Fund Research

Metrics Income Opportunities Trust (ASX: MOT)

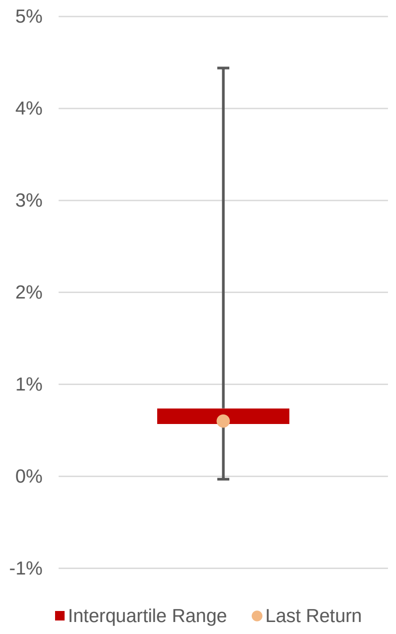
Overview

The Metrics Income Opportunities Trust (ASX: MOT, the 'Fund' or the 'Trust') offers retail investors access to the Australian private credit market through an actively managed portfolio primarily comprising the full spectrum of private credit investments. MOT primarily invests in loans, notes and bonds, however, may also provide investors with the potential for upside gains through exposure to private equity and equity-like investments. The diverse range of assets which this listed investment trust (LIT) provides exposure to has historically only been accessible to institutional investors and large international banks, previously posing a challenge for retail investors to participate.

The underlying investment portfolio is overseen by Metrics Credit Partners Pty Ltd (MCP, Metrics), a seasoned alternative asset manager with specialist knowledge and a proven track record in private credit. The Trust invests in the Metrics Wholesale Income Opportunities Trust (WIOT), which, in turn, invests in wholesale funds managed by Metrics, covering various points along the credit risk spectrum.

The primary investment objective of the Trust is to deliver attractive risk-adjusted returns through the economic cycle, **targeting a return of 8–10% p.a. net of fees**. Monthly cash distributions are payable, with a goal of achieving a 7% p.a. return. As at 30 June 2025, MOT's market capitalisation stood at $662 million, with a net asset value (NAV) of $713 million.

Figure 1. Monthly Net Returns Box Plot



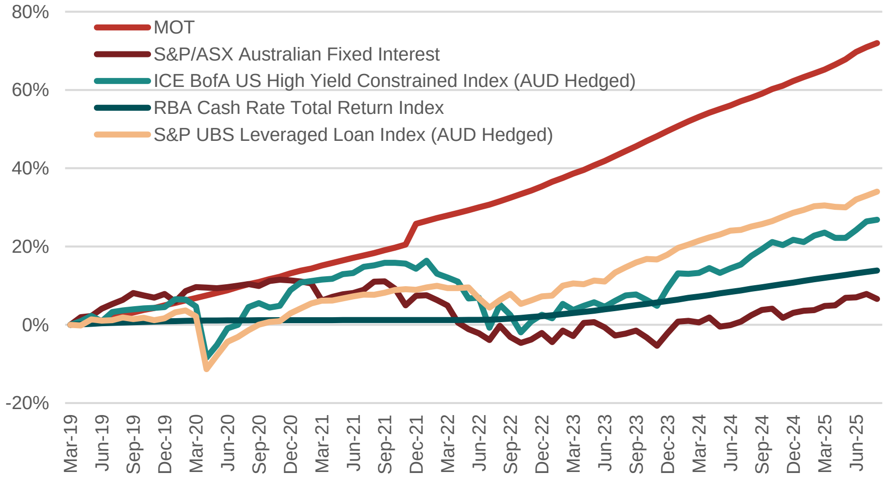
Source: BondAdviser, Metrics. As at 31 August 2025. Monthly investment return net of fees and operating expenses since inception based on growth of NTA.

Figure 2. Monthly Net Returns* (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2025	0.64	0.58	0.58	0.77	0.80	1.14	0.72	0.60					**5.84**
2024	0.85	0.80	0.76	0.70	0.61	0.57	0.71	0.58	0.65	0.74	0.54	0.72	**8.23**
2023	0.86	0.72	0.80	0.69	0.85	0.79	0.87	0.89	0.84	0.95	0.81	0.90	**9.97**
2022	0.58	0.57	0.52	0.50	0.56	0.55	0.55	0.65	0.69	0.71	0.67	0.80	**7.35**
2021	0.60	0.48	0.67	0.56	0.57	0.56	0.53	0.53	0.61	0.55	0.65	4.42	**10.72**
2020	0.61	0.60	0.59	0.60	0.60	0.62	0.73	0.67	0.55	0.63	0.56	0.78	**7.54**
2019				0.15	0.36	0.58	0.74	0.68	0.56	0.65	0.47	0.66	**4.86**

*Source: BondAdviser, Metrics. As at 31 August 2025. *Return is monthly net total return based on NTA plus dividends.*

Figure 3. Relative Cumulative Performance



Source: BondAdviser, Metrics, Bloomberg. As at 31 August 2025. Calculated from cumulative net monthly returns of the Underlying Fund. Returns on NAV, not traded unit price, see Figure 17 for unit price variance.

