

# METRICS CREDIT PARTNERS

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Pinnacle Investment Summit  
August 2022

Metrics. A new measure.



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# PROTECTING YOUR PORTFOLIO WITH PRIVATE DEBT

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# HOW CAN YOU PROTECT YOUR PORTFOLIO AND INCOME IN TODAY'S CHANGING ENVIRONMENT?



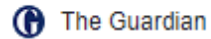
MARKETS | FINANCE

## Rising Interest Rates Hit Municipal-Bonds Market

Investors expect climbing rates to fuel more volatility in the year ahead



How Increasing interest rates could reduce inflation, but potentially cause a recession



## Inflation is causing real pain. But raising interest rates will make it worse

### FINANCIAL REVIEW

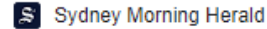
Revealed: Only three super funds made money this year



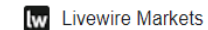
Australian markets betting on three interest rate rises this year

### FINANCIAL REVIEW

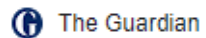
Investors flee sinking bond funds after \$2.6b tumble



House price could fall 20 per cent as rates bite: ANZ

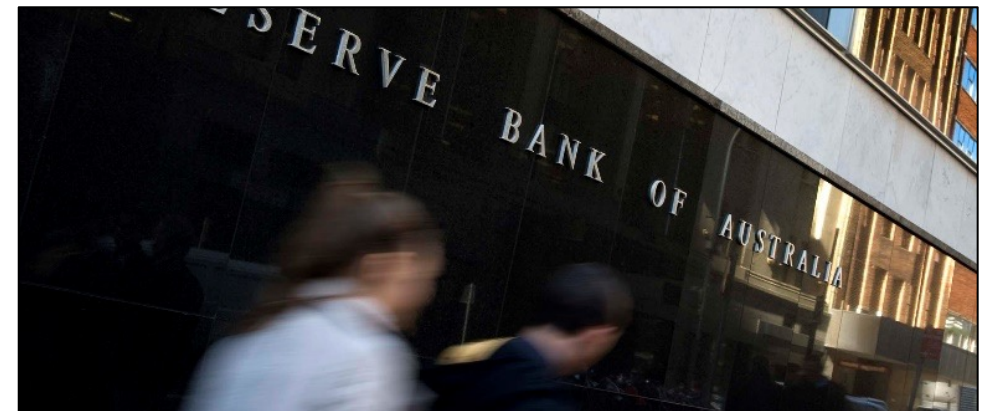


US Federal Reserve to raise interest rates harder and faster



Three of the big four banks raise variable home loan interest rates by half a point to match RBA rise

