	Daily
Asset Class	Fixed Interest
Distributions	Monthly
Asset Sector	Australian corporate loans and debt
Management Fees & Costs	Estimated to be 0.68% p.a. of the Trust's NAV. The fees and costs include responsible entity fee, investment management fee, recoverable expenses, and indirect costs.
Performance Fee	May be payable by sub-wholesale funds.
Funds Under Management (FUM)	As at June 2022, the FUM for this Trust is AU\$778M
PRIMARY CONTACT	
Email Address	invest@metrics.com.au
Telephone Number	1300 010 311
Address	2 Ridge Street, North Sydney
Website	www.metrics.com.au/mdif

Investment Profile

HISTORY/BACKGROUND

The investment manager of the Metrics Direct Income Fund is Sydney-based Metrics Credit Partners (Metrics). The company was formed in 2011 as a specialist corporate lending manager. With over AU\$12 billion in assets under management (June 2022) across Australian corporate loans and private credit, Metrics is the largest non-bank lender in Australia in this sector.

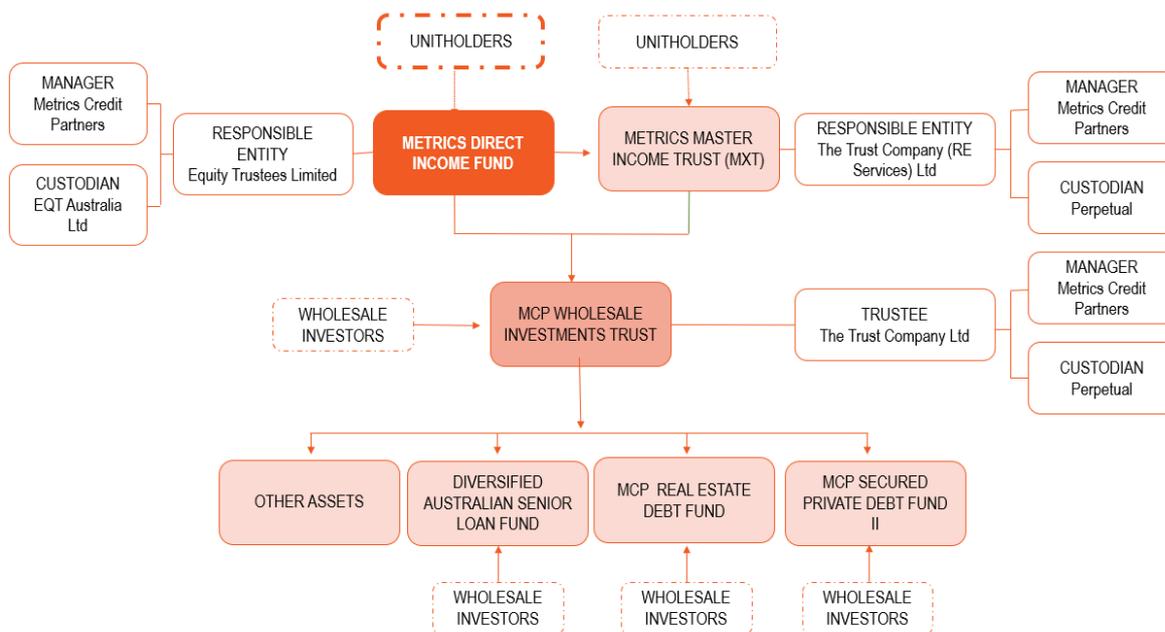
Metrics is 100% owned by Metrics Credit Holdings Pty. Ltd., 65% of which is controlled by the four managing partners: Justin Hynes, Andrew Lockhart, Graham McNamara and Andrew Tremain. The remaining 35% equity interest in Metrics, originally owned by NAB, was bought back by Metrics and then acquired by Pinnacle Investment Management in August 2018. Prior to forming Metrics, the partners collectively had extensive experience within banking environments in loan origination, corporate finance, credit analysis, credit portfolio management, leveraged and acquisition finance, syndicated loan transactions, distressed assets, and distribution.

Since its inception, Metrics has launched several funds across the credit spectrum to suit different risk/return investor requirements. Additionally, Metrics has provided different structures for accessing the funds, with a mix of wholesale, retail, and listed investment trusts. In the last 18 months, Metrics has launched an NZ PIE fund for NZ wholesale investors (March 2021), the Metrics Diversified (Australia and NZ) Lending Fund (August 2021) for Japanese investors and the Metrics Real Estate Partners Fund (Feb 2022) – real estate equity.

Investors in the wholesale funds typically comprise superannuation funds, fund of funds, a mix of insurance companies, high net worth individuals, family offices, charities, and two ASX-listed investment trusts: the Metrics Income Opportunities Trust (ASX: MOT) and the Metrics Master Income Trust (ASX: MXT). Metrics has grown significantly over the last two years, surpassing AU\$12 billion in assets under management in June 2022. Capital inflows have come from a variety of sources, including insurance companies and new institutional clients.