While MCP Credit Trust was effectively split into a new entity, namely the Metrics Credit Trust II, this was conducted on a proportionate basis. As such, MOT's look-through exposure remains unchanged.

MOT's weighting to equity investments has risen to its highest since inception. However, this broadly consistent the Manager's long-term portfolio construction assumptions that has allowed the Fund to consistently outperform its target.

Product Assessment

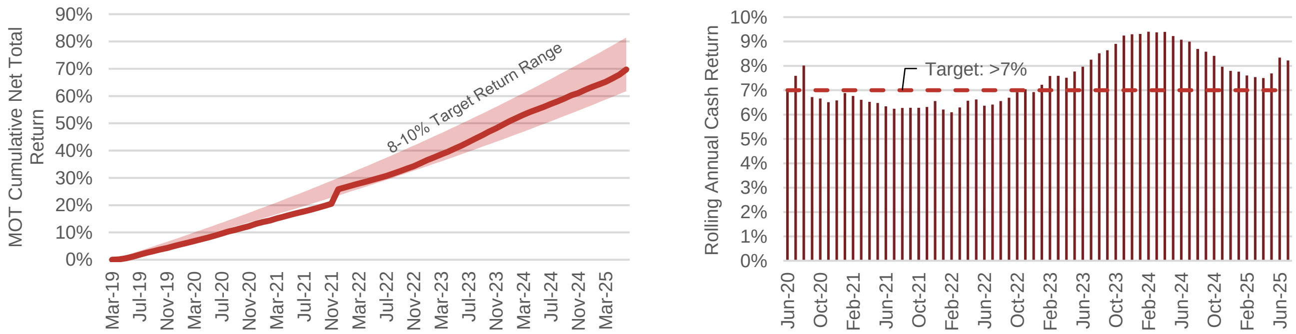
Recommended

The **Metrics Income Opportunities Trust (ASX: MOT)** offers investors exposure to the full spectrum of private credit investments alongside, complemented with private equity and equity-like opportunities. This is achieved through direct investment in the WIOT which in turn invests in a series of wholesale funds across the Metrics credit platform. This includes MCP Secured Private Debt Fund II (SPDF II), MCP Real Estate Debt Fund (REDF), MCP Credit Trust (MCP CT) and Metrics Credit Trust II (MCT II). We note the latter was established in July 2025 through a restructure voted by MCP CT unitholders (including WIOT), in which MCP CT transferred the majority of its debt assets to MCT II. Importantly, WIOT continues to have the same look-through exposure to the underlying investments prior to the restructuring by holding units in both on a proportionate basis.

As of 31 July 2025, the look-through portfolio of MOT consists of 259 individual borrower exposures. This represents a material increase from 168 borrower exposures as of our last update using 30 June 2024 data, lowering average borrower exposure from 0.6% to 0.4% with no counterparty representing more than 4% of the look-through portfolio. The improvement has been achieved partly through an increase in equity and equity-like investments which have risen to 33 individual exposures, accounting for almost 30% of MOT's look through portfolio (versus 22 exposures representing 18% ex. cash as of 30 June 2024). This undoubtedly weighs on our Risk Score, all else equal, but has somewhat been counterbalanced by an increased allocation to BBB-rated (investment-grade) investments over the same period. As such, our Risk Score remains unchanged at **High** but with limited headroom to the downside.

We acknowledge this is broadly consistent with our expectation that MOT's long-term portfolio construction holds an average weighting in the range of 75% / 25% between debt and equity/equity-like investments, respectively, to ensure the Fund's investment objective is met. In this context, MOT has consistently met its target net total return of 8-10% per annum. As of 31 July 2025, this includes a 1-year return of 8.81% and return since inception (March 2019) of 8.92% per annum. This incorporates MOT's target net cash return of 7% per annum, of which the Fund has also outperformed – delivering 8.54% on a 1-year basis and 7.70% per annum since inception. MOT's increased look-through allocation to equity/equity-like investments could reduce the latter in the short term. However, we take comfort in the Manager's reweighting of the portfolio to fixed-rate investments in the past 12 months to almost 40% of the book and that the 7% distribution target creates a natural ceiling on equity/equity-like exposure due to the requirement for consistent and steady income.

