



**INVESTMENT RATING REPORT**

INVESTMENT RATING: **SUPERIOR**

PRODUCT COMPLEXITY: **RELATIVELY SIMPLE**

Fund Details
<b>Investment Manager:</b> Metrics Credit Partners Pty. Ltd.
<b>Investment Structure:</b> Listed Australian unit trust
<b>Wholesale/Retail:</b> ASX-listed – wholesale and retail
<b>Category:</b> Australian credit
<b>Investment Style:</b> Diversified Australian private corporate credit
<b>Inception:</b> 9 October 2017
<b>Underlying Fees and Costs:</b> Approximately 0.68% p.a.
<b>Performance Fee:</b> May be payable by sub-funds (SPDF II and REDF).
<b>Responsible Manager/Entity:</b> The Trust Company (RE Services) Ltd.
<b>Investment Objective:</b> The objective of the Trust is to generate the target return of the RBA cash rate plus 3.25% p.a. by actively managing a well-diversified portfolio of Australian corporate loans.

**Review Summary**

The Metrics Master Income Trust (MXT or the Trust) is an ASX-listed investment trust investing in the Australian corporate loan market. The characteristics of the investment are 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 (Metrics) has grown its capability steadily, increasing team size, fund size and diversification of the funds underlying the MXT. The market capitalisation of the MXT has grown from AU\$537 million (Oct 2017) to circa AU\$1.76 billion (June 2022), and the Trust has outperformed its target income distributions.

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 underlying investments of the MXT are untraded, the liquidity of the Trust may be affected by the performance of the underlying loans. In addition, the ASX-listed MXT may trade above or below the net asset value of the underlying securities.

**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 support for this strategy is very 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, 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 (June 2022)**

	Net Return	RBA Cash	Distn.	Spread to RBA
<b>1mth (%)</b>	0.44	0.07	0.45	0.38
<b>3mth (%)</b>	1.21	0.11	1.24	1.14
<b>6mth (%)</b>	2.29	0.13	2.33	2.19
<b>1yr (%)</b>	4.42	0.18	4.44	4.25
<b>3yr (% pa)</b>	4.75	0.33	4.75	4.42
<b>Inception</b>	5.04	0.76	5.04	4.28

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

Fund Details

<b>Dominant Strategy</b>	Income generation through diversified investment in Australian corporate credit
<b>Investment Structure</b>	Registered Australian unit trust
<b>Investment Manager</b>	Metrics Credit Partners Pty. Ltd. ACN 150 646 996, AFSL 416 146
<b>Trustee/RE</b>	The Trust Company (RE Services) Ltd. CAN 003 278 831, AFSL 235 150
<b>Custodian</b>	Perpetual Corporate Trust Ltd. CAN 000 341 533, AFSL 416 146
<b>Administrator &amp; Unit Registrar</b>	MCH Fund Administration Services Pty. Ltd. ACN 636 286 970 The administrator is a wholly owned subsidiary of Metrics Credit Holdings Pty. Ltd.
<b>KEY FEATURES</b>	
<b>Inception</b>	The MXT was listed on the ASX on 9 October 2017
<b>Geographic Mandate</b>	Australia
<b>Minimum Application</b>	AU\$1,000
<b>Market Cap</b>	AU\$ 1.72 billion as at end June 2022
<b>Net Asset Value (NAV)</b>	AU\$ 1.76 billion as at end June 2022
<b>NAV Pricing</b>	Daily
<b>Asset Class</b>	Fixed interest
<b>Asset Sector</b>	Australian corporate loans and debt
<b>Management Fee</b>	Nil, the manager receives fees from the wholesale funds of 0.21% p.a.
<b>Performance Fee</b>	May be payable by sub-wholesale funds (SPDF II & REDF).
<b>Responsible Entity Fee</b>	0.025%
<b>Distributions</b>	Monthly
<b>PRIMARY CONTACT</b>	
<b>Email Address</b>	invest@metrics.com.au
<b>Telephone Number</b>	1300 010 311
<b>Address</b>	2 Ridge Street, North Sydney NSW 2060
<b>Website</b>	www.metrics.com.au

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. As at June 2022, Metrics had over AU\$12 billion in assets under management across Australian corporate loans and private credit, and it 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 4 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 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.