FUND MANAGEMENT STRUCTURE

The Metrics Direct Income Fund is a registered, managed investment scheme that invests in the MCP Wholesale Investments Trust, which in turn invests in several underlying MCP-managed wholesale corporate loan funds.



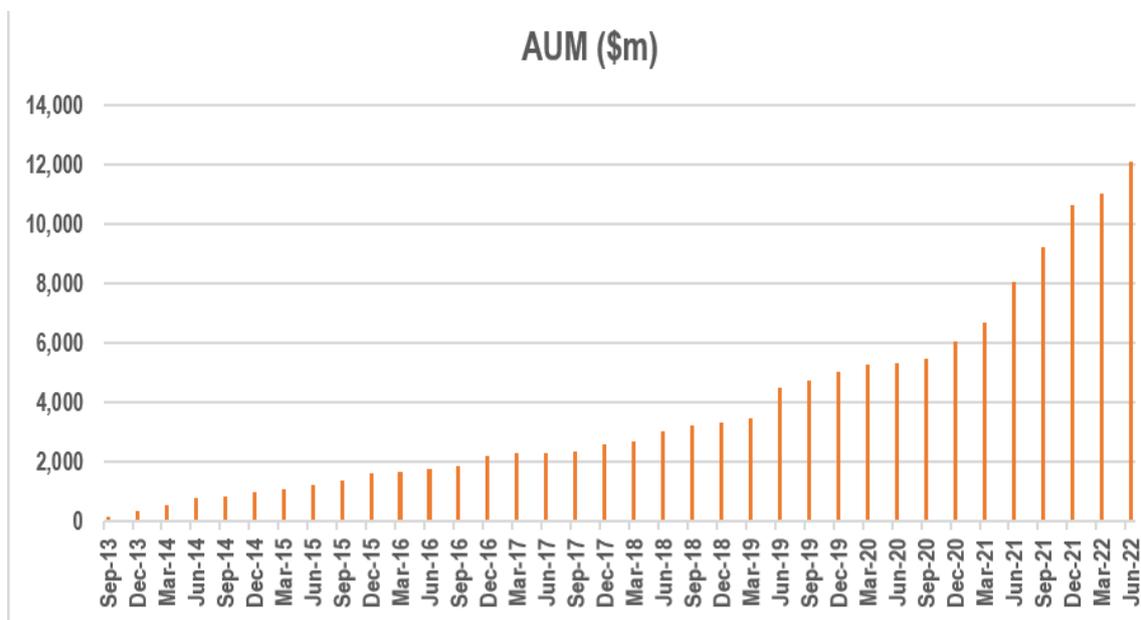
The MCP Wholesale Investment Trust invests approximately 60-70% into the Metrics Credit Partners Diversified Australian Senior Loan Fund, 20-30% into the MCP Secured Private Debt Fund II, and 10-20% into the MCP Real Estate Debt Fund (collectively, 'the Wholesale Funds'). In addition, the manager may, from time to time, invest in the listed vehicle, the Metrics Master Income Trust (MXT). Details of the respective funds can be found in the 'Portfolio Construction' section of this report.

OBJECTIVE

The Trust's Investment Objective is to provide monthly cash income, low risk of capital loss, and portfolio diversification through its exposure to the MCP Wholesale Investments Trust (Sub-Trust) and the Wholesale Funds, by gaining exposure to diversified loan portfolios and participating in Australia's bank-dominated loan market. The Trust may not be successful in reaching its objective. While the manager believes the Trust will be liquid, there may be periods where an investment in the Trust cannot be redeemed. The target return for this fund is the RBA cash rate plus 3.25%, net of fees.

FUNDS UNDER MANAGEMENT

At the end of June 2022, the MCP Direct Income Fund had a NAV of AU\$778M. The fund manager, Metrics, reached AUM of AU\$12 billion at the end of June 2022, all of which is equity funded.



FEES

The fees paid by investors in this Trust reflect the fees in the underlying wholesale funds:

Management Fees & Costs	<p>Management costs are estimated to be 0.68% of the Trust's NAV, depending on the assets of the Trust and the Sub-Trust.</p> <ul style="list-style-type: none"> ▪ Responsible Entity fee – 0.03% p.a. of the Trust's NAV up to \$500M, reducing to 0.02% on amounts in excess of \$500M, calculated and accrued daily and paid monthly in arrears. ▪ Management fees – circa 0.21% p.a. of the Trust's NAV, calculated and accrued daily and paid monthly in arrears to the manager from the Trust's assets. ▪ Recoverable expenses of the Trust – 0.06% per annum of the Trust's NAV paid out of the Trust's assets once the cost is incurred. ▪ Indirect costs – 0.39% per annum of the Trust's NAV once the cost is incurred, including performance fees.
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INVESTMENT UNIVERSE

The Trust invests in a portfolio of direct credit; untraded corporate loans, which broadly reflect activity in Australia's corporate loan market, diversified by borrower, industry, and credit quality. Borrowers will be Australian domiciled (>80%), while the loans may be secured, unsecured, senior, or sub-ordinated, investment grade or sub-investment grade.