Figure 4. MOT Historical Total Return and Cash Return versus Targets



*Source: BondAdviser, Metrics. As at 30 June 2025. *Return is monthly net total return based on NTA plus dividends.*

While MCP Credit Trust was effectively split into a new entity, namely the Metrics Credit Trust II, this was conducted on a proportionate basis. As such, MOT's look-through exposure remains unchanged.

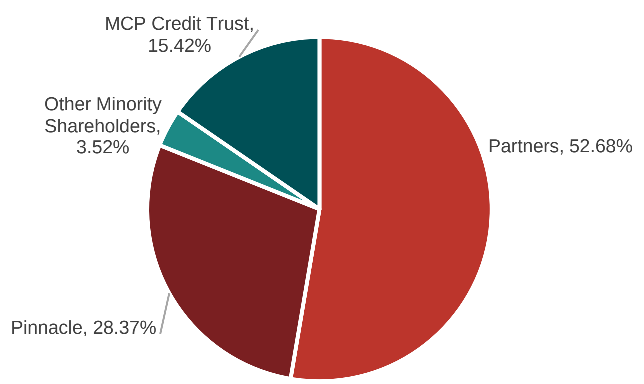
Alongside the creation of MCT II, members of MCP CT (including WIOT) also approved a series of transactions in which MCP CT effectively exchanged of its direct ownership in Taurus Financial Group (a specialist automotive financier) and BC Invest (a non-bank mortgage lender) for shares in Metrics Credit Holdings Pty Ltd (MCH – the ultimate holding company of Metrics). This has allowed for the formation Metrics' ~$7.5 billion small-ticket consumer and business lending business, Navalo Financial Services Group, which is a wholly owned subsidiary of MCH. As a result, MCH ownership now comprises its Managing Partners (~53%), Pinnacle Investments (~28%), MCP CT (~15%) and a strategic partnership between the National Pension Service of Korea and Townsend Group (~4%) – equating to a look-through exposure of just under 4% of MOT.

Importantly, this process was conducted with strict third-party oversight. This included Perpetual (as independent trustee of MCP CT and WIOT) convening the meeting of unitholders to consider the special resolution to approve the transaction which was unanimously voted in favour on 30 June 2025, separate legal representation sought for MCP CT and MCH, and an independent trustee expert report conducted to conclude that the transaction is fair and reasonable and in the best interests of MCT CP members. Nonetheless, this introduces potential conflicts of interests, all else equal, given the Investment Manager for MCP CT, WIOT and MOT is a wholly owned subsidiary of MCH. We note any potential conflicts are managed under a detailed conflicts of interests protocol overseen by Metrics Head of Compliance.

MOT's weighting to equity investments has risen to its highest since inception. However, this broadly consistent the Manager's long-term portfolio construction assumptions that has allowed the Fund to consistently outperform its target.

MOT's >5-year track record makes the Fund eligible for consideration to be upgraded to Highly Recommended under the BondAdviser Alternative Investment Fund Methodology, of which its consistent outperformance and risk profile had resulted in an Improving outlook to our Product Assessment. We believe this consistency will continue, allowing for strong alignment of the Fund's risk profile with its return objective. However, we consider the MOT's indirect and unconventional ownership of MCH to lack precedents in the context of "best-in-class" governance criteria under our Highly Recommended Product Assessment. With further evidence required in this context, we revise our Outlook back to Stable while retaining our Product Assessment at **Recommended**. While we remain comfortable MOT's indirect MCH equity investment will be managed prudently within Metrics' governance frameworks (including the recent strengthening of its Audit & Compliance Committee through two additional non-executive directors), our extremely high benchmark required for an upgrade in Product Assessment will need further monitoring.

Figure 5. Metrics Credit Holdings Ownership Split



Source: BondAdviser, Metrics. As at 31 July 2025. .

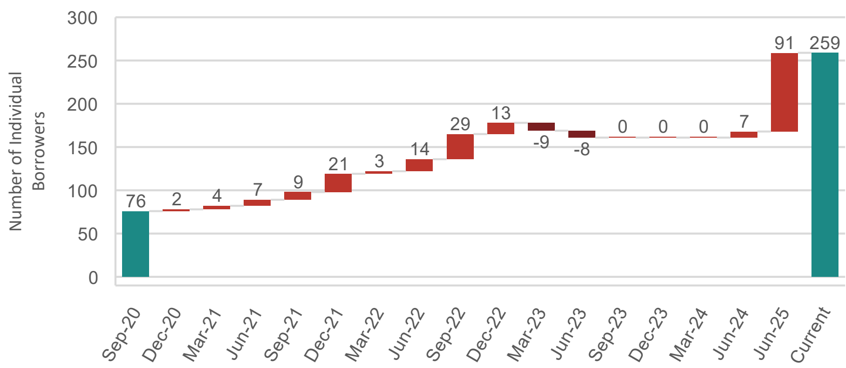
Construction and Investment Process

There have been **no material changes** to MOT's construction and investment process.