## Investors scramble for inflation protection as worries mount





# PRIVATE DEBT FOR CAPITAL STABILITY



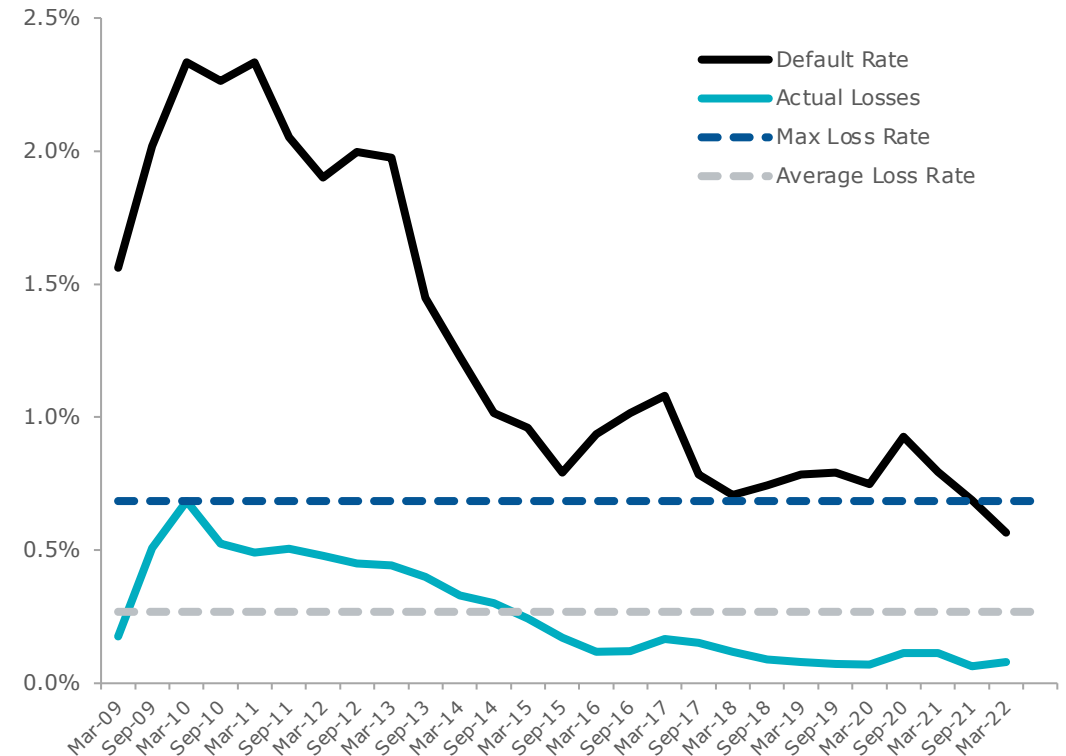
**PRIVATE DEBT OPERATES IN A PRIVATE MARKET ALLOWING THE LENDER TO MANAGE RISK IN BOTH BEST AND WORST CASE SCENARIOS.**

 **Structural Protections in Australia** | Benefits of Australian corporate insolvency regime give lenders protections to protect capital

 **Relationships with Borrowers** | Regular communication with borrowers ensures the private debt manager can more effectively manage risk

 **Financial Contracts** | Covenants are negotiated & documented in loan agreements to control risk. These include Controls, Security, Pricing & Reporting obligations

**AUSTRALIAN CORPORATE LENDING – DEFAULT VS LOSSES**



Source: APRA APS 330, Metrics.

## PROTECTING INVESTOR CAPITAL IS PARAMOUNT IN ANY ECONOMIC ENVIRONMENT

	WHAT GOES UP?	WHAT STAYS THE SAME?	WHAT GOES DOWN?
RECESSION	CREDIT SPREADS	TERMS, CONDITIONS, COVENANTS & CONTROLS	LENDING VOLUMES
NON-RECESSION	LENDING VOLUMES	TERMS, CONDITIONS, COVENANTS & CONTROLS	CREDIT SPREADS

FLOATING RATE PRIVATE DEBT INSULATES CAPITAL VALUE AGAINST INTEREST RATE MOVEMENTS

# PRIVATE DEBT FOR INCOME



## Inflation Hedge

Corporate loans are typically floating rate, unlike the largely fixed corporate bond market.



## Income Generating Assets

Regular income received from interest payments made by borrowers.



## Opportunity and Diversity

Australian private loan market is diversified over industries, sectors and credit quality.