Although the investments will typically be direct loans to Australian companies, the investment mandates of the sub-trusts give the Trust the ability to use other financial instruments in certain situations. These are listed in the table below. In a workout, the Trust may hold options, equity, and warrants, which carry a greater risk of loss than debt securities should the borrower become insolvent.

OTHER ALLOWABLE INVESTMENTS

The mandates of the funds in which the Metrics Direct Income Fund invests also allow the Trust to acquire the following physical and derivative instruments:

Instrument	How the instrument might be used/acquired
Cash and commercial paper	<ul style="list-style-type: none"> Part of portfolio cash management
Revolving line of credit	<ul style="list-style-type: none"> While the loans to counterparties are not leveraged, DALSF has access to a multi-currency line of credit to assist with cash flow and currency management
Bonds, convertible notes and hybrids	<ul style="list-style-type: none"> To assist with portfolio diversification
Options, equity and warrants	<ul style="list-style-type: none"> Risk management Where required in a workout scenario
Credit default swaps	<ul style="list-style-type: none"> Sold where the underlying asset is held by an investment grade counterparty Bought as part of risk management strategies
Credit-linked notes	<ul style="list-style-type: none"> To assist with portfolio diversification
Foreign exchange and interest rate swaps or options	<ul style="list-style-type: none"> Risk management

While the derivatives above are allowed in the sub-trust mandates, Metrics has not entered into any derivative transaction since inception and is not expected to enter into such transactions based on current portfolio settings.

COMPARISON OF AUSTRALIAN BONDS VS AUSTRALIAN FLOATING RATE DIRECT CREDIT

The Metrics Direct Income Fund is differentiated from other Australian fixed interest funds, both listed and unlisted, through its investment in direct corporate lending rather than traded bonds and cash securities. The corporate bond market is not well developed in Australia due to the size of the market, the cost of issuance for corporates, and uncertainty in the amount that can be raised through a bond issue.

While the corporate loan market has historically been dominated by the four major Australian banks, regulatory restrictions over the last few years have provided greater opportunities for non-bank lenders. The size of the untraded corporate loan market in Australia is estimated to be approximately AU\$1trillion.

The Metrics Direct Income Fund, being 100% equity funded, and the Wholesale Funds are well placed to compete against banks for direct corporate lending deal flow and are more agile in the selection of the borrowers they will lend to. Deal flow has increased significantly in the period since the launch of Metrics' first fund in 2013, with Metrics receiving a greater number of deal opportunities directly from borrowers than from banks. In more recent times, Metrics is receiving an increasing number of invitations from banks to participate in syndicated loans, reflecting Metrics' relevance as a participant in the corporate loan market.

For investors, the two sub-asset classes have the following respective advantages:

Corporate Bonds	Direct Corporate Credit
<ul style="list-style-type: none"> Liquidity Price Transparency Potential capital gains 	<ul style="list-style-type: none"> Diversification – better spread of industry sectors. Lower price volatility – direct credit is normally priced relatively close to par. Capital recovery in the event of default can be significantly enhanced through <ul style="list-style-type: none"> specific debt covenants; seniority;

- collateral; and
- experience of the lender in workout and recovery situations.
- Potentially higher margins over floating rate due to illiquidity, complexity of loan offer, and reduced accessibility of debt providers.

Investment Objective

To provide monthly cash income with a low risk of capital loss 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 deliver the target return while preserving investor capital. The target return is the RBA cash rate plus 3.25%, net of fees.