Portfolio Risk Management

MOT is closed-ended and therefore has relatively stable FUM. However, due to inflows across the Metrics platform (including the underlying funds of which MOT invests in) the portfolio naturally diversifies over time despite no additional capital raises since February 2024. The diversification benefits have been significant since our last update (30 June 2024 data) where the underlying portfolio has expanded to 259 individual investment exposures as of 31 July 2025. This represents an increase of over 50% and contrasts to around 40 exposures at the time of the initial public offering in April 2019.

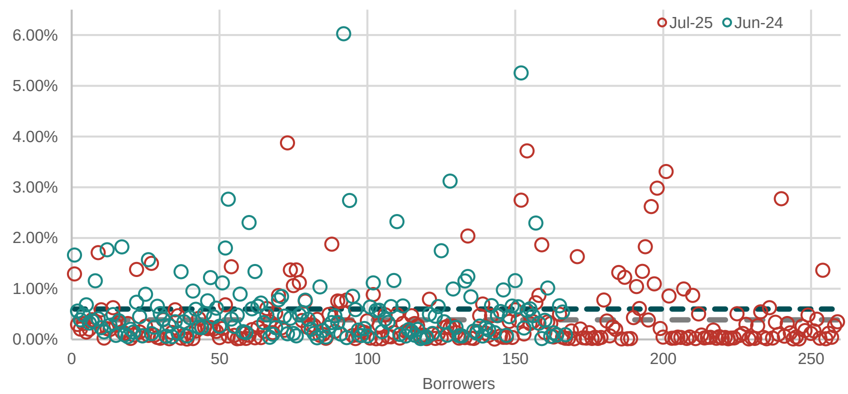
Figure 6. Unique Investment Exposure Over Time



Source: BondAdviser, Metrics. As at 31 July 2025. Based on Metrics' underlying portfolio (WIOT) not MOT.

Over this period, this has allowed MOT to reduce its maximum investment exposure (excluding cash) from ~6% to ~4% and average exposure from ~0.6% to ~0.4%. As a result, MOT has only 3 exposures over 3% in the portfolio, of which one is Metrics itself (through a 15.4% indirect stake in the MCP holding company via MCP CT) following the exchange of most of its equity stake in Taurus Financial Group and BC Invest (see *Fund Governance*).

Figure 7. Individual Investment Exposure Mix: Jun-24 vs Jul-25

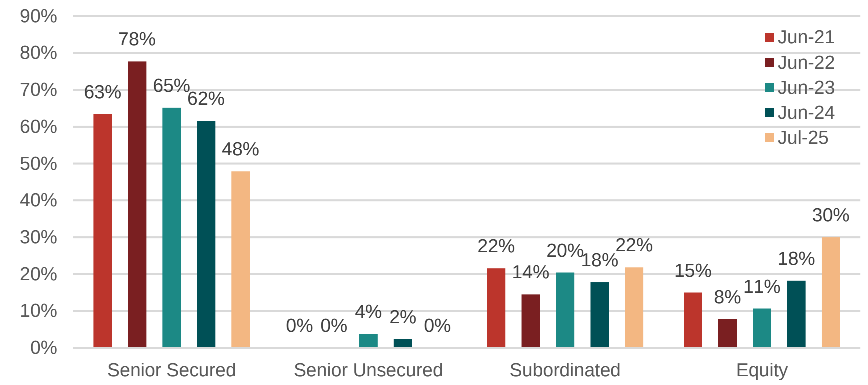


*Source: BondAdviser, Metrics. As at 31 July 2025. *Excluding cash. Based on Metrics' underlying portfolio (WIOT) not MOT.*

In terms of composition, MOT's exposure to equity and equity-like investments has steadily increased over the years and is currently at a historical peak of ~30% as of 31

July 2025. This is split across commercial real estate (21%) and corporate (8%) equity investments. According to the Manager, this is considered appropriate to meet the Fund's target return (8-10% net of fees through the cycle). Importantly, this continues to be met (8.8% net return on 1-year basis) despite the lumpiness of the equity return profile. While MOT is an unconstrained Fund, we argue there is a natural cap of equity exposure in the portfolio due to its target cash return of 7% per annum (payable monthly) which is underpinned by loan assets.

