

# MCP MASTER INCOME TRUST

## TRUST INFORMATION

### Trust

MCP Master Income Trust (MXT) ARSN 620 465 090

### Responsible Entity

The Trust Company (RE Services) Limited ACN 003 278 831; AFSL 235 150

### Manager

Metrics Credit Partners Pty Ltd (MCP) ACN 150 646 996; AFSL 416 146

### Investment Objective

Provide monthly cash income, low risk of capital loss and portfolio diversification by actively managing diversified loan portfolios and participating in Australia's bank-dominated corporate loan market. The Manager seeks to implement active strategies designed to balance delivery of the Target Return, while seeking to preserve investor capital.

### Investment Strategy

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, the Manager seeks to preserve investor capital.

### Target Return

RBA Cash Rate +3.25% pa net of fees.

### Investment Highlights

// Experienced and active management team with proven track record.  
// Monthly cash income from floating rate Australian direct lending.  
// Attractive risk-adjusted returns from a diversified portfolio.  
// Portfolio diversification in Australian corporate fixed income.  
// Attractive fee structure and stable Net Asset Value (NAV) backing.

### UNIT PRICE AND NAV<sup>(1)</sup>

ASX Ticker Code	MXT
Price / NAV (share) <sup>(2)</sup>	\$2.02 / \$2.00
Market Cap. / NAV <sup>(2)</sup>	\$521m / \$517m
Unit Pricing	Daily
Distributions	Monthly
Website	metricscredit.com.au

## MARKET AND INVESTMENT ACTIVITY

The Australian syndicated loan market saw US\$4.0b of primary issuance during the month (vs US\$1.7b pcp). Market volume was largely attributed to corporate refinancings with petroleum producer Viva Energy (US\$700m), Griffin Energy Group (A\$862m), Evolution Mining Ltd (US\$572m) and Ansell Ltd (US\$300m) all refinancing existing loan facilities. A A\$900m facility was provided to Cleanaway Waste Management Ltd to support its acquisition of Toxfree Solutions, whilst the Murra Warra wind-farm completed a A\$384m project finance loan facility. Several smaller real estate development facilities were also completed.

After a somewhat subdued start to the year a healthy deal pipeline is beginning to translate into transactional activity. Commercial services contractor Spotless Group, Qantas and engineering firm Downer EDI have returned to market to refinance c.A\$2.0b of loans, whilst private equity fund Permira Advisers is closing a A\$690m facility to fund the acquisition of medical imaging company I-Med. There is a good level of diversity of transactions in the pipeline and borrowers have indicated interest in corporate activity.

With short term bank funding costs coming under pressure over Q1, the pricing for Australian syndicated loans is expected to stabilise and bottom out in the next 6-12 months, with this market outlook likely driving corporate borrowers to consider

bringing forward refinancings in order to lock in the attractive pricing currently available to quality borrowers.

During March MXT gained exposure to 3 new loans including to a top-50 ASX-listed corporate, a wealth management business and to a residential property development. MXT was repaid on 3 loans and at the end of March MXT was invested in 68 loan facilities.

MXT has announced an 0.81c per unit March distribution to be paid in early April, representing an annualised distribution rate of 4.75% from listing date to 31 March 2018.

On the 4th of April MXT announced the successful completion of a capital raising (details of which were announced to the market on 26 February 2018 (the Offer)). The Offer raised in excess of \$200 million at an offer price of \$2.00 per new ordinary unit issued. The capital raising will provide additional funds for the Trust to invest in Australian corporate loans.

MCP is currently assessing a significant pipeline of investment opportunities which are consistent with the investment mandate and target return of MXT.

## NAV/UNIT AND UNIT PRICE PERFORMANCE



NOTE: First distribution end December 2017 and month end thereafter.

Entitlement Offer announced 26 February 2018 and closed 27 March 2018.

## FUND PERFORMANCE

	1mth	1yr	3yr <sup>(3)</sup>	5yr <sup>(3)</sup>	Incep <sup>(4)</sup>
Net Return (%)	0.43	-	-	-	2.35
RBA Cash Rate (%)	0.13	-	-	-	0.75
Distribution (%)	0.41	-	-	-	2.27
Distribution (c/Unit)	0.81	-	-	-	4.53

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

## RESEARCH



## PLATFORMS

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

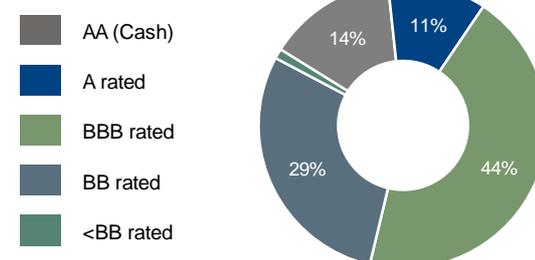
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## PORTFOLIO CONSTRUCTION<sup>(5)</sup>

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



### Credit Quality<sup>(7)</sup>



## OTHER FUND SETTINGS

Number of Individual investments	68	Interest Duration (days) <sup>(8)</sup>	28
Investment Grade (%) <sup>(7)</sup>	70%	Credit Duration (years) <sup>(9)</sup>	2.4

## NET RETURNS<sup>(10)</sup>

(%)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2018	0.38	0.32	0.43	-	-	-	-	-	-	-	-	-	1.13
2017	-	-	-	-	-	-	-	-	-	0.46	0.35	0.41	1.23

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

## DISTRIBUTIONS

(cents/Unit)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2018	0.81	0.73	0.81	-	-	-	-	-	-	-	-	-	2.35
2017	-	-	-	-	-	-	-	-	-	-	-	2.19	2.19

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

## NOTES

1. As at close of business month end 2. Ex-distribution 3. Annualised 4. IPO 9 October 2017. 5. Note MXT invests in underlying MCP funds which engage in direct lending activities. 6. MSCI and Standard & Poor's Global Industry Classification Standard Industry. 7. Rated by MCP including where not rated by public rating agencies. 8. Weighted average to next interest rate roll on underlying loans and cash. 9. Weighted average to final maturity on underlying loans and cash. 10. Where last day of the month is a non business day returns based on estimated unit price at month end.

## ABOUT THE MANAGER

MCP is an Australian debt-specialist fund manager with significant direct lending expertise in the Australian corporate loan market. MCP manages funds on behalf of investors seeking opportunities in credit and fixed income markets.

MCP's Investment Team has significant corporate and institutional lending experience and currently manages wholesale funds in excess of \$2.5 billion.

## ENQUIRIES

General 1300 010 311 [invest@metricscredit.com.au](mailto:invest@metricscredit.com.au) Unit registry 1300 133 451 [registry@mainstreamgroup.com](mailto:registry@mainstreamgroup.com)

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