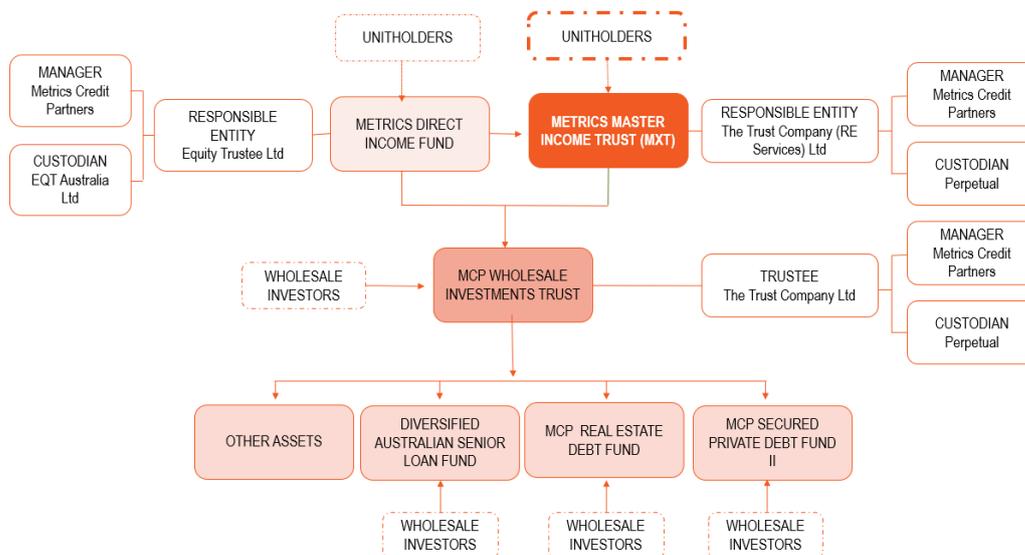
Since its inception, Metrics has launched several funds across the credit spectrum to suit different risk/return investor requirements. Additionally, Metrics has provided different structures for accessing the funds, with a mix of wholesale, retail and listed investment trusts. In the last 18 months, Metrics has launched a 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 2 ASX-listed investment trusts: the Metrics Income Opportunities Trust (ASX: MOT) and the Metrics Master Income Trust (ASX: the MXT). Metrics has grown significantly over the last 2 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.

TRUST STRUCTURE

The ASX listed entity, the Metrics Master Income Trust (MXT), was formed specifically for the purposes of raising capital through an IPO and providing increased liquidity to investors.

The Metrics Master Income Trust is a registered managed investment scheme that invests 100% into the MCP Wholesale Investments Trust, which in turn invests in several underlying Metrics managed wholesale corporate loan funds; 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 (the Wholesale Funds).