Investment Strategy

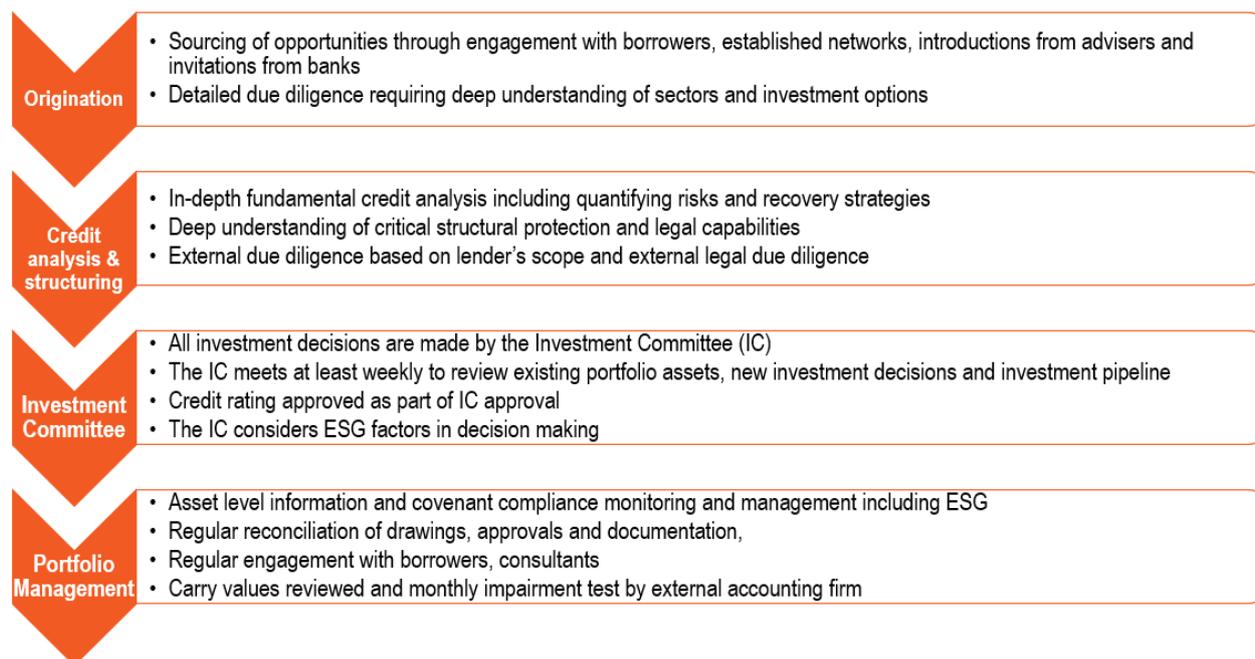
The Trust's investment strategy is to create a diversified exposure to Australian corporate loans, generally reflecting activity in the corporate loan market and with the resultant diversity by borrower, industry, and credit quality. Through active portfolio risk management, Metrics will seek to preserve investor capital.

Strategic objectives:

- Reduction of borrower risk through lending to public and private companies and projects. As at June 2022, there are over 185 individual investments in the underlying Wholesale Funds. No more than 5% of the Trust's assets are to be invested in any single borrower.
- Lending is across industry sectors. It is not intended that the Trust invest in the banking sector.
- Diversification by credit quality and investment type.
- Lowering the capital and income volatility.
- Enhanced liquidity, enabling portfolio adjustment.
- Leveraging off the increase in access to deal flow and industry reputation by increasing market size in this sector.

Investment Process

Metric's investment process is well supported by both employee numbers and expertise and the rigour of due diligence. The investment team's process is outlined below:



Metrics estimates that approximately 2 in 10 of the loan opportunities that it identifies proceed to full due diligence. Investment papers are prepared for the consideration of new investments. These papers are rigorous and detailed. The key focus is the identification of risks and an analysis of how such risks are to be mitigated. Often external reviews and due diligence from acceptable independent consultants are also required by Metrics, at the borrower's cost. These cover risk areas such as tax and accounting, financial, technical, commercial, and legal issues relevant to the transaction.

Restricted Industries: Metrics will not invest where a business may impact reputational risk, including companies that are connected with coal, tar sands, pornography, tobacco, violation of labour laws, tax avoidance schemes, deforestation of native timber or weapons manufacture and distribution.

PORTFOLIO CONSTRUCTION

The Investment Committee is responsible for portfolio construction. Portfolio construction considers the relevant target portfolio settings, and Metrics' view on the broader economy, relative industry value and preferred risk setting. Potential new loans are assessed for their impact on the portfolio. Considerations include the type of investment, the target fund returns, the desired mix of tenor to maturity, aggregated exposure by industry group, credit quality and portfolio liquidity.

Using the detailed due diligence/credit analysis investment papers, consideration is given to the following:

- Portfolio limits – credit, maturity, senior debt minimums etc.
- Portfolio liquidity
- Industry limits, including restricted industries
- Foreign currency limits
- Individual and aggregated exposure limits

The Metrics Direct Income Fund invests, via the MCP Wholesale Investments Trust, in 3 underlying wholesale trusts in the following allocation ranges at the discretion of the manager.

Fund	Key Objectives	Allocation Range
Metrics Credit Partners Diversified Australian Senior Loan Fund	<ul style="list-style-type: none"> ▪ Target average credit BBB-/BB+ ▪ >90% senior ranking loans ▪ >80% Australia domiciled ▪ Indicative return 90-day BBSW plus margin of 2.75% - 3.25% p.a. through the cycle 	60-70%
MCP Real Estate Debt Fund	<ul style="list-style-type: none"> ▪ >50% senior ranking loans 	

	<ul style="list-style-type: none"> ▪ Minimum targets return 90-day BBSW plus 5% p.a. ▪ Diversified by sector and geography 	10-20%
MCP Secured Private Debt Fund II	<ul style="list-style-type: none"> ▪ 100% Australian domicile ▪ Minimum targets return 90-day BBSW plus 4% p.a. ▪ Predominantly sub-investment grade assets 	20-30%

The Trust may invest in the Metrics Master Income Trust (ASX: MXT). The 3 underlying portfolios offer a diverse investment mix, with the differentiated credit, tenor and sector exposures giving the Investment Committee good flexibility in portfolio construction.