## AUSTRALIAN PRIVATE DEBT FLOATING / FIXED RATE SPLIT

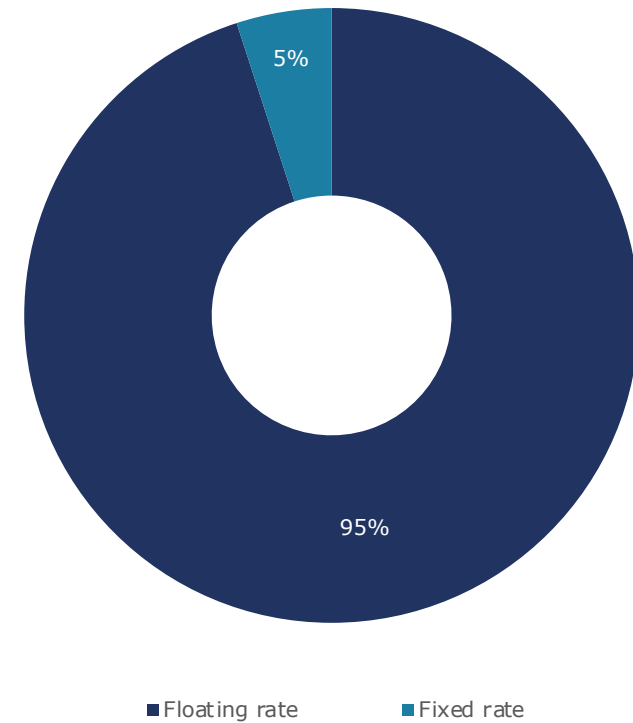


Chart uses the MCP Wholesale Investments Trust as an example of a portfolio of Australian private loans. As at 31 July 2022, the Trust contains a diversified portfolio of 275 loans to Australian and New Zealand companies. Source: Metrics.

# HOW TO ACTIVELY GENERATE INCOME THROUGH PRIVATE DEBT?



## 3 STEPS TO ACHIEVE ATTRACTIVE RISK-ADJUSTED RETURNS



### THE PRIVATE DEBT ADVANTAGE

- ✓ Co-operative relationship between lender and borrower
- ✓ Direct origination capability enhances returns for investors
- ✓ Regular communication enables private debt manager to more effectively manage risk



## METRICS OFFERS SCALE, DIVERSIFICATION AND EXPERIENCE IN PRIVATE DEBT



### EXPERIENCED TEAM

4 Partners with ~33yrs experience supported by a strong team of >110 investment professionals.



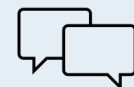
### SIZE AND SCALE

Largest non-bank corporate lender in Australia with >\$12bn AUM, means greater access to opportunities.



### TRACK RECORD

Consistent risk-adjusted returns.



### DIRECT ORIGINATION SKILLS

Directly originating loans allows Metrics to control the terms, set covenants etc.



### RISK MANAGEMENT CAPABILITY

Preserve investor capital through strong focus on risk management & experience of restructuring.



### RANGE OF OFFERINGS

Retail and wholesale offerings, domestic and offshore fund options for investors.



### AUSTRALIA / NZ

Advantages of Australian creditor-friendly loan environment.