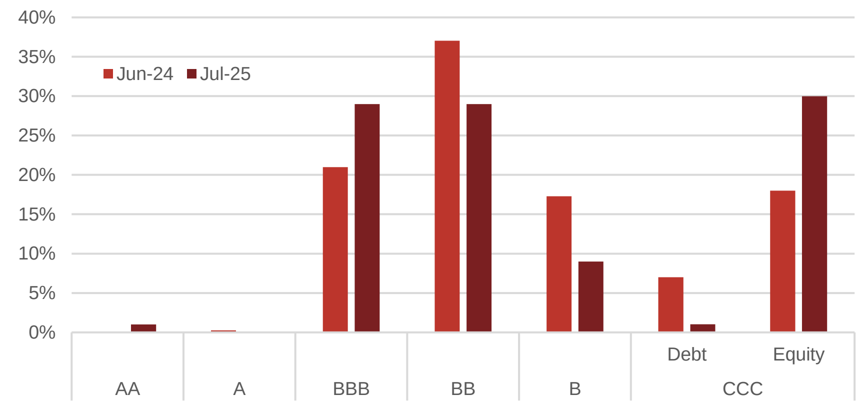
Figure 8. Portfolio Seniority Mix



*Source: BondAdviser, Metrics. As at 31 July 2025. *Excluding cash. Based on Metrics' underlying portfolio (WIOT) not MOT.*

While this increases the risk profile of MOT, all else equal, this has been positively balanced against an improving credit rating distribution for the loan book. This reweighting to investment-grade credit has been particularly notable, rising from ~22% to ~30% of the portfolio. As a result, our estimated weighted average credit rating for the portfolio remains in the BB-band, despite being at the low-end of the range.

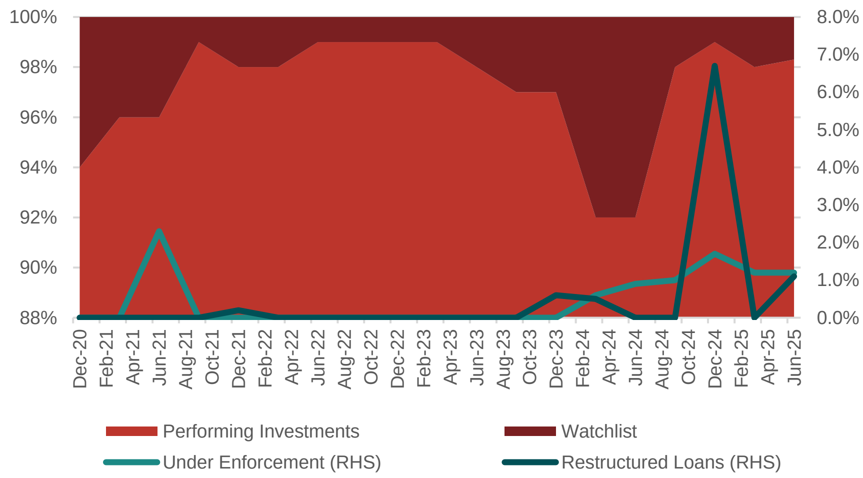
Figure 9. MOT Implied Credit Rating Distribution



*Source: BondAdviser, Metrics. As at 31 July 2025. *Excluding cash. Based on Metrics' underlying portfolio (WIOT) not MOT.*

The quality of the MOT's non-equity investments is demonstrated by its track record. This includes active risk management through a dynamic watch list which has been consistently less than 10% of the loan book. We note enforcements and restructures have also been limited and sporadic throughout this period. Importantly, MOT has not experienced any losses across its portfolio since inception.

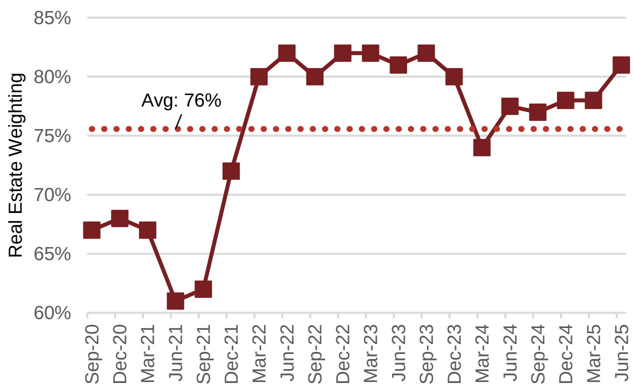
Figure 10. MOT Loan Credit Metrics

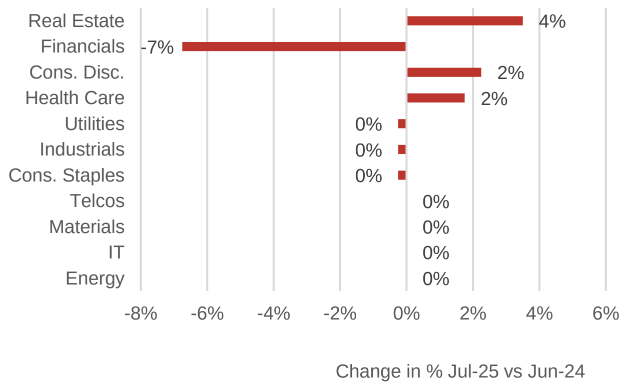


*Source: BondAdviser, Metrics. As at 31 July 2025. * Exposures measured as a % of AUM, where AUM includes loan commitments and other investments such as cash and committed capital available for investment. Based on Metrics' underlying portfolio (WIOT) not MOT.*

