

Metrics Direct Income Fund (APIR: EVO2608AU)

Review

4 September 2025

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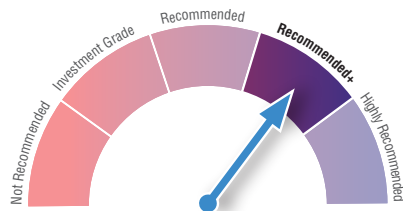
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This report is based on information provided by Metrics Credit Partners Pty Ltd as at 31 March 2025.

Rating



Key Investment Information (as at 31 March 2025)

APIR Code:	EVO2608AU
NAV per unit (\$)	\$1.0395
Units on Issue (m)	2,919.0m
AUM (\$m)	\$3,013.9m
Trailing 12-month Distribution Yield	8.3%
Launch Date	July 2020
Minimum Investment	\$1,000*
Responsible Entity	Equity Trustees Limited
Investment Manager	Metrics Credit Partners Pty Ltd
Structure	Unlisted Unit Trust
Term	Open-ended
Target Distribution	RBA Cash Rate + 3.25% (net of fees and expenses)
Distribution Frequency	Monthly
Redemptions	Monthly
Fees:	
Management Fee (p.a.)	0.60%**
Performance Fee	na***

*The minimum investment amount is at the discretion of the Manager.

**The Trust pays the Manager a fee of 0.21%p.a. and the Manager receives fees from the underlying wholesale funds. The total management fee is estimated to be 0.60%p.a.

***SPDF and REDF charge performance fees for the outperformance of the relevant hurdle rates. Fees for these funds are capped at 0.75%p.a.

The investment opinion in this report is current as at the date of publication. Investors and advisers should be aware that over time the circumstances of the issuer and/or product may change which may affect our investment opinion.

PRODUCT SUMMARY

Metrics Direct Income Fund ("MDIF" or the "Trust") is an unlisted unit trust that was established in July 2020. The Trust is managed by Metrics Credit Partners Pty Ltd ("Metrics" or the "Manager") an Australian private markets specialist asset manager founded in 2011 with significant expertise in the Australian corporate loan market. MDIF provides exposure to a portfolio of loans to Australian companies diversified by borrower, industry and credit quality. It does so through an investment in MCP Wholesale Investment Trust (MCP WIT), which in turn invests in three wholesale funds managed by Metrics: (i) Metrics Credit Partners Diversified Australian Senior Loan Fund (DASLF) (60%); (ii) MCP Secured Private Debt Fund II (SPDF II) (20%); and (iii) MCP Real Estate Debt Fund (REDF) (20%). The wholesale funds provide exposure to the Australian corporate loan market but with differing risk-return profiles and target loan investments. In addition to MCP WIT, the Trust can hold units in the Metrics Master Income Trust (ASX: MXT). MXT provides the same exposure as MDIF, both investing in MCP WIT, however MXT is listed on the ASX. From a credit quality perspective, the Manager targets investment grade through to sub-investment grade segments (A through to B rated), reflecting the Manager's view that this segment presents a particularly attractive opportunity set in terms of market pricing relative to default risk. Through the underlying investments, the Manager is targeting a return equal to the RBA Cash Rate + 3.25%p.a., net of fees and expenses. The Trust pays distributions on a monthly basis. Where the Trust is liquid, the Responsible Entity (RE) will accept redemption requests on a monthly basis, where an investor has provided 10 business days written notice. In certain circumstances redemptions may be restricted and in the event the Trust receives redemptions requests of more than 10% of the NAV of the Trust in any given month, the RE may stagger redemptions over successive five month periods.

INVESTOR SUITABILITY

The Trust is suitable for investors that are seeking a regular monthly income stream with the potential to generate attractive risk-adjusted returns. An investment can be considered as part of a broader fixed income portfolio with the Trust providing diversification and a different return profile to fixed rate bonds. Private credit is very hands-on transactional, with the focus on originating transactions, conducting detailed bottom-up due-diligence, structuring the loan and managing the loan life-cycle thereafter. As such, the Manager's ability to successfully structure and manage transactions that meet the investment objectives and avoid credit defaults is critical. In this regard, the Manager has a strong track-record with minimal defaults. The portfolio has exposure to sub-investment grade loans which have a higher level of default risk associated with them. Investors should be mindful that defaults generally tend to cluster during periods of prolonged economic distress. In terms of income, as a unit trust the income that is generated on the loan asset will flow through to the investor and be paid on a monthly basis.

RECOMMENDATION

Independent Investment Research (IIR) has maintained a **Recommended Plus** rating for the Metrics Direct Income Fund (MDIF). The Trust provides exposure to a highly diversified portfolio of corporate loans that has delivered investors a return that exceeds the target distribution throughout its history. The Manager has continued to grow with investors benefiting from the scale achieved by the Manager and the origination channels developed. While growth of the Manager has been a positive on many fronts, the increase in the number of funds/investment vehicles offered has increased the complexity associated with regards to the crossover between funds with the Manager using the various structures across the business to restructure underperforming loans. Exposure to predominantly floating rate loans has benefited investors in recent years and highlighted the benefits that private credit can provide to a broader fixed income portfolio throughout market cycles. The portfolio remains in a healthy position. While the increased stress in the economy from inflationary pressures has seen some loan enforcements, these have represented a very low percentage of the portfolio with only one loss throughout its history, in which the Manager recouped a large portion of the loan amount.

SWOT

Strengths

- ◆ The Trust has consistently delivered a return above its target distribution rate of RBA Cash Rate + 3.25%p.a.
- ◆ Specialist skill is required to successfully operate in the direct lending corporate loan market. The four-member IC is highly experienced in all aspects of the loan life-cycle, from originating, structuring, and managing the loan, with each member having in excess of 30 years relevant experience. The four-member IC also mitigates key person risk.
- ◆ The team has grown as FUM has grown with Metrics now being a key player in the market. The team has built out an origination team and networks that provide the Manager access to a large amount of deal flow within the market.
- ◆ The Trust has a competitive fee structure, with retail investors benefiting from wholesale rates. While investors benefit from a competitive fee structure, the Manager receives fees, brokerage and commissions from the investments made by the underlying wholesale funds.
- ◆ A thorough and proven investment and portfolio monitoring process that is closely and integrally overseen by the four-member IC. This has seen very few defaults in the underlying wholesale funds with only one loss in the portfolio, which had little to no impact on investor returns.
- ◆ The portfolio is highly diversified with the over 300 investments in the portfolio and an average individual loan exposure of 0.3%. The high level of diversification reduces the risk associated with an individual loan exposure.
- ◆ Loans in the portfolio are largely senior in the capital structure and secured with 83.8% of the portfolio invested in senior secured loans at 31 March 2025.

Weaknesses

- ◆ Liquidity is limited with redemption requests accepted on a monthly basis, reflecting the limited liquidity of the underlying investments. The approval and payment of redemptions will be dependent on the liquidity of the Trust at any given time. In the event the Trust receives redemption requests of more than 10% in any given month, the RE may stagger the redemption requests over successive five month periods.
- ◆ The Manager's business has grown considerably in recent years with the Manager continuing to expand with the introduction of new funds. The increased FUM has resulted in a significant increase in the number of loans made. While the Manager has invested in additional resources as FUM has grown, the capacity of the four members of the IC signing off on all loans will likely to begin to be stretched with further growth and may require a change to the investment committee process. We note the Manager has indicated that it will be seeking to expand the IC in recognition of this.
- ◆ The Manager continues to increase the number of funds/investment vehicles offered. While this reflects positively on the growth on the business there is becoming an increasing level of complexity with regards to the level of cross over between funds/vehicles.
- ◆ The Manager has undertaken debt for equity swaps in some underperforming loans where it was considered an attractive investment opportunity and to avoid losses. While the Manager views the flexibility of the Manager to restructure as equity as a positive, MDIF is a corporate loan vehicle and therefore investors are not seeking exposure to equity. The Manager has used its vehicles that have an equity mandate to acquire these equity positions.