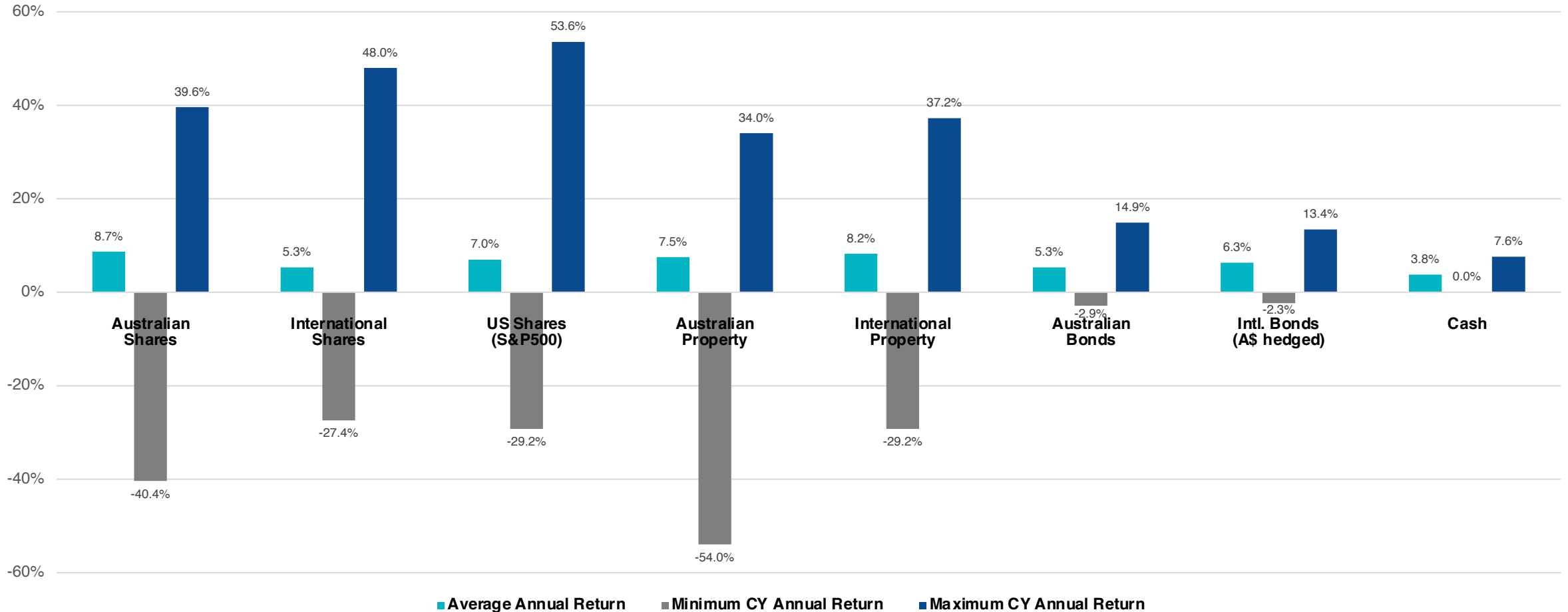
### COMPETITIVE

Competitive management fee and no or low, capped performance fee.