NOTE ON ESG POLICY

Metrics believes that certain activities and industry sectors represent outside risk to us and our investors. Therefore the team will not invest in the development of new oil and gas fields or entities that: operate in the coal industry, operate in the tar sands industry, operate in the tobacco industry, operate in the pornography industry, are involved in weapons manufacturing or distribution, contribute to deforestation of native timber, particularly rainforest, may be involved in political organisations, tax avoidance schemes or violation of human rights or labour law, operate in any other industries as may be determined from time to time by the Investment Committee.

Metrics ESG building blocks:

Environmental	Social	Governance
<ul style="list-style-type: none"> ▪ Greenhouse gas emissions ▪ Waste and pollution ▪ Water use ▪ Land use 	<ul style="list-style-type: none"> ▪ Workforce and diversity ▪ Safety management ▪ Customer engagement ▪ Communities 	<ul style="list-style-type: none"> ▪ Structure and oversight ▪ Codes and values ▪ Transparency and reporting ▪ Financial and operational risks

Each potential transaction is given a low/medium/high assessment. Metrics will not invest where a business may impact reputational risk or does not fall within Metric’s risk appetite. ESG policies are continually being developed. Metrics recently recruited a specialist ESG resource and has established a sustainable finance team. Metrics became a signatory to the UN PRI in 2019. Over the past year, Metrics has developed an ESG rating system for borrowers.

LEVERAGE

The use of both short-term and long-term debt (up to 30% for DASLF and 50% for SPDF II & REDF of gross asset value) is allowed for the wholesale funds underlying the Metrics Master Income Trust (MXT). Debt may be used to undertake investment activities, to meet working requirements and/or to match fund any non-AUD loan drawings. Net leverage across the 3 funds was \$0 as at 30 June 2022.

3 of the underlying funds have available debt facilities. Drawdowns on those facilities have been less than 5% of gross asset value for the MCP Wholesale Investments Trust and the Metrics Credit Partners Diversified Australian Senior Loan Fund. The drawdown was less than 10% of gross asset value for the MCP Real Estate Debt Fund.

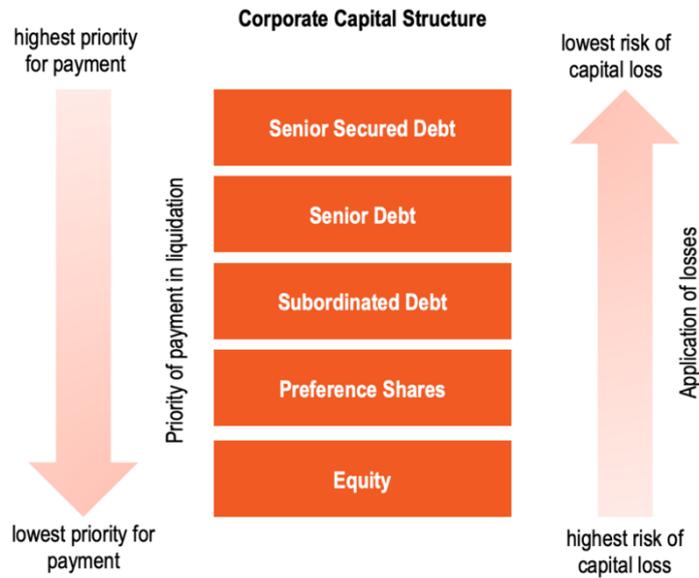
ASSET PRICING

Metrics, EQT Australia, and the external valuation consultant, an international accounting firm, closely monitor the Australian credit market in calculating the net asset value (NAV) of the Wholesale Funds on a daily/monthly basis.

The primary valuation risk lies in either negative credit migration, i.e., an increased likelihood of default through either change in the borrower’s ability to service the loan or in industry/sector macro-economic factors and sector credit margin changes. Potential reductions in loan valuation can be reduced substantially on loans that are structured effectively using loan covenants, tenor and seniority. Note that in Australia, there is a high level of lender protection due to the regulatory and legal framework. Taking the valuation factors of the portfolio of loans that the Metrics Direct Income Fund invests in (buy-to-hold, good use of covenants, seniority, security, the regulatory framework) and the risk-targeted due diligence by Metrics, the indication is that there will be a high level of capital stability, with the Trust assets being priced at close to par.

PROTECTION OF CORPORATE CAPITAL STRUCTURE

It is important to compare the risk of capital loss from a corporate debt portfolio with the potential loss from investing in an equity portfolio. In Australia, corporate loans are normally ranked as senior secured, senior unsecured or subordinate/mezzanine debt. In the event of a corporate default scenario, all debt must be paid before there is any return to equity holders. This is a simple example of the relative risk of each asset class:



Investment Team

The depth of experience of the investment team, particularly the managing partners, is a key differentiator for this investment. Direct corporate credit is a private and confidential market, and the skills needed to succeed differ from the skills needed for the management of a publicly traded bond portfolio. Depth of experience is essential to good risk management and directly affects the Trust’s ability to achieve a well-diversified portfolio with a low risk of capital loss.