From a sectoral perspective, the profile of the Fund remains broadly similar with a heavy weighting to real estate exposures at over 80% of net asset value. This has risen from 74% as of 30 June 2024 (excluding cash) and compares to an average of ~76% since inception. That said, it is broadly in line with the previous peak of ~82% in March 2023. More broadly, MOT's sector exposures remain unchanged except for Financials, which has fallen from 14% to 7% (excluding cash) over the same period. We note heavy allocation to any industry is a credit negative given the typically high correlation between assets in the same sector, all else equal. However, we take comfort in Metrics strong track record in managing sector risk, particularly in the real estate space despite well-documented headwinds facing the industry for several years.

Figure 11. MOT Sector Exposure





*Source: BondAdviser, Metrics. As at 31 July 2025. *Excluding cash. Based on Metrics' underlying portfolio (WIOT) not MOT.*

Lastly, we highlight the weighted average remaining tenor of MOT's portfolio remains broadly unchanged at 1.1 years (0.9 years as of 30 June 2024) and in line with long-term averages. This ensures favourable exposure to short-term credit risk while investors benefit from higher origination fees. While the short-tenored nature of the portfolio exposes MOT to refinancing risk, the portfolio benefits from the Manager's wide and diverse origination platform which has allowed the Trust to scale to over 250 positions. As a result, we remain comfortable on any potential cash drag on returns.

Fund Governance

MOT's investment strategy is implemented by acquiring units in the Metrics Wholesale Income Opportunities Trust (WIOT) which in turn invests in one or more wholesale funds managed by Metrics. This includes the MCP Credit Trust (MCP CT) which accounts for approximately ~40% of the net asset value of MOT.

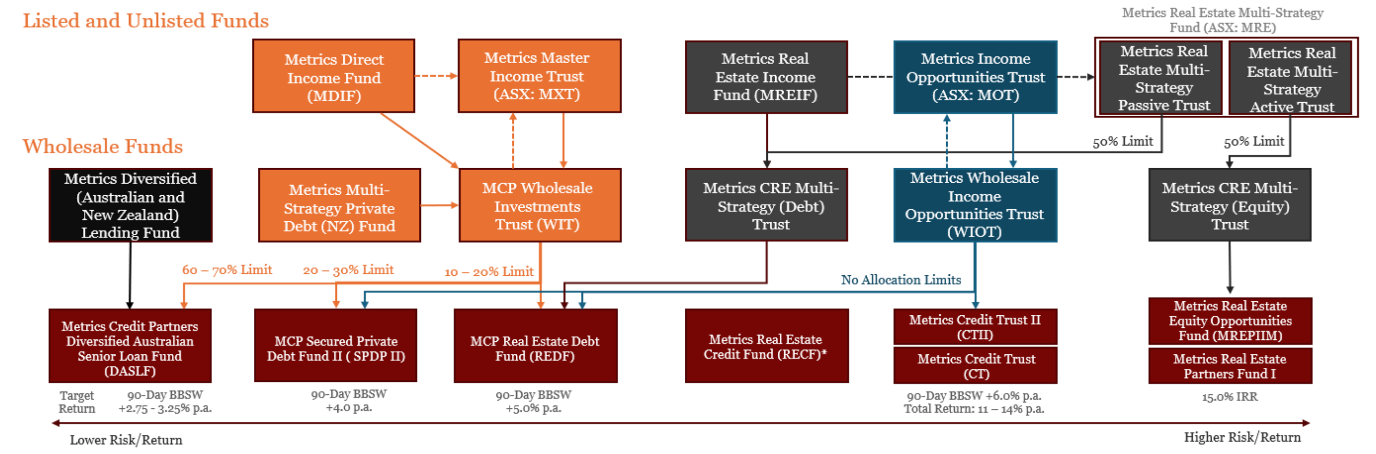
On 1 July 2025, MCP CT members (inclusive of WIOT) approved the restructuring MCP CT to create a new unit trust held by WIOT, namely the Metrics Credit Trust II (MCT II). This follows strategic review by Metrics regarding existing investment objectives and strategy. MCP CT will transfer the majority of its debt assets to MCT II based on the valuation of the Trustee and will be commercial arm's length terms. As such, WIOT will continue to have the same exposure to the underlying investments prior to the restructuring by holding units in both MCP CT and MCT II on a proportionate basis. The remaining assets of the MCP CT are primarily equity/equity-like investments, and these will remain in the Fund until realised.