Opportunities

- ◆ MDIF provides investors the opportunity to gain access to an alternative fixed income stream that provides exposure to a predominantly floating rate income stream at a spread above the cash rate.
- ◆ The portfolio provides an opportunity to access a portfolio of investments that is not readily accessible to retail investors.

Threats

- ◆ Two of the three wholesale trusts in which MDIF invests and MCP WIT have a borrowing facility. The borrowing facility provides the ability for the Manager to manage any mismatches with regards to the timing of investments, negate foreign exchange risk through match funding arrangements for non-Australian loans and cash flow requirements of the fund. The borrowing facilities provides the ability to increase returns for investors however the use of debt can also magnify losses.
- ◆ Unlike a publicly traded bond, where the value of the asset is determined by its traded price, MDIF's portfolio will largely comprise loans where a traded price does not exist. Investors should note that NAV calculations will be based on the Manager's internal loan valuations combined with a rigorous and ongoing monthly independent external review and oversight. While the valuation processes are thorough and prudent, there is nevertheless a risk the valuations may not accord with what the market may ultimately value these assets.
- ◆ The Manager may receive additional fees from borrowers, such as origination and line fees. These fees are not included in the returns of the Trust and may result in a conflict of interest.
- ◆ A prolonged economic downturn could result in increased borrower stress which could result in an inability of borrowers to meet their contractual obligations. This may have an adverse impact on the cash flows and value of the portfolio. The Manager has a number of protections and mechanisms in place to reduce the risk of loss, however in the event the Manager cannot recoup the full amount borrowed the value of investor's capital will be impaired. The high level of diversification in the portfolio reduces the risk associated to an individual loan exposure.
- ◆ The Trust can invest in MXT units which are publicly traded units. As such, the Trust may experience capital volatility in line with the movement of the market price of MXT during periods when MXT units are held by the Trust.

MDIF OVERVIEW & UPDATE

Metrics Direct Income Trust (MDIF) provides exposure to an actively managed portfolio of Australian corporate loans with the portfolio generally reflecting activity in the corporate loan market resulting in diversification by borrower, industry and credit quality. The Trust is an open-ended unlisted unit trust. The Trust seeks to deliver a target return of RBA Cash Rate + 3.25%p.a, net of fees and expenses, and pays monthly cash distributions. The Trust is managed by Metrics Credit Partners Pty Ltd ("Metrics" or the "Manager") a private markets specialist asset manager founded in 2011 with significant expertise in the Australian corporate loan market.

From a credit quality perspective, the Manager targets the investment through to sub-investment grade segment (A through to B rated), reflecting the Manager's view that this segment presents a particularly attractive opportunity set in terms of market pricing relative to default risk. The portfolio is focused on senior secured loans with the Trust having a small exposure to subordinated debt.

MDIF invests in MCP Wholesale Investment Trust (MCP WIT), which in turn invests in three wholesale trusts managed by Metrics in accordance with the target allocation ranges, detailed in the below table. The largest exposure is to the Metrics Credit Partners Diversified Australian Senior Loan Fund (DASLF), which was the first fund launched by the Manager in June 2013 and has grown to \$8.8b AUM (includes credit facility) as at 31 March 2025. A summary of the underlying wholesale funds is provided below. In addition to MCP WIT, MDIF may invest in units of Metrics Master Income Trust (ASX: MXT). The Manager has the ability to buy units in MXT when they are trading at a discount to NAV but will also use the investment in MXT as a source of liquidity. As at 31 March 2025, Trust was 100% invested in MCP WIT. Average exposure to MXT over the life of the Trust is 9.2%.

The portfolio is highly diversified with exposure to over 320 investments at 31 March 2025 with the Trust having a maximum exposure limit to a single borrower of 5%. The average issuer exposure has declined to just 0.3% with the largest exposure to a single investment of 2.1% as at 31 March 2025. The portfolio is predominantly exposed to senior secured floating rate loans.

The Manager will receive a management fee out of the assets of the Trust of 0.21%p.a of the Trust's gross asset value. Total management fees are currently 0.60%p.a.

DASLF does not have a performance fee but SPDF II and REDF do. The Manager is entitled to 15% of the outperformance of the hurdle rates of SPDF II and REDF which is represented by the target returns of the two funds. Performance fees are calculated and accrued daily and are payable in arrears at the last business day of the financial year. Total fees for the two funds are capped at 0.75%p.a.

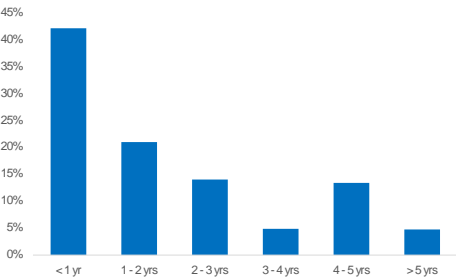
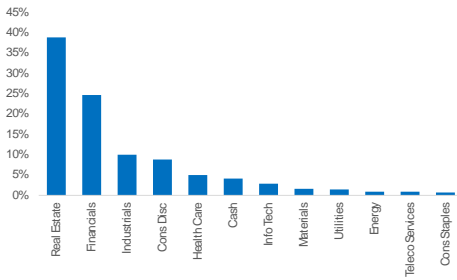
Units in the Trust are issued monthly following payment of the prior month's distribution. The issue price for units will be calculated at the NAV plus transaction costs (if any). Where liquid, the RE will accept redemption requests on a monthly basis, at the end of each month, subject to investors providing 10 business days prior written notice. In certain circumstances redemptions will be restricted, with redemptions dependent on the liquidity of MCP WIT, new investor flows, cash and MXT units held by the Trust. The redemption price for units will be calculated as the NAV minus transaction costs (if any). The Trust may hold units in MXT, which may be used to satisfy redemption requests. In the event MXT units are sold for less than they were acquired may result in the Trust realising a loss. Where the Trust receives redemption requests of more than 10% in any given month, the RE may stagger redemption requests over successive five month periods.

Wholesale Fund Allocation			
Underlying Wholesale Fund	Target Allocation	Actual Allocation*	Target Return
Metrics Credit Partners Diversified Australian Senior Loan Fund (DASLF)	60%-70%	60%	90 day BBSW + 2.75%-3.25% p.a
MCP Secured Private Debt Fund II (SPDF II)	20%-30%	20%	90 day BBSW + 4.0% p.a
MCP Real Estate Debt Fund (REDF)	10%-20%	20%	90 day BBSW + 5.0% p.a

*The wholesale fund allocation has remained at the stated levels for the life of the Trust.