The team continues to expand, and there are currently over 110 Metrics employees. The investment team, including Compliance and Portfolio Risk, has been expanded across the board and now has approximately 70 members. Hires have included Investment Directors (Syd, Melb and Auckland), Investment Associates (Syd) and Investment Analysts (Syd & Melb).

INVESTMENT TEAM STRUCTURE

Managing Partners
Investment Committee & Executive Management Committee

Justin Hynes	Andrew Lockhart	Graham McNamara	Andrew Tremain
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Managing Partners are supported by:

<p>Investment Directors (26)</p> <ul style="list-style-type: none"> • New Asset Origination – Corporate / Real Estate (15) • Sustainable Finance (1) • Metrics Business Finance (3) • Investment Compliance & Portfolio Mgt risk (7) <p>Investment Associate Directors (9)</p> <ul style="list-style-type: none"> • New Asset Origination – Corporate Real Estate (6) • Sustainable Finance (2) • Investment Compliance & Portfolio Risk (1) <p>Investment Associates (14)</p> <p>Investment Analysts (16)</p>	<p>Executive Assistants (2)</p> <p>Legal (8)</p> <p>Loan Admin & Agency (7)</p> <p>Finance & Fund Accounting (12)</p> <p>Corporate Services (2)</p> <p>IT (6)</p> <p>External relations (5)</p> <p>Internal Audit & Compliance (1)</p>
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KEY RESPONSIBILITIES OF INVESTMENT TEAM:

Investment Committee	Asset Origination	Portfolio Risk Management
<ul style="list-style-type: none"> ▪ Portfolio construction ▪ Investment decisions ▪ Credit rating analysis ▪ Investor monitoring ▪ Borrower engagement ▪ Cash flow management ▪ ESG compliance ▪ Capital budgets 	<ul style="list-style-type: none"> ▪ Credit risk due diligence ▪ Investment submission ▪ Cash flow monitoring ▪ Credit rating analysis ▪ Legal documentation ▪ Transaction execution ▪ ESG compliance 	<ul style="list-style-type: none"> ▪ Mandate compliance ▪ Ongoing credit monitoring ▪ Ongoing portfolio management ▪ Ongoing credit analysis ▪ Stress test analysis ▪ Investor reporting ▪ ESG compliance

Metrics is continuing to recruit as its funds under management (FUM) increase. Metrics typically uses a deal team structure for potential transactions. This might comprise two Investment Directors, a Managing Partner, an Investment Associate, an Investment Analyst, and members of the Legal team.

Andrew Lockhart	<ul style="list-style-type: none"> ▪ Key responsibility is Metrics Finance and Stakeholder Relations activities. ▪ Andrew has in excess of 35 years’ banking, funds management and financial markets experience. ▪ Andrew’s specialist areas have included origination and risk management of large, diversified and complex loan portfolios, leverage and acquisition finance, corporate and institutional lending and corporate restructuring.
Justin Hynes	<ul style="list-style-type: none"> ▪ Key responsibility is Metrics’ operational activities. ▪ Justin has in excess of 25 years’ financial market experience. ▪ Justin’s specialist areas have included leverage and acquisition finance, corporate finance, loan origination, structuring and portfolio management and corporate workout and restructuring.

<p>Graham McNamara</p>	<ul style="list-style-type: none"> ▪ Key responsibility is Metrics’ Risk Management and Compliance function. ▪ Graham has in excess of 40 years’ experience in banking, funds management, and financial markets. ▪ Graham’s specialist areas include portfolio risk management, debt origination and distribution, agency management, corporate workout and recovery and corporate banking. He has established the loan syndications and agency businesses at major Australian banks. ▪ Graham served as a director of the Asia Pacific Loan Market Association and was the founding chairman of the Association’s Australian branch.
<p>Andrew Tremain</p>	<ul style="list-style-type: none"> ▪ Andrew has in excess of 35 years’ Australian, European, and Asian banking experience. ▪ Andrew’s specialist areas include corporate, structured, leverage and acquisition finance, loan syndications, portfolio management, corporate workout and recovery and relationship management.

Business Management

The board comprises the 4 managing partners acting as Directors, 2 from Pinnacle, and an independent Non-Executive Chairman. The board meets approximately 6 times a year. The Investment Committee is entirely independent in its decision-making.

Metrics has distinct structures in place to separate the investment activities from operational aspects of the business, and all activities of Metrics are subject to board oversight.

The Executive Committee meets weekly, and the managing partners delegate specific business line responsibilities. The Executive is supported by external resources, organised along functional business lines.



Risk Management

Metrics: Metrics has detailed policies and procedures addressing operational risk articulated in its Operational and Investment Policy Manual. These policies and procedures are reviewed and updated on a quarterly basis and are monitored and managed via the Executive Management Committee and the Audit and Compliance Committee.

Metrics Funds: Operational risks are identified, modified, and mitigated via RE/trustees fund compliance plans as well as through various policies and procedures that MCH Fund Administration Services, Automic, and the Fund RE/Trustees have in place.