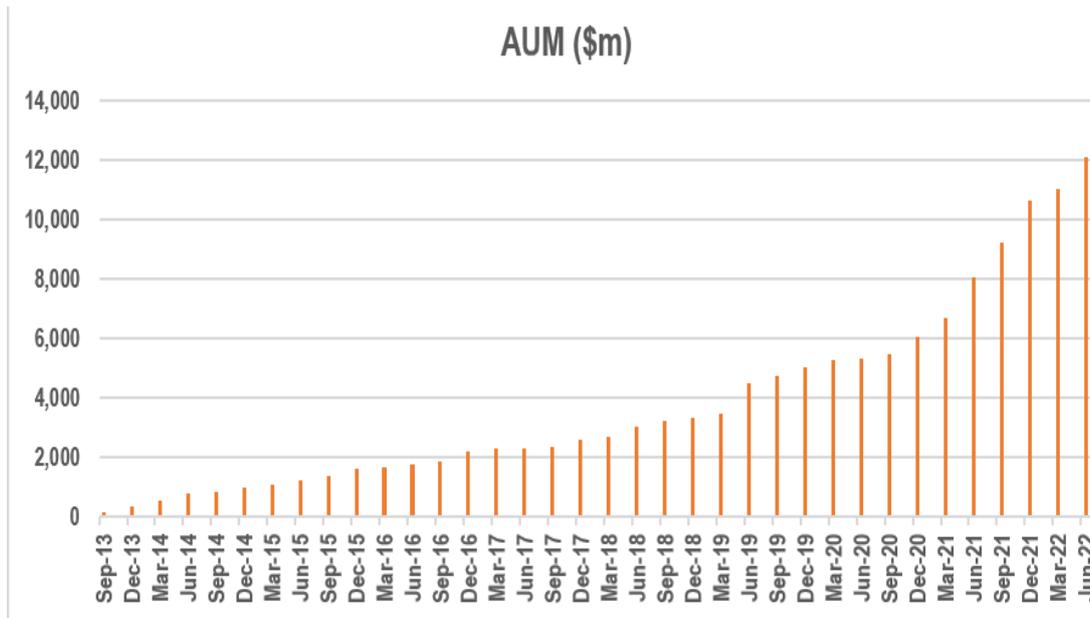


**OBJECTIVES**

The objectives of the Trust are to generate monthly cash income (minimum target rate is RBA Cash Rate plus 3.25% p.a. net of fees), maintain a low risk of capital loss and achieve portfolio diversification by actively managing portfolios and participating in Australia’s bank-dominated corporate bi-lateral and syndicated loan markets. The manager seeks to implement active strategies to achieve these objectives.

**FUNDS UNDER MANAGEMENT**

The FUM for the MXT, as at June 2022, was AU\$1.76 billion. The fund manager, Metrics, reached Assets under Management of AU\$ 12 billion at end June 2022, all of which is equity funded.



**FEES**

The underlying fees for this Trust are approximately 0.68% p.a. The fees may vary slightly depending on a variety of factors, including total FUM and performance fees of the underlying trusts.

**Management Fees**

MXT itself does not charge ongoing management fees. However, management fees may be incurred for the underlying wholesale funds. The fees payable on this investment are effectively wholesale management fees, with a sliding scale for which the MXT investors have benefitted from the growth in net asset value. The main sub-trusts are below:

	Management Fee	Performance Fee	Allocation
Metrics Credit Partners Diversified Australian Senior Loan Fund (sliding scale based on size of unit holding)	<ul style="list-style-type: none"> <li>▪ &lt; AU\$100M 0.30%</li> <li>▪ AU\$100M-200M 0.25%</li> <li>▪ AU\$200M-500M 0.20%</li> <li>▪ &gt; AU\$500M 0.175%</li> </ul>	nil	60%
MCP Real Estate Debt Fund	0.20%	15% above target BBSW +500bps p.a. capped at total IMF of 0.75%	20%
MCP Secured Private Debt Fund II	0.20%	15% above target BBSW +400bps p.a. capped at total IMF of 0.75%	20%

**Costs to Unitholders**

Fee Type	
Responsible Entity Fee	0.02% p.a.
Management Expenses and Manager Investor Equalisation Expense (IEE) <sup>(1)</sup>	0.33%-0.35% p.a.
Indirect Costs	0.23%-0.24% p.a.
Performance Related Fees (Based on FY ended 30 June 2019)	0.09% p.a.

**INVESTMENT UNIVERSE**

The Trust invests in a portfolio of direct credit including traded and 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 mandate of the sub-trusts gives 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 wholesale funds in which the MXT 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"> <li>Part of portfolio cash management</li> </ul>
Revolving Line of Credit	<ul style="list-style-type: none"> <li>While the loans to counterparties are not leveraged, Metrics has access to a line of credit to assist with cash flow management</li> </ul>
Bonds, Convertible Notes and Hybrids	<ul style="list-style-type: none"> <li>To assist with portfolio diversification</li> </ul>
Options, Equity and Warrants	<ul style="list-style-type: none"> <li>Risk management</li> <li>Where required, in a workout scenario</li> </ul>
Credit Default Swaps	<ul style="list-style-type: none"> <li>Sold where the underlying asset is held by an investment grade counterparty</li> <li>Bought as part of risk management strategies</li> </ul>
Credit-Linked Notes	<ul style="list-style-type: none"> <li>To assist with portfolio diversification</li> </ul>
Foreign Exchange and Interest Rate Swaps or Options	<ul style="list-style-type: none"> <li>Risk management</li> </ul>

While the derivatives above are allowed in the sub-trust mandates, Metrics has not entered into any derivative transaction since its 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 Master Income Trust 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 small size of the market, 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 4 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\$1 trillion.