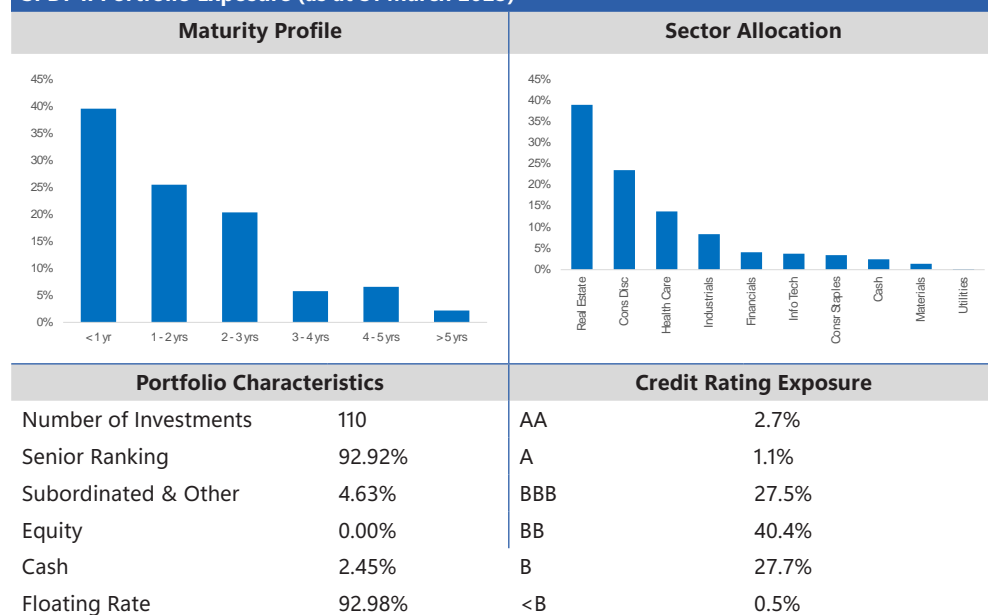
Underlying Wholesale Funds

1) Metrics Credit Partners Diversified Australian Senior Loan Fund (DASLF) - provides exposure to a diversified portfolio of corporate loans. As at 31 March 2025, DASLF had 209 investments. We note that some of the investments include multiple tranches. At least 90% of loans must be senior ranking. It is designed to have exposure predominantly to the BBB to BB credit rating category. The fund has a target return of 90-day BBSW + 2.75%-3.25% p.a. (net of fees and expenses). The Manager has typically generated returns within or exceeding the target return range since inception. The Fund continues to have an issuer rating of A- from Standard and Poors.

DASLF Portfolio Exposure (as at 31 March 2025)			
Maturity Profile		Sector Allocation	
			
Portfolio Characteristics		Credit Rating Exposure	
Number of Investments	209	AA	5.1%
Senior Ranking	95.7%	A	3.3%
Subordinated & Other	0.17%	BBB	57.8%
Equity	0.02%	BB	25.4%
Cash	4.14%	B	8.3%
Floating Rate	95.58%	< B	0.1%
		NR	0.0%

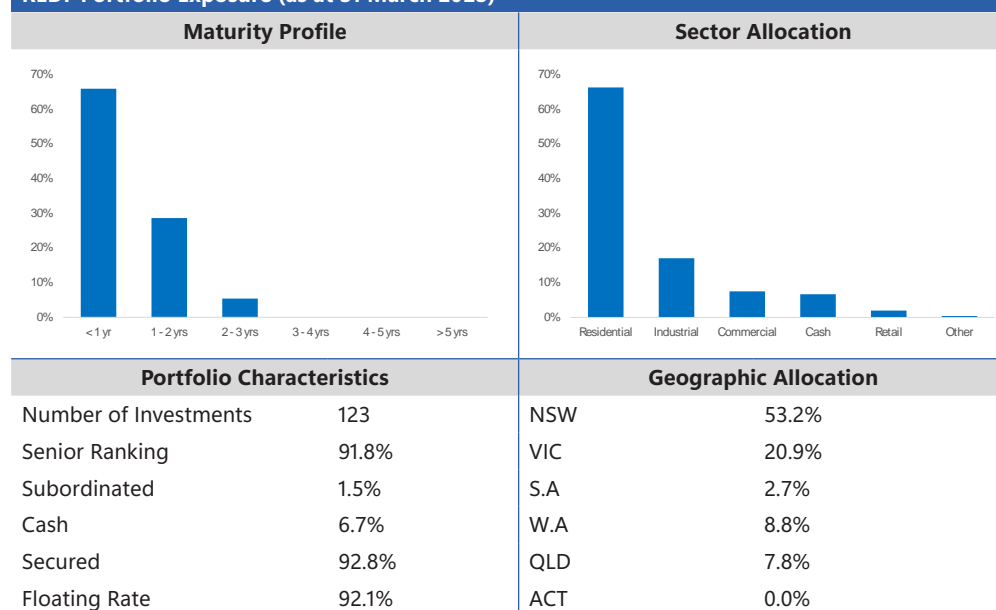
2) MCP Secured Private Debt Fund II (SPDF II) - SPDF II was established in October 2017 and as the name suggests is the second iteration of the strategy, which commenced in 2015. The Fund provides exposure to predominantly sub-investment grade corporate loans across mid-market borrowers. The Fund has a target return of 90-day BBSW + 4.0% p.a. (net of fees and expenses). At 31 March 2025, the Fund comprised 110 investments which were predominantly senior ranking secured loans.

SPDF II Portfolio Exposure (as at 31 March 2025)



3) MCP Real Estate Debt Fund (REDF) - REDF was also established in October 2017 and provides exposure to a portfolio of commercial real estate (CRE) debt. The Fund has a target return of 90-day BBSW + 5.0% p.a. (net of fees and expenses). The Fund has grown from \$140 million at inception to \$3.2 billion (\$4.4 billion including the borrowing facility) as at 31 March 2025. The Fund had 123 loans as at 31 March 2025, 91.8% of which were senior ranking. The portfolio is predominantly exposed to residential property with 66.3% of the portfolio allocated to residential property with the portfolio concentrated to properties in NSW and VIC. 42.3% of the portfolio was exposed to construction loans as at 31 March 2025. While 87% of the portfolio is allocated to a BBB or BB credit rating by the Manager, the higher target returns of the Fund reflects the increased risk associated with CRE debt. REDF has an issuer rating of A- from Standard & Poors.

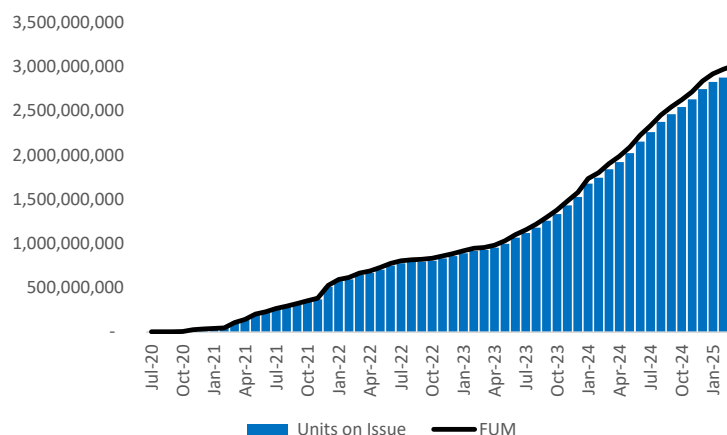
REDF Portfolio Exposure (as at 31 March 2025)



MDIF Growth

The Trust has grown significantly since being established in July 2020 with the Trust having 2,919 million units on issue and \$3,013.9 million FUM as at 31 March 2025.

MDIF Growth



INVESTMENT MANAGER UPDATE

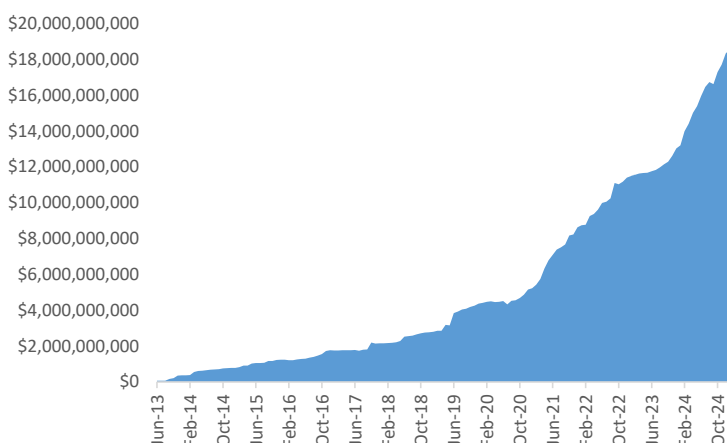
The portfolio is managed by Metrics Credit Partners Pty Ltd, which is a wholly owned subsidiary of Metrics Credit Holdings Pty Ltd (MCH). MCH is majority owned by the four Managing Directors (Andrew Lockhart, Justin Haynes, Graham McNamara and Andrew Tremain). In March 2025, MCH announced it had issued shares to a strategic partnership established between the National Pension Service of Korea and Townsend Group. The Company recently completed a restructure of the MCP Credit Trust and a transaction whereby Navalo Financial Services Group acquired the Credit Trust's interest in BCI Investment Group (BCI) and Taurus Finance Group with the transaction resulting in the issue of MCH shares to the Credit Trust. The ownership structure of MCH is now:

- ◆ 52.68% - Metrics Managing Partners;
- ◆ 28.37% - Pinnacle Investment Management Limited; and
- ◆ 3.52% - National Pension Service of Korea & Townsend Group Strategic Partnership;
- ◆ 15.42% - MCP Credit Trust.