Performance

METRICS DIRECT INCOME FUND PERFORMANCE AS AT 30 JUNE 2022

The Target Return for this Fund is RBA Cash Rate plus 3.25% p.a. Over the last 2 years, the Metrics Direct Income Fund has comfortably achieved its target return.

	1 mth (%)	3 mth (%)	6 mth (%)	1 yr (%)	2 yr (%)	Since Inception (%)
Net Return	0.48	1.24	2.23	4.54	6.20	6.20
RBA Cash Rate	0.07	0.11	0.13	0.18	0.17	0.17
Distribution	0.53	1.33	2.42	4.63	4.41	4.41
Spread to RBA	0.46	1.23	2.28	4.44	4.24	4.24

Source: Metrics (assumes participation in re-investment plan)

NET MONTHLY RETURNS

(%)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2022	0.27	0.36	0.35	0.35	0.40	0.48							1.73
2021	0.13	0.43	0.72	0.24	0.77	0.42	0.37	0.44	0.25	0.47	0.25	0.47	4.95
2020							1.99	1.19	0.28	0.35	0.32	0.77	4.90

Source: Metrics

DISTRIBUTIONS

(%)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2022	0.39	0.35	0.38	0.38	0.45	0.55							1.95
2021	0.37	0.32	0.52	0.32	0.63	0.40	0.38	0.34	0.33	0.36	0.38	0.39	4.76
2020							0.33	0.25	0.23	0.31	0.38	0.35	1.84

Source: Metrics

To give a longer-term view of past performance, the underlying wholesale fund, the MCP Wholesale Investments Trust, is shown below. This wholesale vehicle is a fund of fund with a performance history from October 2017. Note that the fee structure is slightly different for this Trust. This proxy performance is useful in giving insight into the stability of the returns.

MCP WHOLESALE INVESTMENTS TRUST: NET MONTHLY RETURNS

(%)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2022	0.31	0.30	0.32	0.31	0.38	0.39						

2021	0.35	0.37	0.46	0.35	0.39	0.36	0.27	0.28	0.28	0.27	0.29	0.29
2020	0.48	0.44	0.48	0.47	0.42	0.45	0.54	0.47	0.41	0.41	0.43	0.44
2019	0.54	0.50	0.59	0.59	0.58	0.50	0.46	0.46	0.42	0.46	0.46	0.47
2018	0.42	0.35	0.48	0.59	0.55	0.49	0.54	0.53	0.50	0.54	0.51	0.57
2017										0.45	0.40	0.42

Source: Metrics

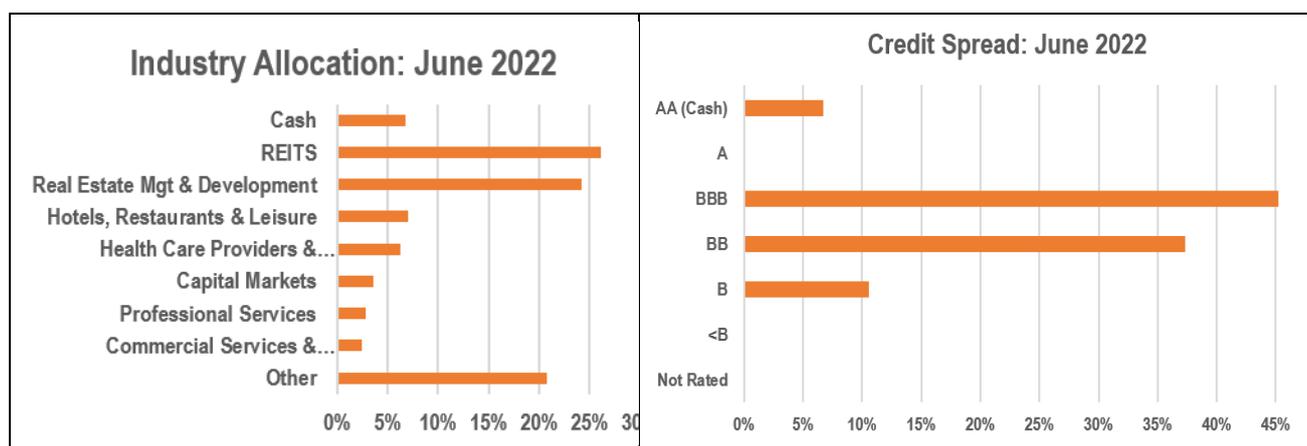
FUND SETTINGS (AS AT END JUNE 2022)

Number of individual investments	269	Interest duration (days)	39
Investment Grade (%)	52%	Credit duration (years)	2.0

Source: Metrics

PORTFOLIO CHARACTERISTICS

MXT continues to deliver a diversified mix of loans, both with respect to sector and borrowers. The chart to the left shows a wide diversification of sectors, with relatively high exposures to real estate.