MXT, being 100% equity-funded, is well placed to compete against banks for direct corporate lending deal flow and is more agile in the selection of the borrowers it 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 addition, in recent times, Metrics is receiving ++an increasing number of invitations from banks to participate in syndicated loans.

Corporate Bonds	Direct Corporate Credit
<ul style="list-style-type: none"> <li>▪ Liquidity<sup>(1)</sup></li> <li>▪ Price Transparency<sup>(2)</sup></li> <li>▪ Potential Capital Gains</li> </ul>	<ul style="list-style-type: none"> <li>▪ Diversification – Better spread of industry sectors and borrowers</li> <li>▪ Lower price volatility – Direct credit is normally priced relatively close to par</li> <li>▪ Capital recovery in the event of default can be significantly enhanced through                             <ul style="list-style-type: none"> <li>▪ Specific debt covenants.</li> <li>▪ Seniority.</li> <li>▪ Collateral; and</li> <li>▪ Experience of the lender in workout and recovery situations.</li> </ul> </li> <li>▪ Potentially higher margins over floating rate due to illiquidity, complexity of loan offer, and reduced accessibility of debt providers</li> </ul>

(1) **Liquidity** – The structure of the MXT, a listed trust, gives investors significantly enhanced liquidity for the investment in direct corporate credit.

(2) **Price transparency** – the MXT publishes net asset value (NAV) on a daily basis. The process for calculating the NAV is detailed in the 'Investment Process' section of this report.

## Investment Objective

To provide monthly cash income by actively managing diversified loan portfolios and participating in Australia's bank-dominated corporate loan market. The targeted monthly return is the RBA Cash Rate plus 3.25% p.a., net of fees.

## Investment Strategy

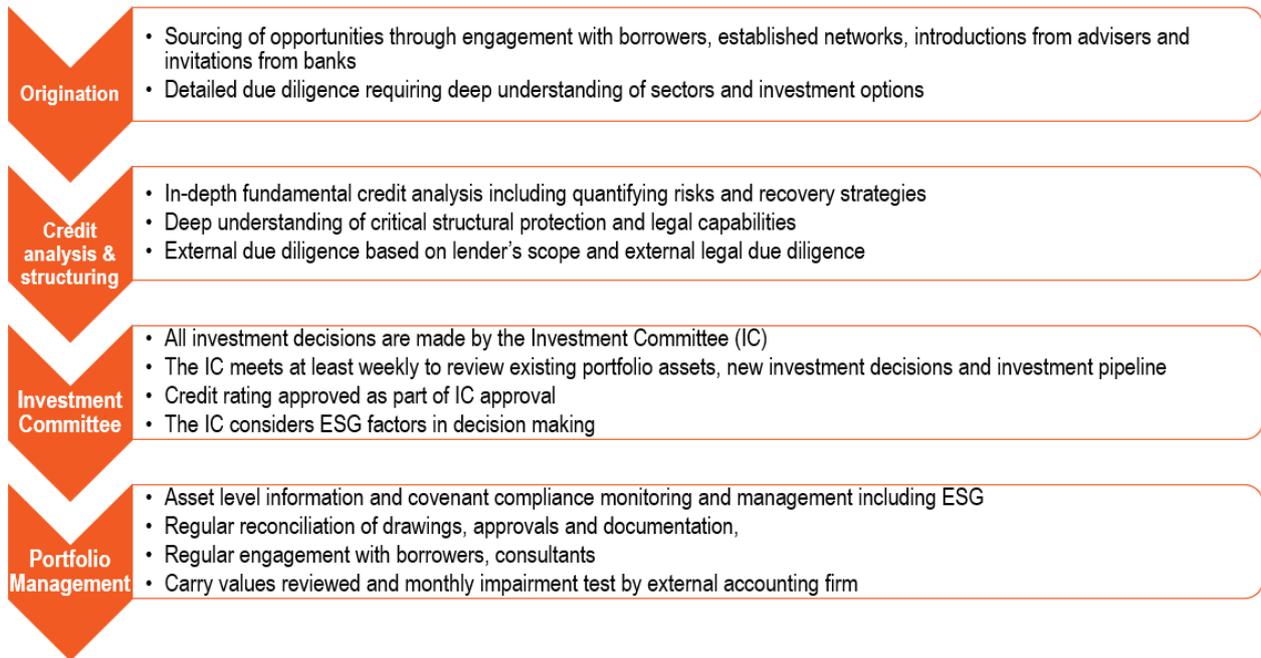
The Trust's investment strategy is to create a diversified exposure to Australian corporate loans, generally reflecting activity in the corporate loan market and with the resultant diversity by borrower, industry and credit quality. Through active portfolio risk management, Metrics will seek to preserve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