MCH recently announced the upcoming retirement of Graham McNamara in March 2026. The Manager is currently looking to implement structures for the succession planning.

Since being founded in 2011, the funds under management (FUM) has grown significantly with FUM of \$19.1 billion as at 31 March 2025. As shown in the below chart, FUM accelerated significantly from mid 2020. The flagship fund, DASLF, continues to be the largest fund for the Manager with 37% of FUM invested in DASLF.

Metrics Credit Partners Funds Under Management (FUM)

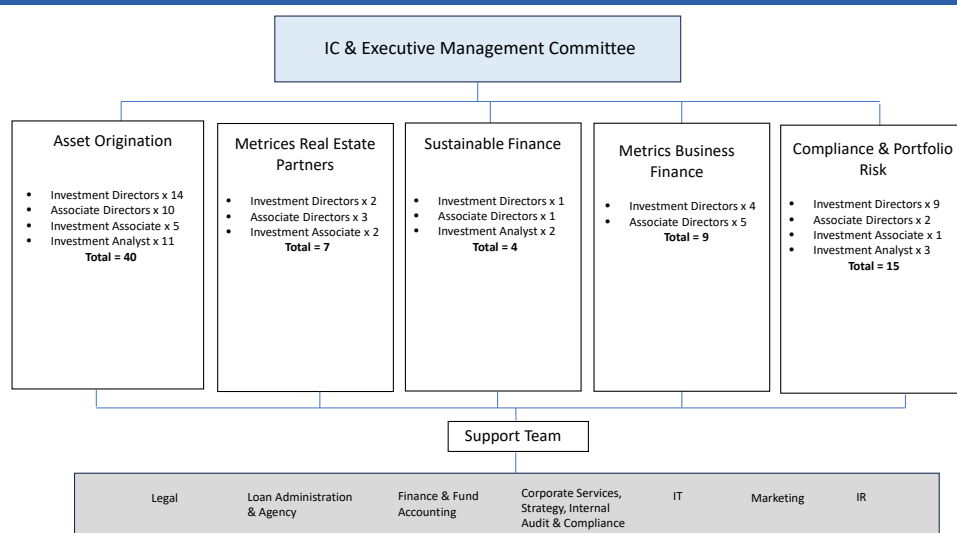


The Manager has increased its resources as the business has grown with 176 employees as at 31 March 2025, 99 of which are part of the investment team and 77 of which are support staff including loan administration, finance and accounting, corporate services and compliance, IT, marketing and investor relations. We note the support staff has grown from 44 in the last two years.

With a team of this size there will inevitably be some turnover. The turnover in recent years in the investment team is nothing that concerns us given the size of the team and with most of the turnover being with junior ranking team members with four Investment Directors departing in the last 18 months years.

The four Managing Partners remain the members of the Investment Committee and are involved in the decision making for all transactions. The investment process has not changed in that regard with the four Managing Directors required to reach a consensus view on loans made. The Managing Partners are supported by the investment team which can be broken down into five groups: (1) Asset Origination; (2) Metrics Real Estate Partners, which focus on equity investments; (3) Sustainable Finance; (4) Metrics Business Finance; and (5) Compliance & Portfolio Risk. Within the Asset Origination vertical, the team is further broken down into three segments: (i) Corporate, LBO and Structured Credit; (ii) Commercial Real Estate; and (iii) Metrics Real Estate Partners. An overview of the investment team structure is provided below.

Investment Team Structure



Note: Metrics Business Finance was launched in late 2021 after the Manager acquired Bigstone Finance. Metrics Business Finance is focused on providing commercial property loans and equipment finance to SMEs.

CORPORATE LOAN MARKET UPDATE

Corporate loans in Australia continue to be predominantly serviced by the major banks in Australia. However, the market share of non-bank lenders has been on the increase, as is shown in the below chart. According to the Manager the following factors are at play that support growth on the non-bank lending market:

◆ Increased Bank Regulation:

- The move to risk weighted asset models are driving higher pricing and lower appetite by banks to corporate lending.
- Stricter liquidity matching is increasing bank funding costs.
- Increased equity reducing bank leverage.

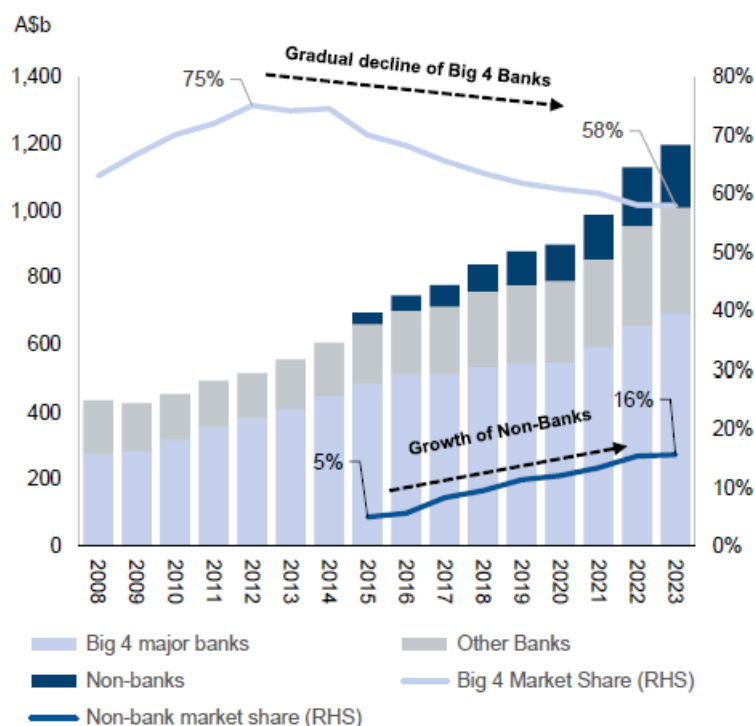
◆ Macprudential Policies:

- Regulatory pressure on banks to reduce total property sector exposure.

◆ Lack of Domestic Corporate Bond Market:

- Bank balance sheets crowd out a viable bond market.
- Borrowers are reluctant to take execution risk on the market as it currently stands.

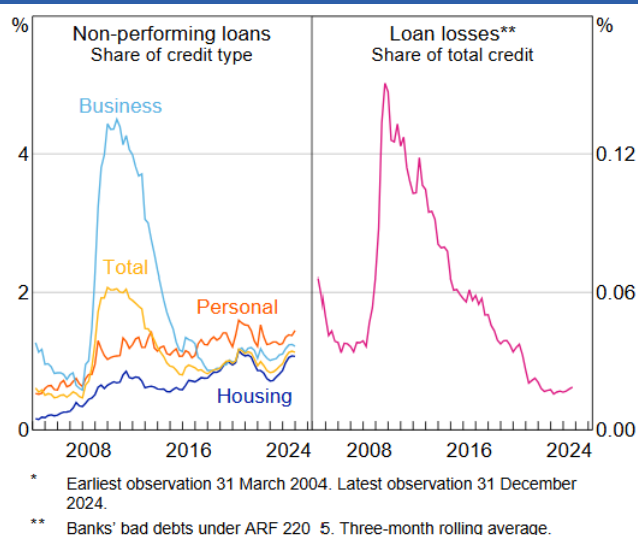
Corporate Debt Markets



Source: Metrics

The below chart shows the non-performing assets of the banks. Non-performing loans across residential housing and business remains low. This is a result of many businesses being able to pass on increased costs to consumers. Non-performing business loans increased during 2008 and 2009 on the back of the GFC. This highlights the fact that increases to non-performing loans tend to cluster around times of significant economic weakness. We note the below chart represents the assets of the banks and not the portfolio of loans of MDIF.