Like MCP CT, MCT II aims to provide risk-adjusted returns through a portfolio of multi-asset private credit and other assets such warrants, options, preference shares and direct equity interests across Australia, New Zealand and Asia. It targets a net return of 11-14% with a cash yield of 7% per annum and can engage in leverage up to 50% of gross asset value (GAV). The Fund can invest up 50% of GAV in equity/equity-like investments, albeit the Manager intends this to be up to 30% of GAV through the cycle.

MCP CT members also approved a series of transactions in which MCP CT effectively exchanged its direct ownership in Taurus Financial Group (a specialist automotive financier) and BC Invest (a non-bank mortgage lender) for shares in Metrics Credit Holdings Pty Ltd (MCH – the ultimate holding company of Metrics). As a result, MCP CT now owns 15.4% equity stake in MCH while retaining a 15.4% indirect exposure to each Taurus and BC Invest. MOT's indirect exposure to the equity stake in MCH accounts for approximately ~4% of MOT's NAV on a look-through basis.

Separately on 1 July 2025, Metrics announced the retirement of Graham McNamara which will come into effect on 31 March 2026. Mr. McNamara was a founding partner of Metrics and member of the Investment Committee (IC) over this period, including since the inception of MOT in March 2019. Mr. McNamara will continue in an advisory role following the retirement date, remaining on the debt investment committee. New members are expected to be added to the investment committee(s) with changes expected to be finalised by end of October. We note that Metrics is also currently finalising additional changes to the Investment Committee, which, subject to board approval, will result in two separate debt and equity investment committees. We view this change positively in mitigating potential conflicts of interest. As well, Metrics has advised it has established a Valuations Committee and reconstituted and expanded the Board Audit & Compliance Committee (BACC) to oversee any connected party transactions.

Figure 12. Metrics Funds Overview



Source: BondAdviser, Metrics.

Quantitative Analysis

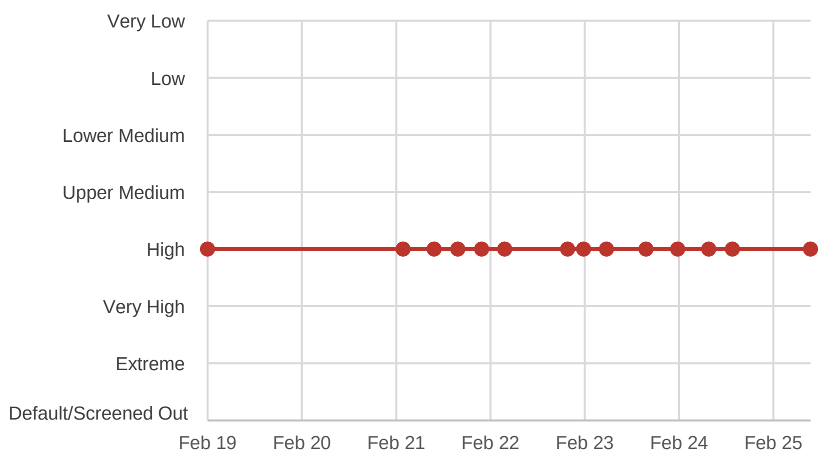
In this section, we model the portfolio using empirically observed inputs under two 10,000 simulation scenarios: (1) a benign scenario under normal economic conditions, and (2) a distressed scenario, where downward credit migrations are more frequent and recoveries are lower. We note this analysis has some subjective inputs given 32% of assets on a commitment basis are unrated. As such, we have subjectively assigned credit ratings based on the characteristics of the underlying unrated assets.

Under benign positions, performance across the portfolio is varied, with elevated equity exposures being a main contributor, relative to history. The median gross modelled return was 7.6% across the 10,000 simulations, and only 11% of simulations returned greater than the bottom end of the target return after fees. We note that, unless otherwise specified by Metrics, we have assumed a flat 10% yield to equity and equity-like investments. Downside protection is evident with a 99% VaR of 1.5%, however this is on the riskier spectrum for benign modelling relative to other private credit funds, but in our opinion is to be expected given the larger tilt to equity and equity-like investments currently in the portfolio. We note that this modelling does not assume significant upside to equity investors as part of conservative modelling, which would otherwise drive materially higher portfolio returns in reality.