# PUBLIC MARKETS HAVE SHOWN VOLATILITY



## ANNUAL ASSET CLASS PERFORMANCE OVER THE LAST 20 YEARS

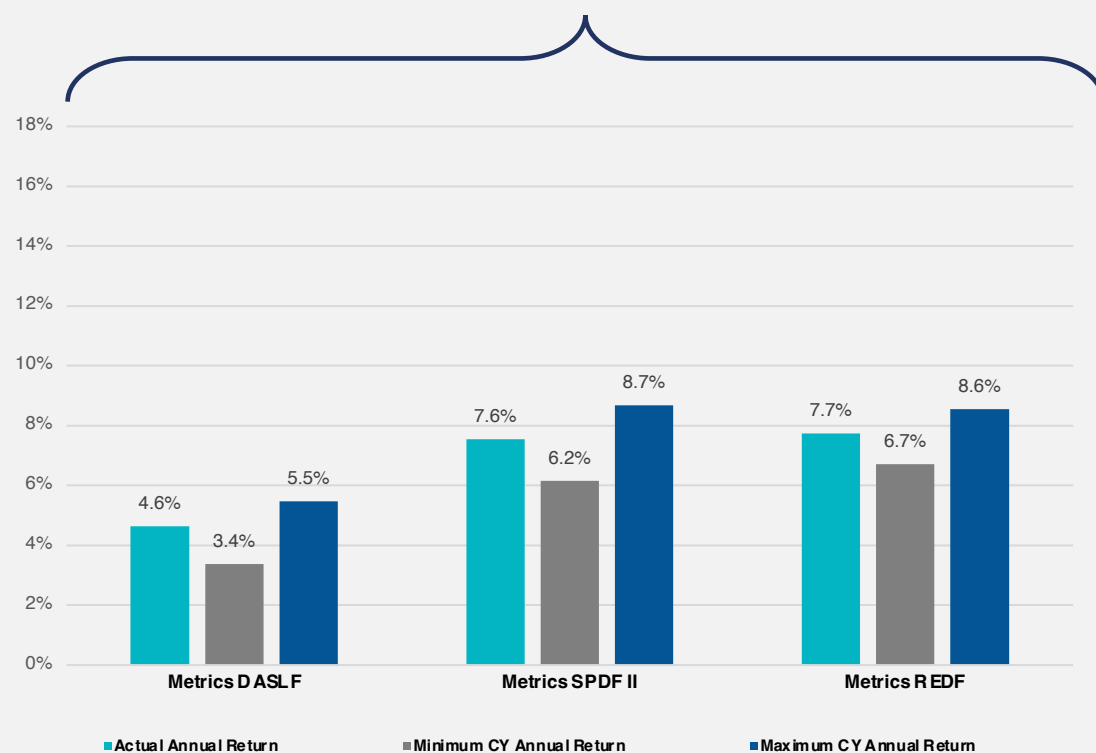


Past performance is not a reliable indicator of future performance. For illustrative purposes only.  
Source: Vanguard as at 31 December 2021. Asset class returns from January 2002 to December 2021.

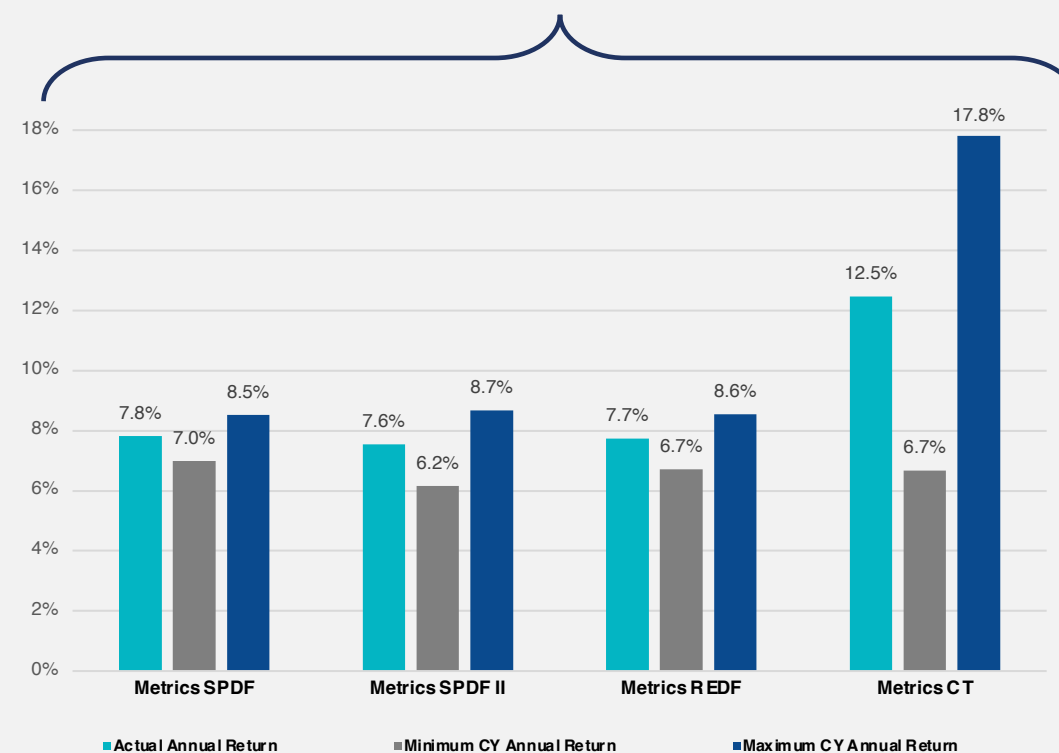
# AUSTRALIAN PRIVATE DEBT HAS PROVIDED AN ATTRACTIVE AND STABLE SOURCE OF INCOME