Banks Non-Performing Loans

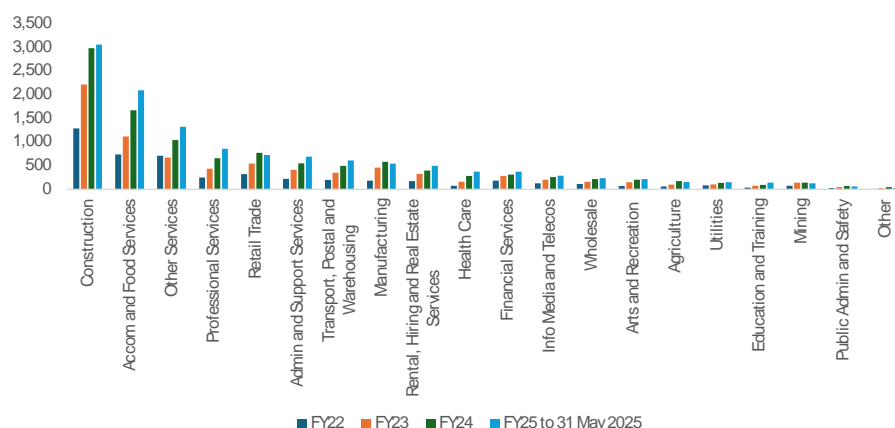


Source: RBA Financial Stability Review, April 2025.

There continues to be an increase in insolvencies post the pandemic with construction and the hospitality sector leading the insolvencies. Insolvencies in the FY25 period to 31 May 2025, have increased although the rate of increase has slowed when compared to the previous financial year. Businesses entering insolvency have tended to be small businesses with less than \$1 million in assets. The increase in insolvencies reflects three main developments according to the RBA:

- ◆ the removal of significant support measures put in place during COVID;
- ◆ more challenging trading conditions as the economy has slowed; and
- ◆ the ATO resuming enforcement actions on unpaid taxes.

Company Insolvencies by Industry



Source: ASIC Insolvency Statistics

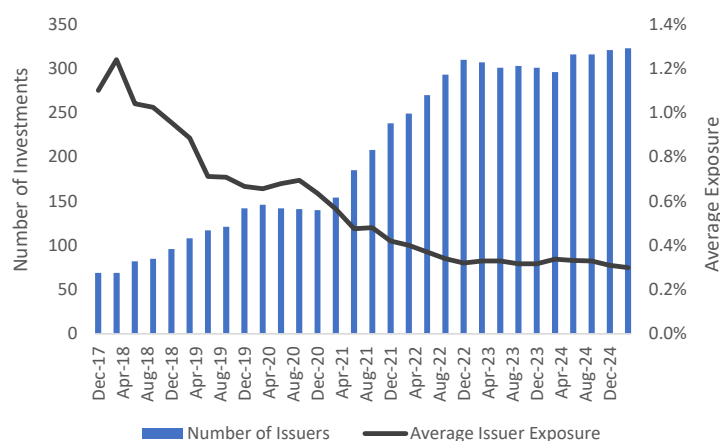
MDIF PORTFOLIO

MDIF invests in MCP WIT, which in turn invests in the underlying wholesale funds. The below portfolio data is provided for MCP WIT given MCP WIT has a longer track record than MDIF, with MDIF being established in July 2020.

The portfolio is highly diversified with over 320 investments. The portfolio diversification has increased as the underlying wholesale funds have grown with the diversification in the number of investment in the portfolio growing notably from 2021, which coincides with the growth of the FUM of the Manager.

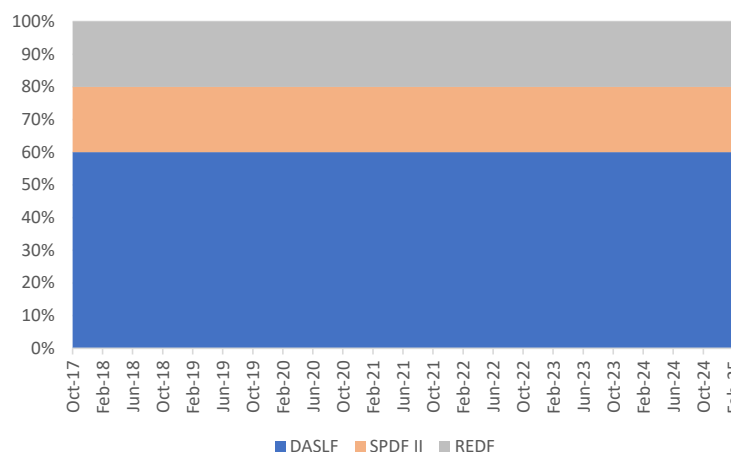
The increased diversification significantly reduces the risk associated with any one investment with the largest investment in the portfolio of 2.11% as at 31 March 2025 and an average investment exposure of just 0.3%.

Number of Investments & Average Investment Exposure



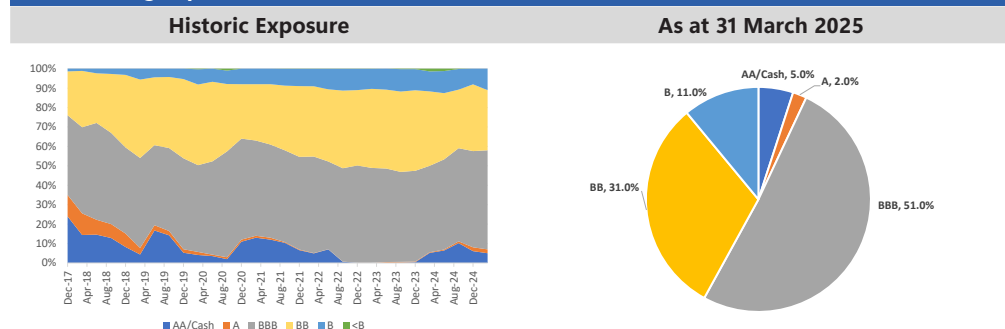
The allocation to the three wholesale funds has remained steady since listing, as shown by the below chart, with 60% of capital allocated to the Metrics Partners Diversified Australian Senior Loan Fund (DASLF), 20% to the MCP Secured Private Debt Fund II (SPDF II) and 20% to the MCP Real Estate Debt Fund (REDF). This allocation is within the target ranges with the allocation to DASLF and SPDF II at the lower end of the target allocation ranges and REDF at the upper-end of the target range.

Wholesale Fund Allocation



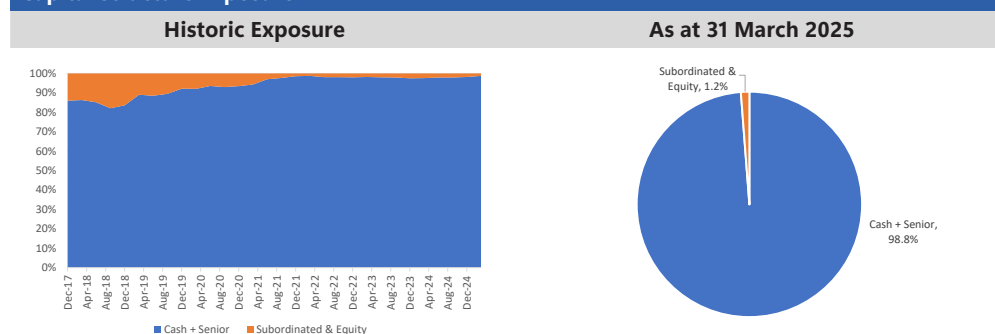
The portfolio is exposed to investment grade and sub-investment grade loans, with the majority of loans spanning the BBB and BB categories. As at 31 March 2025, 82% of the portfolio was exposed to loans rated BBB and BB. Exposure to B rated loans has typically been a relatively small exposure of the portfolio, however has increased over time.