Source: Metrics

Compliance

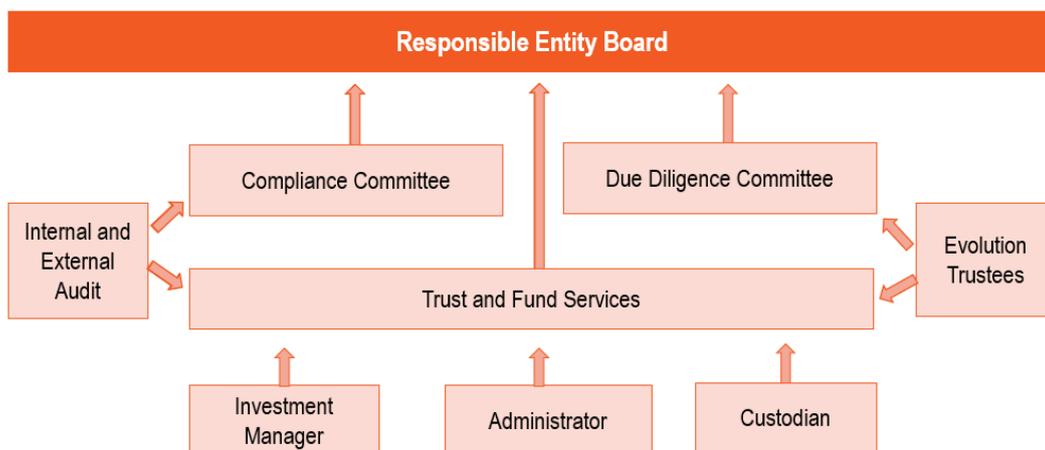
The Metrics Direct Income Fund is subject to the governance and compliance structure designed, implemented and monitored by the RE.

A compliance plan is in place to ensure that

- duties and obligations as RE/trustees are met.
- key control activities exist to ensure compliance; and
- monitoring activities exist, which identify whether controls are operating effectively.

The Trust is subject to both internal and external audits. Metrics Funds are externally audited by KPMG, including an audit of Metrics' adherence to its obligations under its AFS licence. Metrics has a Compliance Committee, which reports to the RE/Trustee Board. This Committee comprises 1 internal member and 2 external members.

The RE Audit & Compliance Committee meets quarterly.



Transparency & Reporting

Metrics is committed to being transparent and provides both standardised and bespoke reporting to its clients, depending on their individual reporting requirements. Standardised reporting comprises the following

- Monthly performance reporting.
- Quarterly performance reporting with commentary.
- Transaction confirmations and monthly holding statements (for wholesale investors in underlying funds).
- Audited annual accounts and regulatory reporting (including income tax and distribution statements).

Third-Party & Service Advisors

Fund administrator	MCH Fund Administration Services Pty. Ltd.
Legal advisor	Minter Ellison
Custodian	EQT Australia Ltd.
Responsible Entity	Equity Trustees Ltd.
Auditor	KPMG
Insurance provider	London Australia Underwriting P/L (on behalf of Lloyds of London)
Independent valuation	Big 4 accounting firm.
Distribution services	Pinnacle Investment Management
Firm Accounting	Pitcher Partners
IT network provider	Telstra, cloud-based
Portfolio software	Proprietary systems, nCino, Axxess, Xero
Operational Risk Review	Mercer Sentinel
Registry	Automic Group

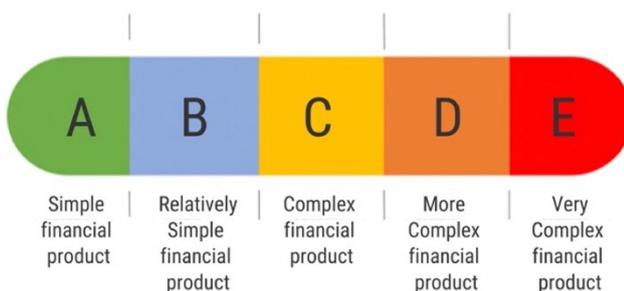
Investment Rating Scale

The Foresight Analytics' investment rating is an opinion on how well we believe a fund will perform against a range of risks.

Rating	Definition
Superior	Indicates the highest level of confidence that the fund can deliver a risk-adjusted return in line with the investment objectives of the fund.
Very Strong	Indicates a very strong conviction that the fund can deliver a risk-adjusted return line with the investment objective of the fund.
Strong	Indicates a strong conviction that the fund can deliver a risk-adjusted return in line with the investment objective of the fund.
Competent	Indicates that the fund may deliver a return in line with the fund's relevant benchmark.
Weak	Indicates a view that the fund is unlikely to deliver a return in line with the investment objective of the fund and or meet the return of its benchmark.

Foresight Complexity Indicator

The Foresight Complexity Indicator (FCI) highlights the complexity of an investment by its terms and conditions' structure and transparency that may affect the investor's return.



Investment Rating & Foresight Complexity Methodology

Foresight Analytics and Ratings' methodology for its investment rating and research can be downloaded from its website.

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Disclaimer

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Financial Services Guide

A copy of the Foresight Analytics' Financial Services Guide can be provided by calling 02 8883 1369 or visiting our website.