Under the distressed scenario, the portfolio performs relatively poorly due to the current over weighting to equity and equity-like positions within the Fund, but still otherwise exhibits downside protection despite punitive modelling conditions. The 99% and 95% VaR across the 10,000 simulations were -12.5% and -10.0% respectively

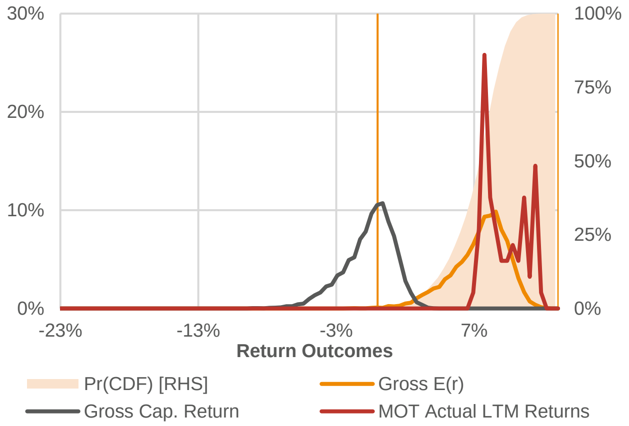
Although the portfolio has continued to be scaled into riskier assets, it still produces results in line with a portfolio of loans rated BB and provides far greater capital protection than a portfolio of B-rated securities. The weighted average credit rating for the portfolio is around “BB-” and should this and our modelled returns meaningfully deteriorate further, we would downgrade our Risk Score from the current rating of **High** or **“BB”**.

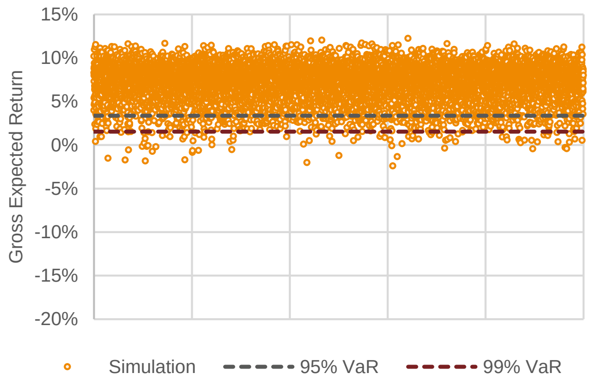
Figure 13. Risk Score



Source: BondAdviser, Metrics.

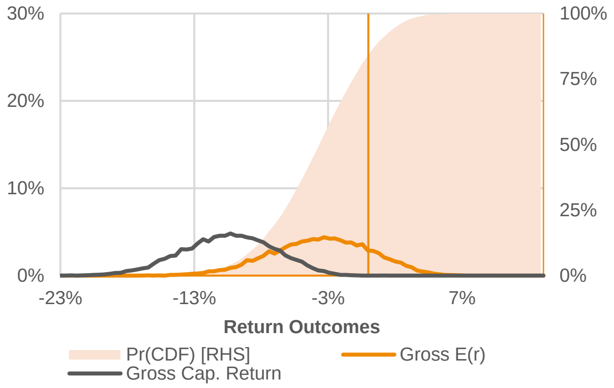
Scenario 1. Baseline Asset Assessment

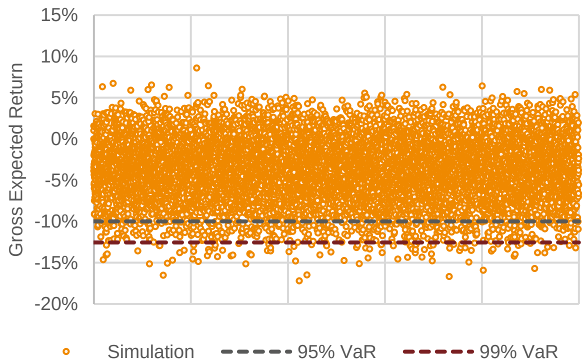




Source: BondAdviser Estimates as of 30 June 2025 portfolio. Excludes impact of management and origination fees. Gross capital returns excludes the value of coupons/income and is only modelling impairment or loss given default, based on historical credit data from Moody's. Impact of traded price is not simulated. For a more detailed explanation of the methodology, please contact BondAdviser.

Scenario 2. Stressed Asset Assessment





Source: BondAdviser Estimates as of 30 June 2025 portfolio. Excludes impact of management and origination fees. Gross capital returns excludes the value of coupons/income and is only modelling impairment or loss given default, based on historical credit data from Moody's. Impact of traded price is not simulated.

Reporting History

- [MOT Update Report – 14 October 2024]
- [MOT Update Report – 9 May 2024]
- [MOT Update Report – 4 March 2024]
- [MOT Update Report – 3 January 2024]
- [MOT Update Report – 23 October 2023]
- [MOT Update Report – 7 July 2023]
- [MOT Update Report – 22 December 2022]
- [MOT Update Report – 22 October 2022]
- [MOT Update Report – 26 May 2022]
- [MOT Update Report – 27 April 2022]
- [MOT Update Report – 5 November 2021]
- [MOT Update Report – 21 August 2021]
- [MOT Update Report – 29 April 2021]
- [MOT IPO Report - 28 February 2019]

Alternative Investment Fund Research Methodology

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Report created on 16 October 2025.