Credit Rating Exposure



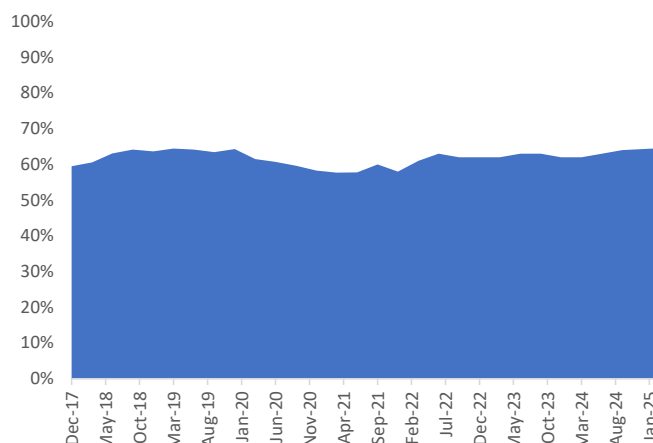
The portfolio is predominantly exposed to senior ranking loans. In addition to being senior in the capital structure, loans are typically secured with 84% of loans being senior secured loans.

Capital Structure Exposure



The portfolio has historically had a conservative weighted average LVR with regards to CRE loans with a weighted average LVR of less than 65% throughout its history. This means that in the event of a default, asset values would have to fall by 35%+ on average for the capital of the Trust to be impaired.

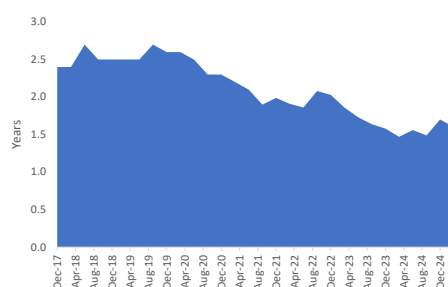
Weighted Average LVR for CRE Loans



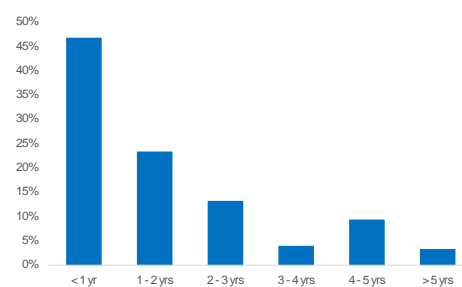
Loan terms will range from 6 months to 10 years with DASLF having a target weighted average loan term of 3 to 5 years. Loans made by REDF tend to have a shorter maturity (less than 2 years) given the nature of CRE loans. As at 31 March 2025, over 47% of the loans in the portfolio had a loan term of less than 1 year remaining with 70% of the portfolio having a remaining term of 2 years or less. The short duration nature of the loans reduces the term risk associated with loans, however also highlights the significant amount of turnover in the portfolio on a regular basis.

Weighted Average Loan Term (years)

Weighted Average Loan Term (years)



Term to Maturity Spread*



*As at 31 March 2025.

Sector & Loan Type Allocation

The portfolio is diversified by sector as well as individual loan as highlighted by the below table. Real Estate continues to be the biggest exposure in the portfolio with Real Estate Management and REITs representing over 51% of the portfolio as at 31 March 2025. We note REITs includes commercial property loans, excluding construction loans. The portfolio will always have a significant weighting to this sector given 20% of the Trust is allocated to REDF and the other two wholesale funds also have exposure to commercial property loans.

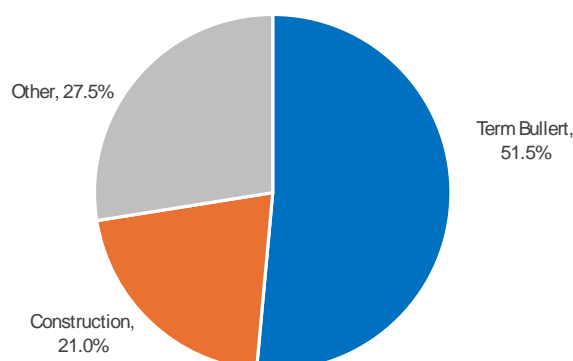
Over the past 18 months, exposure to Hotels, Restaurants and Leisure has declined with the realisation of the Pacific Hunter investment as a result of a restructure, while exposure to Diversified Financials has increased.

Sector Allocation (as at 31 March 2025)

Sector	Weighting
Real Estate Management & Development	26.5%
Real Estate Investment Trusts (REITs)	24.0%
Diversified Financial Services	8.1%
Consumer Services	7.0%
Capital Markets	6.0%
Health Care Equipment & Services	4.9%
Transportation	3.9%
Industrials	3.0%
Retailing	2.1%
Software & Services	1.9%
Cash & Other	11.1%

The portfolio is predominantly exposed to term bullet loans which refers to loans in which interest is paid on a regular basis and the loan amount is repaid at maturity. At 31 March 2025, 21% of the portfolio was allocated to construction loans. There are construction loans in all three underlying wholesale funds with REDF having the highest level of construction loans (42.3% construction loans as at 31 March 2025). This is to be expected given the focus on CRE debt of this fund.

Loan Type Exposure (as at 31 March 2025)



*Other includes capex loans, revolving facilities, amortising loans, other structures and equity.

Portfolio Health

The below charts show a snapshot of the portfolio health on a quarterly basis from December 2019 to March 2025. The below charts include the number of loans across a number of categories including:

- ◆ Loans on the watchlist;
- ◆ Restructure loans;
- ◆ Loans under enforcement; and
- ◆ Loan Losses.

The two charts show the number of loans in the portfolio in each of the above categories and the percentage of assets under management (AUM) they represent. The portfolio is in good health with only 2.5% of the portfolio on the watchlist and 3 loans under enforcement as at 31 March 2025.

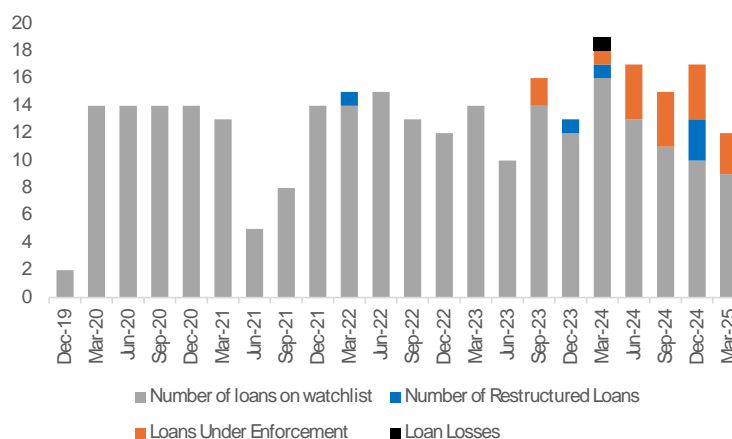
The number of loans on the watchlist has remained relatively consistent over time with an average of 12 loans on the watchlist each quarter over the period. Unsurprisingly this number increased during the COVID market with loans on the watchlist increasing to 10%-12% of AUM. Over time, the number of loans on the watchlist has remained consistent despite the growth in the number of loans in the portfolio which has resulted in the loans on the watchlist as a percentage of AUM being less than 6% post the COVID market.

In the March 2025 quarter there were no loans being restructured with the 3 loans being restructured in the December quarter finalised. There were 3 loans under enforcement, representing 1.3% of the portfolio.