Strategic objectives in structuring the wholesale fund-of-fund, MCP Wholesale Investments Trust, and listed vehicle, the MXT:

- Increased scale of portfolio(s) to provide meaningful market/investor liquidity.
- Use of scale to offer retail investors a wholesale fee structure.
- Reduction of borrower risk. Currently, more than 185 loans, with no more than 5% of trust assets going to a single borrower. The Trust does not intend to invest in the banking sector.
- Lower 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 employee numbers, expertise and the rigour of due diligence:



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 and 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. The 3 funds, key characteristics, and allocation range in each are:

Fund	Key Objectives	Allocation Range
Metrics Credit Partners Diversified Australian Senior Loan Fund	<ul style="list-style-type: none"> <li>▪ target average credit BBB-/BB+</li> <li>▪ &gt;90% senior ranking loans</li> </ul>	60-70%

	<ul style="list-style-type: none"> <li>&gt;80% Australia domiciled</li> <li>Indicative return 90-day BBSW plus margin of 2.75% - 3.25% p.a. through the cycle</li> </ul>	
MCP Real Estate Debt Fund	<ul style="list-style-type: none"> <li>&gt;50% senior ranking loans</li> <li>Minimum target return 90-day BBSW plus 5% p.a.</li> <li>Diversified by sector and geography</li> </ul>	10-20%
MCP Secured Private Debt Fund II	<ul style="list-style-type: none"> <li>100% Australian domicile</li> <li>Minimum target return 90-day BBSW plus 4% p.a.</li> <li>predominantly sub-investment grade assets</li> </ul>	20-30%

The Trust may, from time to time, invest in the Metrics Master Income Trust (ASX: the MXT). The 3 underlying portfolios each 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. We therefore 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.

We take a zero-tolerance position in relation to industries where Metrics applies a negative screen.

Metrics ESG building blocks:

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

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 last year, Metrics has developed an ESG rating system for clients.

**LEVERAGE**

The use of both short-term and long-term debt (up to 30% for the DASLF and 50% for SPDF II and REDF and WIT) 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 funds for any non-AUD loan drawings.

3 of the underlying funds have available debt facilities. As at 30 June 2020, drawdowns on those facilities have been less than 5% of gross asset value for the MCP Wholesale Investments Trust and the MCP Diversified Australian Senior Loan Fund. The drawdown was less than 10% of gross asset value for the MCP Real Estate Debt Fund.

**ASSET PRICING**

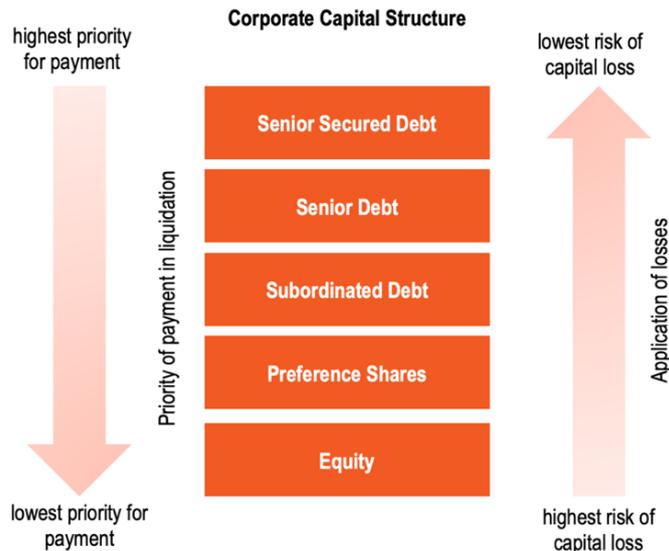
Metrics, EQT Australia, and the external valuation consultant, a top-4, tier-1 international accounting firm, closely monitor the Australian credit market in calculating the net asset value (NAV) of the Trust on a daily/monthly basis. The primary valuation risk lies in either negative credit migration, i.e., an increased likelihood of default either due to the borrower’s inability to service the loan or due to industry/sector macro-economic factors or 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 MXT has exposure to – buy-to-hold, good use of covenants, seniority, and security – together with 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 ability to achieve a well-diversified portfolio with a low risk of capital loss.