## METRICS MASTER INCOME TRUST (ASX: MXT) & METRICS DIRECT INCOME FUND



## METRICS INCOME OPPORTUNITIES TRUST (ASX: MOT)

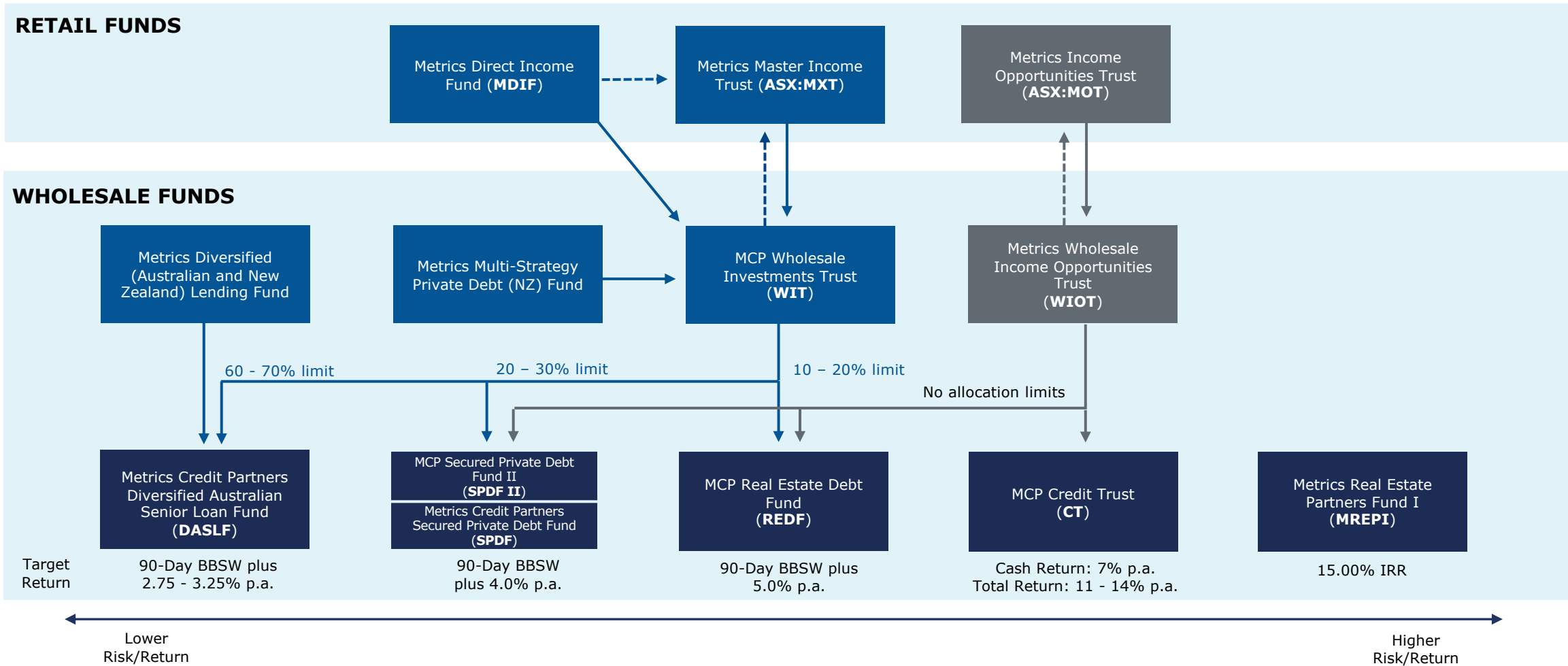


Past performance is not a reliable indicator of future performance. For illustrative purposes only. Source: Metrics as at 31 December 2021. Metrics DASLF represents the Metrics Credit Partners Diversified Australian Senior Loan Fund since inception (June 2013), Metrics WIT represents the MCP Wholesale Investments Trust since inception (July 2017), Metrics SPDF represents the MCP Secured Private Debt Fund since inception (November 2015), Metrics SPDF II represents the MCP Secured Private Debt Fund II since inception (October 2017), Metrics REDF represents the MCP Real Estate Debt Fund since inception (October 2017), Metrics CT represents MCP Credit Trust since inception (December 2018).