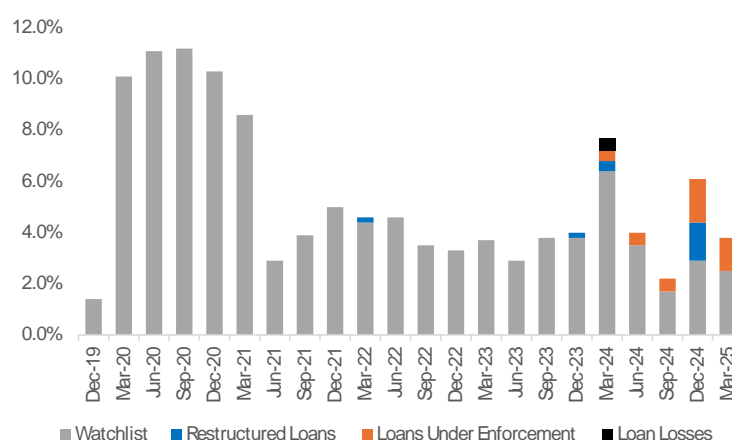
There has been one loan loss throughout the history of the Trust, which represented 0.5% of the AUM. The loss did not have an impact on the NAV given the small size of loan exposure of the portfolio and the Manager recovering 92 cents in the dollar on the transaction.

The Manager has used the various trust structures across the business to restructure loans and avoid losses. There have been three debt investments that were converted to equity and acquired by the MCP Credit Trust.

Number of Loans



% of AUM

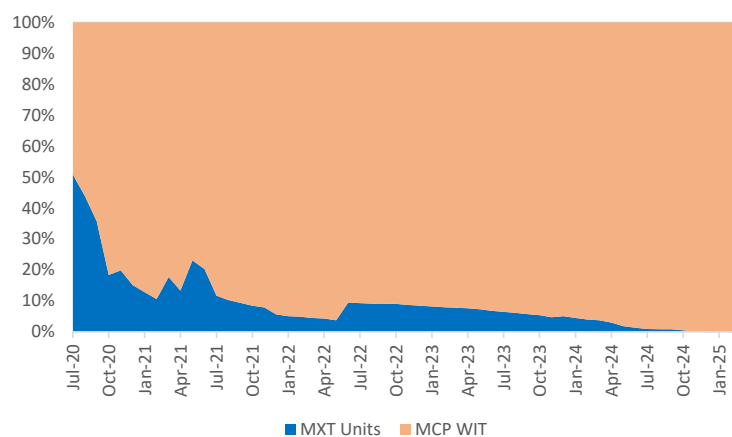


MCP WIT & MXT Allocation

As mentioned in the above report, the Trust can invest in MCP WIT and MXT units. One of the reasons the Trust was established was as a discount management mechanism for MXT.

In the initial period, the Trust had a large allocation to MXT units with 50% of the Trust allocated to MXT units with the Trust acquiring MXT units when they were trading at a discount. After accumulating MXT units initially, the Trust sold down a large part of its position in MXT before acquiring more units when MXT was trading at a discount in June 2022. As at 31 March 2025, MDIF had no allocation to MXT units.

MDIF Asset Allocation



PERFORMANCE ANALYTICS

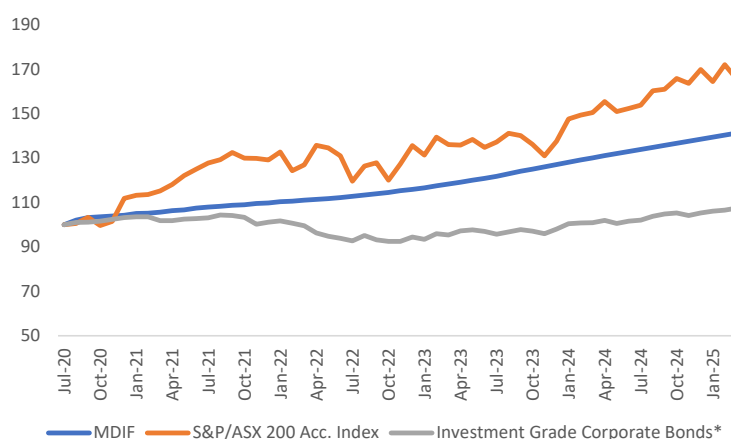
The Trust provides exposure to a portfolio of direct loans and therefore the return will be predominantly income based with the monthly distribution reflecting the interest income generated by the portfolio of loans for the month. There may be some NAV volatility as a result of the volatility in MXT units held by the Trust.

In addition to the MDIF returns we have provided the returns of the S&P/ASX 200 Accumulation Index and the S&P Australia Investment Grade Bond Index. The market indices are provided for illustrative purposes to highlight the risk/return metrics of MDIF compared to equities and fixed rate corporate bonds.

The below chart shows the cumulative total returns of the MDIF NAV and the returns of the above-mentioned market indices from inception of the Trust to 31 March 2025. The chart highlights the low levels of volatility of the MDIF NAV when compared to the market indices over this period. MDIF's NAV has varied very little since listing with the loans in the MDIF portfolio not publicly traded. This compares to the S&P/ASX 200 Accumulation Index and Investment Grade Corporate Bonds which are traded on the public market and therefore marked-to-market on a daily basis. Corporate bonds are typically fixed rate bonds and therefore the price of the bonds are heavily influenced by movements in interest rates.

The discrepancy between the total return of floating rate exposure versus fixed exposure is highlighted in the below chart. Investment Grade Corporate Bonds returns have been negatively impacted by the decline in prices which has been a result of the increasing interest rate environment in recent years. The Australian RBA Cash Rate rising at the fastest pace in history saw a decline in the returns in the Corporate Bond market that had not been experienced for a significant period of time. As such, historic returns may not reflect future returns, however highlights the risks associated with fixed rate bonds.

Cumulative Total Return



*S&P/ASX Australia Investment Grade Corporate Bond Index

Source: Metrics Credit Partners Pty Ltd, Iress, S&P Global.

The below table provides the performance metrics of MDIF and the above-mentioned market indices over varying periods to 31 March 2025. MDIF has delivered an attractive return since listing when compared to the S&P/ASX 200 Accumulation Index and Investment Grade Corporate Bonds, as is highlighted in the below table. With only one credit loss in which the loan amount was largely recovered, the NAV has delivered very low volatility. The portfolio has provided diversification benefits with little no correlation and at times a negative correlation to the S&P/ASX 200 Accumulation Index.

The risk-adjusted returns for MDIF have been attractive when compared to other asset classes. This reflects the low level of credit losses in the portfolio. Investors should note that the risk assessment should not result from the standard deviation of returns. Investors should assess the risk associated with the portfolio based on the credit quality of the investments and the investment lending practices of the Manager.

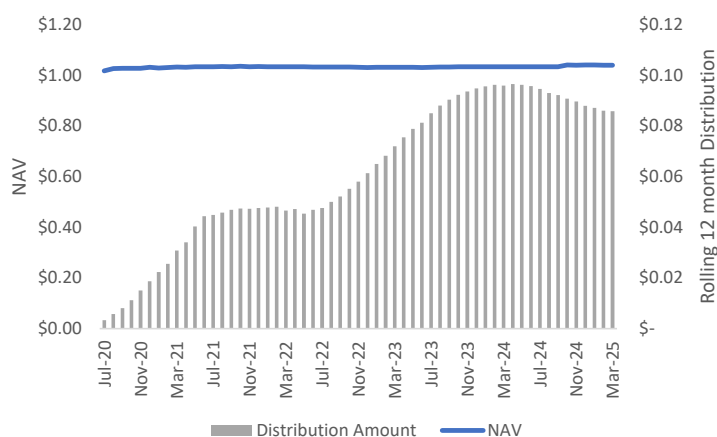
Performance Metrics (as at 31 March 2025)			
	MDIF NAV	S&P/ASX 200 Accumulation Index	S&P Australia Investment Grade Corporate Bond Index
Cumulative Total Return:			
1 year	8.5%	2.8%	5.7%
3 year (p.a.)	8.5%	5.6%	3.8%
Since Inception (p.a.)	7.7%	10.4%	1.6%
Standard Deviation:			
1 year	0.1%	10.9%	3.0%
3 year (p.a.)	0.5%	13.4%	4.4%
Since Inception (p.a.)	1.0%	12.8%	4.4%
Correlation to S&P ASX 200 Acc. Index			
1 year	-0.05	1.00	0.48
3 year (p.a.)	0.22	1.00	0.67
Since Inception (p.a.)	0.05	1.00	0.42

Distributions

The below chart shows the rolling 12 month distributions paid by the Trust and the NAV per unit. The NAV has had low levels of volatility with the NAV ranging between \$1.017 and \$1.04 per unit over the life of the Trust. The NAV of the Trust will be impacted by the exposure to MCP WIT and the exposure to MXT units. Given MXT units are ASX-listed, the NAV may experience increased volatility during periods when the Trust holds MXT units.