The team continues to expand, with recent hires bringing the total number of Metrics employees to over 110. 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

<b>Justin Hynes</b>	<b>Andrew Lockhart</b>	<b>Graham McNamara</b>	<b>Andrew Tremain</b>
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Managing Partners are supported by:

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

**Investment Committee**

- Portfolio construction
- Investment decisions
- Credit rating analysis
- Investor monitoring
- Borrower engagement
- Cash flow management
- ESG compliance
- Capital budgets

**Asset Origination**

- Credit risk due diligence
- Investment submission
- Cash flow monitoring
- Credit rating analysis
- Legal documentation
- Transaction execution
- ESG compliance

**Portfolio Risk Management**

- Mandate compliance
- Ongoing credit monitoring
- Ongoing portfolio management
- Ongoing credit analysis
- Stress test analysis
- Investor reporting
- ESG compliance

Metrics is continuing to recruit as Funds Under Management (FUM) increases. Metrics typically uses a deal team structure for potential transactions. This might comprise 2 Investment Directors, a managing partner, an Investment Associate, an Investment Analyst, and members of the legal team.

<b>Andrew Lockhart</b>	<ul style="list-style-type: none"> <li>▪ Key responsibility is Metrics Finance and Stakeholder Relations activities.</li> <li>▪ Andrew has approximately 35 years' banking, funds management and financial markets experience.</li> <li>▪ Andrew's specialist areas have included origination and portfolio risk management of large, diversified, and complex loan portfolios, leverage and acquisition finance, corporate and institutional lending, and corporate restructuring.</li> </ul>
<b>Justin Hynes</b>	<ul style="list-style-type: none"> <li>▪ Key responsibility is Metrics' operational activities.</li> <li>▪ Justin has approximately 25 years' financial market experience.</li> <li>▪ Justin's specialist areas have included leverage and acquisition finance, corporate finance, loan origination, structuring and portfolio management and corporate workout and restructuring.</li> </ul>
<b>Graham McNamara</b>	<ul style="list-style-type: none"> <li>▪ Key responsibility is Metrics' Risk Management and Compliance function.</li> <li>▪ Graham has approximately 40 years' experience in banking, funds management and financial markets.</li> </ul>

	<ul style="list-style-type: none"> <li>Graham’s specialist areas include portfolio risk management, debt origination and distribution, agency management, corporate workout and recovery, and corporate banking. He has established loan syndications and agency businesses at major Australian banks.</li> <li>Graham served as a director of the Asia Pacific Loan Market Association and was the founding chairman of the Association’s Australian branch.</li> </ul>
<b>Andrew Tremain</b>	<ul style="list-style-type: none"> <li>Andrew has approximately 35 years’ Australian, European, and Asian banking experience.</li> <li>Andrew’s specialist areas include corporate, structured, leverage and acquisition finance, loan syndications, portfolio management, corporate workout and recovery and relationship management.</li> </ul>

**Business Management**

The board comprises the managing partners as 4 Directors, 2 from Pinnacle and an independent Non-Executive Chairman. 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 board meets approximately 6 times a year.

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.

The Investment Committee is entirely independent in its decision-making.



**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 an annual basis and 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 MCH Fund Administration Services, Automic, and the Fund RE/Trustees have in place.

**Performance**

As at 30 June 2022, the Trust reported a 1-yr net return of 4.42%, with distributions of 4.75%. Net performance since inception is 5.04% p.a. The performance since inception has exceeded the target return of RBA Cash Rate +3.25% by +1.03%. Total returns for this fund have experienced some volatility over the COVID period and in the current inflationary environment, in particular during the COVID-related sell-off in the first half of 2020. However, distributions have been consistent.