# METRICS FUND STRUCTURES



## PROVIDING INVESTORS UNIQUE ACCESS TO PRIVATE DEBT ACROSS THE RISK SPECTRUM



# THE FUTURE OF PRIVATE DEBT



## IRRESPECTIVE OF MARKET CONDITIONS - FOR ATTRACTIVE, RISK ADJUSTED RETURNS...



As a private market, income is less exposed or affected by public market volatility



Portfolio's are typically diversified across industries, sectors and credit quality



Borrower diversification increases stability of returns and reduces concentration risk



Regular income is received from interest payments made by borrowers



Loan security enhances return stability

**...PRIVATE DEBT IS THE SOLUTION**

# HOW TO ACCESS PRIVATE DEBT WITH METRICS



	<b>METRICS DIRECT INCOME FUND</b> (UNLISTED FUND OPTION)	<b>METRICS MASTER INCOME TRUST</b> (ASX:MXT)	<b>METRICS INCOME OPPORTUNITIES TRUST</b> (ASX:MOT)
<b>STRUCTURE</b>	Unlisted, Open-ended Unit Trust	ASX Listed Investment Trust	ASX Listed Investment Trust
<b>INCEPTION DATE</b>	July 2020	October 2017	April 2019
<b>TARGET NET RETURN<sup>^</sup></b>	RBA Cash Rate plus 3.25% p.a.	RBA Cash Rate plus 3.25% p.a.	Cash Return: 7% p.a. with upside gains Total Return: 8–10% p.a. over 3–5yrs
<b>ACTUAL NET RETURN* (Since inception)</b>	6.17% p.a.	5.05% p.a.	8.52% p.a.
<b>DISTRIBUTIONS</b>	Monthly	Monthly	Monthly
<b>APPLICATIONS/ REDEMPTION</b>	Monthly	Daily	Daily
<b>HOW TO INVEST</b>	Online via the Metrics website or approved platforms	Via the ASX	Via the ASX

<sup>^</sup>This is a target return and may not be achieved.

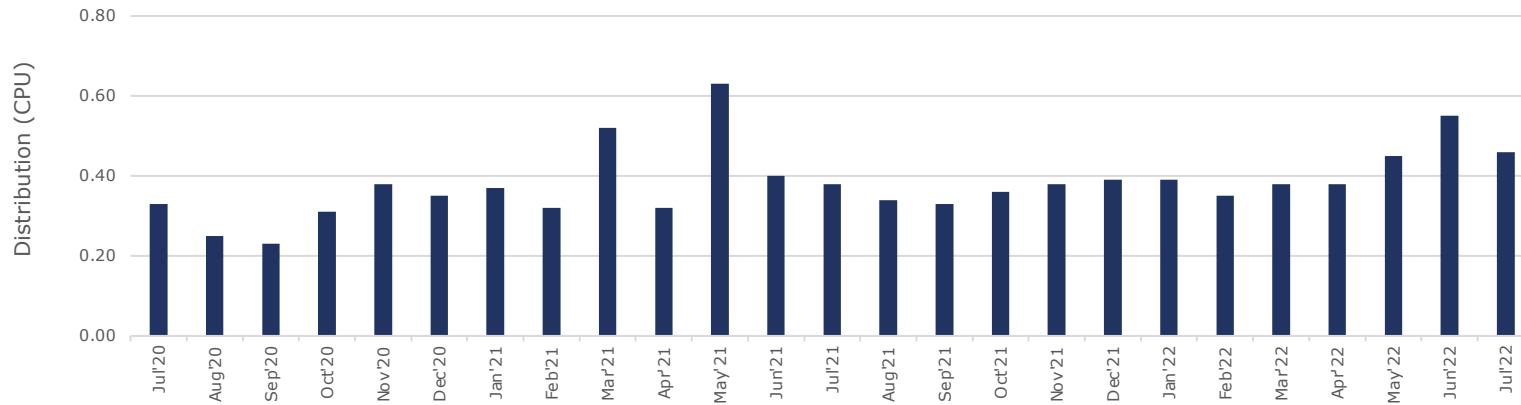
\*As at 31 July 2022. Past performance is not a reliable indicator of future performance. Assumes participation in Distribution Reinvestment Plan (DRP).