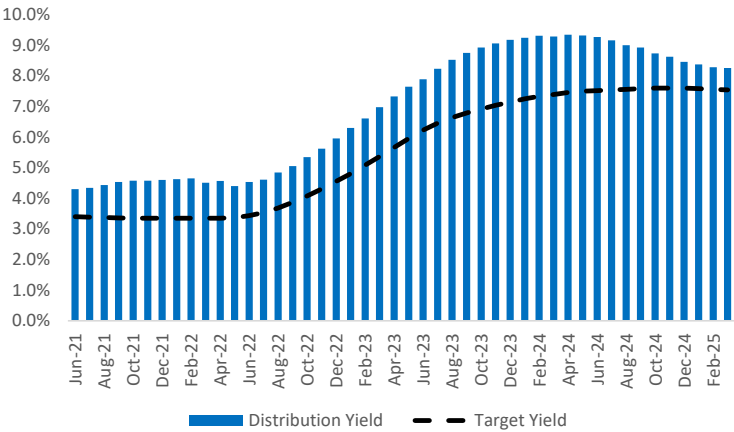
The portfolio is exposed to predominantly floating rate loans and therefore the distributions will be influenced by movements in interest rates. The increasing interest rate environment has seen an increased distribution amount as the Trust has realised increased interest income from the portfolio of loans. With the RBA entering into a rate cutting cycle, with three interest rate cuts in 2025 thus far, the distribution amount and yield will be impacted by the lower rates.

NAV & Rolling 12 month Distribution Amount Since Inception



The Trust has consistently delivered a yield above the target distribution yield of RBA Cash Rate + 3.25%p.a. (net of fees and expenses). The below chart shows the trailing 12 month distribution yield of the Trust from 12 months after being established and the target distribution yield. We note the target distribution yield has been annualised to reflect the changes to the RBA Cash Rate.

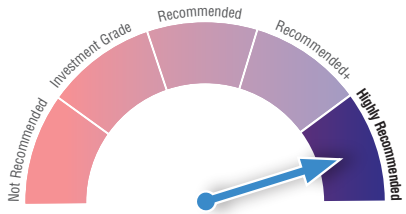
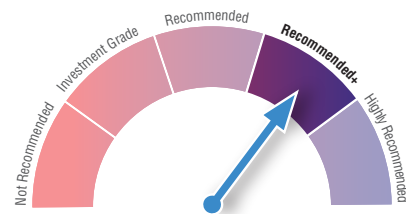
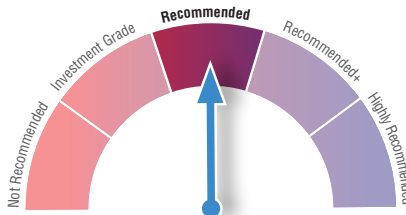
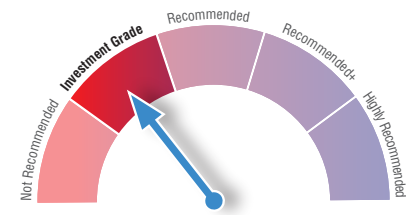
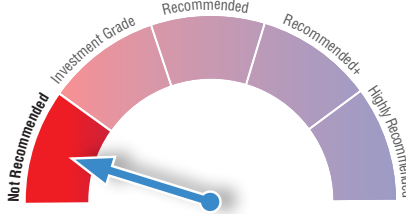
Trailing 12 month Distribution Yield



APPENDIX A – RATINGS PROCESS

Independent Investment Research Pty Ltd “IIR” rating system.

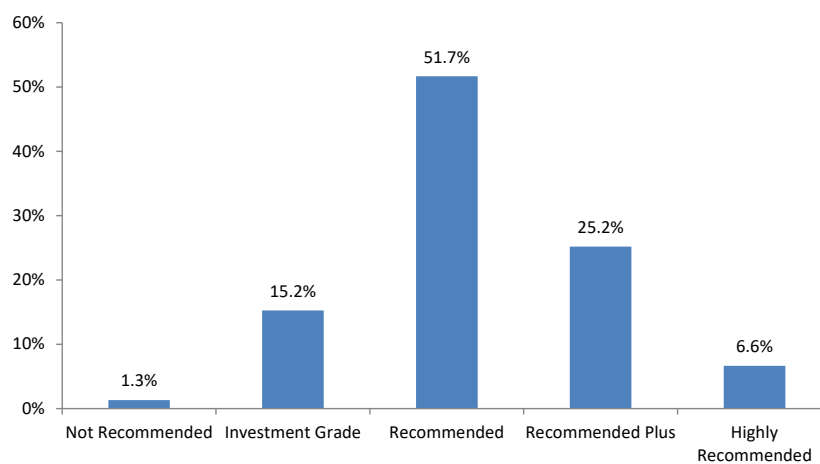
IIR has developed a framework for rating investment product offerings in Australia. Our review process gives consideration to a broad number of qualitative and quantitative factors. Essentially, the evaluation process includes the following key factors: product management and underlying portfolio construction; investment management, product structure, risk management, experience and performance; fees, risks and likely outcomes.

LMI Ratings	SCORE
Highly Recommended	83 and above
 <p>This is the highest rating provided by IIR, indicating this is a best of breed product that has exceeded the requirements of our review process across a number of key evaluation parameters and achieved exceptionally high scores in a number of categories. The product provides a highly attractive risk/return trade-off. The Fund is likely effectively to apply industry best practice to manage endogenous risk factors, and, to the extent that it can, exogenous risk factors.</p>	
Recommended +	79–83
 <p>This rating indicates that IIR believes this is a superior grade product that has exceeded the requirements of our review process across a number of key evaluation parameters and achieved high scores in a number of categories. In addition, the product rates highly on one or two attributes in our key criteria. It has an above-average risk/return trade-off and should be able consistently to generate above average risk-adjusted returns in line with stated investment objectives. The Fund should be in a position effectively to manage endogenous risk factors, and, to the extent that it can, exogenous risk factors. This should result in returns that reflect the expected level of risk.</p>	
Recommended	70–79
 <p>This rating indicates that IIR believes this is an above-average grade product that has exceeded the minimum requirements of our review process across a number of key evaluation parameters. It has an above-average risk/return trade-off and should be able to consistently generate above-average risk adjusted returns in line with stated investment objectives.</p>	
Investment Grade	60–70
 <p>This rating indicates that IIR believes this is an average grade product that has exceeded the minimum requirements of our review process across a number of key evaluation parameters. It has an average risk/return trade-off and should be able to consistently generate average risk adjusted returns in line with stated investment objectives.</p>	
Not Recommended	<60
 <p>This rating indicates that IIR believes that despite the product's merits and attributes, it has failed to meet the minimum aggregate requirements of our review process across a number of key evaluation parameters. While this is a product below the minimum rating to be considered Investment Grade, this does not mean the product is without merit. Funds in this category are considered to be susceptible to high risks that are not reflected by the projected return. Performance volatility, particularly on the down-side, is likely.</p>	

APPENDIX B – MANAGED INVESTMENTS COVERAGE

The below graphic details the spread of ratings for managed investments rated by Independent Investment Research (IIR). The managed investments represented below include listed and unlisted managed funds, fund of funds, exchange traded funds and model portfolios.

Spread of Managed Investment Ratings



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