**FUND PERFORMANCE AS AT 30 June 2022**

	1 mth (%)	3 mth (%)	6 mth (%)	1 yr (%)	3 yr (% p.a.)	Since Inception (p.a.)
<b>Net Return</b>	0.44	1.21	2.29	4.42	4.75	5.04
<b>RBA Cash Rate</b>	0.07	0.11	0.13	0.18	0.33	0.76
<b>Distribution</b>	0.45	1.24	2.33	4.44	4.75	5.04
<b>Spread to RBA</b>	0.38	1.14	2.19	4.25	4.42	4.28

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

**MONTHLY RETURNS (% net)**

(%)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
<b>2022</b>	0.36	0.32	0.37	0.35	0.42	0.44							2.27
<b>2021</b>	0.33	0.33	0.43	0.31	0.36	0.32	0.31	0.34	0.34	0.34	0.37	0.38	4.14
<b>2020</b>	0.45	0.41	0.43	0.43	0.39	0.40	0.50	0.44	0.38	0.38	0.40	0.40	5.03
<b>2019</b>	0.48	0.47	0.54	0.54	0.52	0.33	0.43	0.43	0.38	0.42	0.42	0.43	5.41
<b>2018</b>	0.38	0.32	0.43	0.38	0.38	0.45	0.50	0.49	0.45	0.49	0.47	0.52	5.40
<b>2017</b>										0.46	0.35	0.41	1.23

Source: Metrics

**DISTRIBUTIONS**

Cents/unit	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
<b>2022</b>	0.74	0.67	0.72	0.72	0.86	0.90							4.61
<b>2021</b>	0.72	0.65	1.00	0.64	0.78	0.65	0.59	0.67	0.64	0.68	0.74	0.77	8.51
<b>2020</b>	1.05	0.85	0.86	0.89	0.79	0.87	0.86	0.87	0.72	0.74	0.79	0.70	9.98
<b>2019</b>	1.08	0.96	1.13	1.00	0.87	0.99	0.77	0.78	0.79	0.88	0.82	0.79	10.86
<b>2018</b>	0.81	0.73	0.81	0.78	0.81	0.93	0.91	0.96	0.79	0.90	1.20	0.89	10.52
<b>2017</b>												2.19	2.19

Source: Metrics

**TOTAL RETURNS (Calculation of monthly change in unit price plus distributions)**

(%)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
<b>2022</b>	-1.55	0.83	-0.13	0.36	-0.06	-3.24							-3.80
<b>2021</b>	-1.12	1.32	0.99	-0.17	0.38	0.82	0.79	1.31	-0.65	1.80	-1.07	1.85	6.26
<b>2020</b>	-1.42	-0.57	-15.07	12.28	-0.40	-3.30	7.08	2.77	0.87	0.37	0.90	2.86	6.38

2019	0.06	1.44	-2.28	-0.96	0.93	0.99	1.86	0.39	0.39	-0.53	-0.08	1.38	3.59
2018	0.89	-2.98	0.40	2.37	-0.08	1.44	0.46	0.48	0.39	0.93	1.08	0.92	6.30
2017										5.00	-1.43	1.58	5.15

Source: Metrics

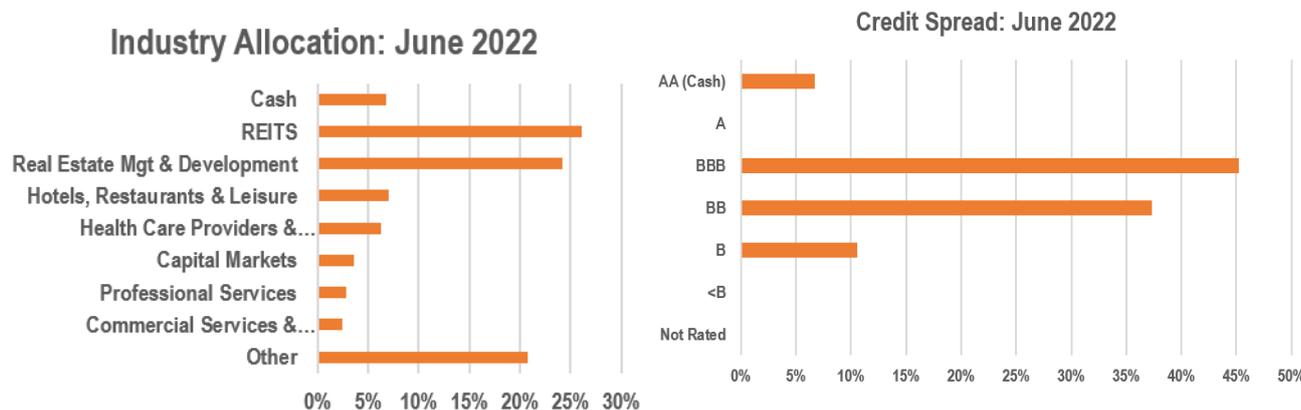
**FUND SETTINGS (as at end June 2012)**

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 sectors and borrowers. The chart to the left shows a wide diversification of sectors, with relatively high exposures to Real Estate.



Source: Metrics

**Transparency & Reporting**

Metrics 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).

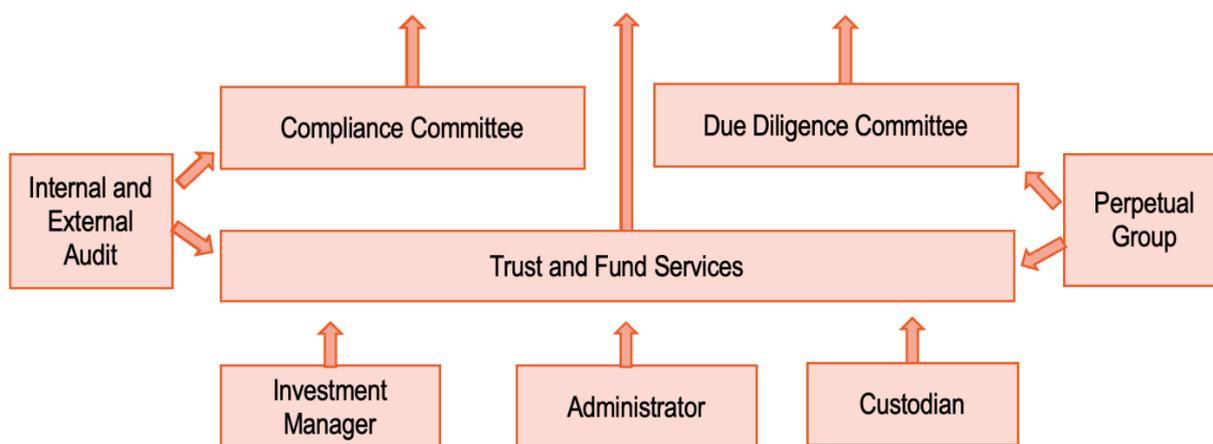
**Compliance**

The Metrics Master Income Trust is subject to the governance and compliance structure designed, implemented, and monitored by the RE/Trustee. Compliance plans are 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 is externally audited by KPMG, including an audit of Metrics' adherence to its obligations under its AFS Licence. Metrics has a Compliance Committee that reports to the RE/Trustee Board. This Committee comprises 1 internal member and 2 external members.

**Responsible Entity Board**



The RE/Trustees Audit & Compliance Committee meets quarterly.

**Third-Party & Service Advisors**

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

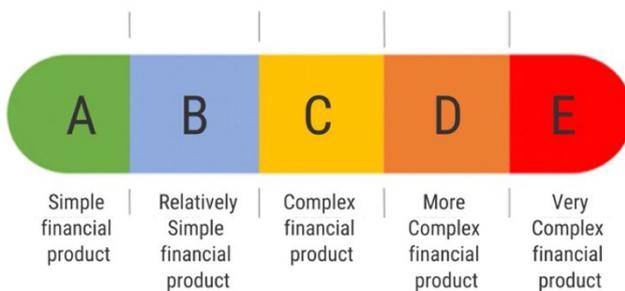
**Investment Rating Scale**

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

Rating	Definition
<b>Superior</b>	Indicates the highest level of confidence that the fund can deliver a risk-adjusted return in line with the investment objectives of the fund.
<b>Very Strong</b>	Indicates a very strong conviction that the fund can deliver a risk-adjusted return line with the investment objective of the fund.
<b>Strong</b>	Indicates a strong conviction that the fund can deliver a risk-adjusted return in line with the investment objective of the fund.
<b>Competent</b>	Indicates that the fund may deliver a return in line with the fund's relevant benchmark.
<b>Weak</b>	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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**Financial Services Guide**

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