# METRICS DIRECT INCOME FUND

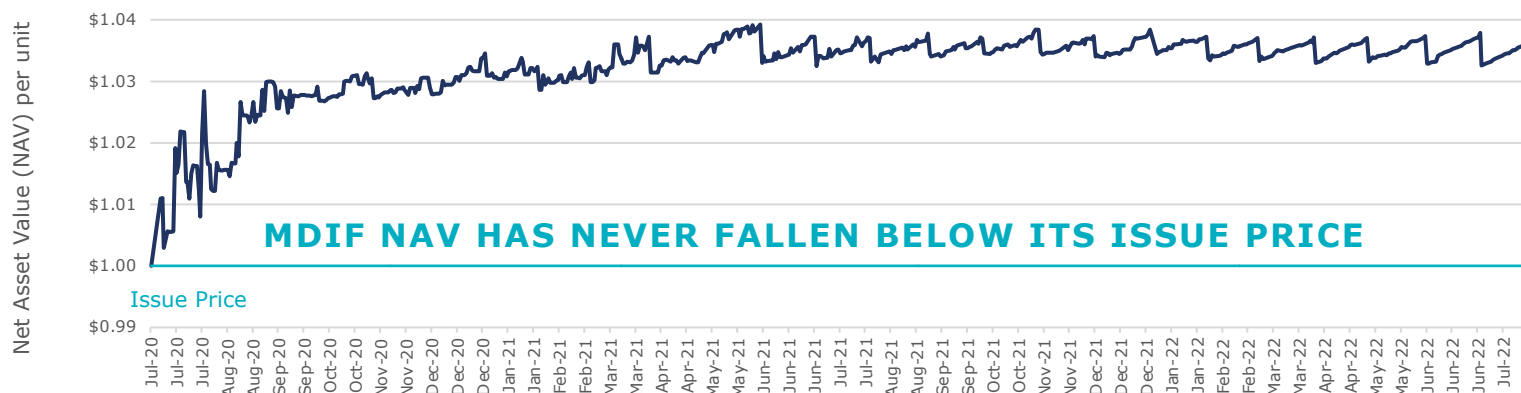


## CONSISTENT, ATTRACTIVE INCOME AND CAPITAL STABILITY FOR INVESTORS

### DISTRIBUTION HISTORY



### NAV HISTORY



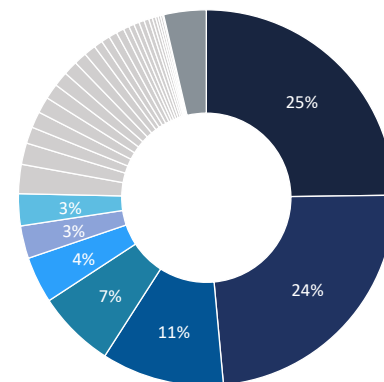
### FUND PERFORMANCE

	1mth	3mth	6mth	1yr	2yr <sup>(2)</sup>	Incep <sup>(3)</sup>
Net Return (%)	0.47	1.36	2.44	4.65	5.39	6.17
RBA Cash Rate (%)	0.11	0.21	0.24	0.29	0.21	0.22
Distribution (%)	0.44	1.42	2.51	4.71	4.58	4.56
Spread to RBA (%)	0.33	1.20	2.27	4.42	4.36	4.34

**MDIF COMPRISES 275 LOANS DIVERSIFIED ACROSS INDUSTRIES & THE CREDIT SPECTRUM**

### INDUSTRY ALLOCATION<sup>(1)</sup>

- Cash
- Real Estate Investment Trusts
- Real Estate Mgt & Development
- Hotels, Restaurants & Leisure
- Health Care Providers & Services
- Capital Markets
- Professional Services
- Diversified Financial Services
- Other



**92% Loans Secured<sup>(4)</sup>**

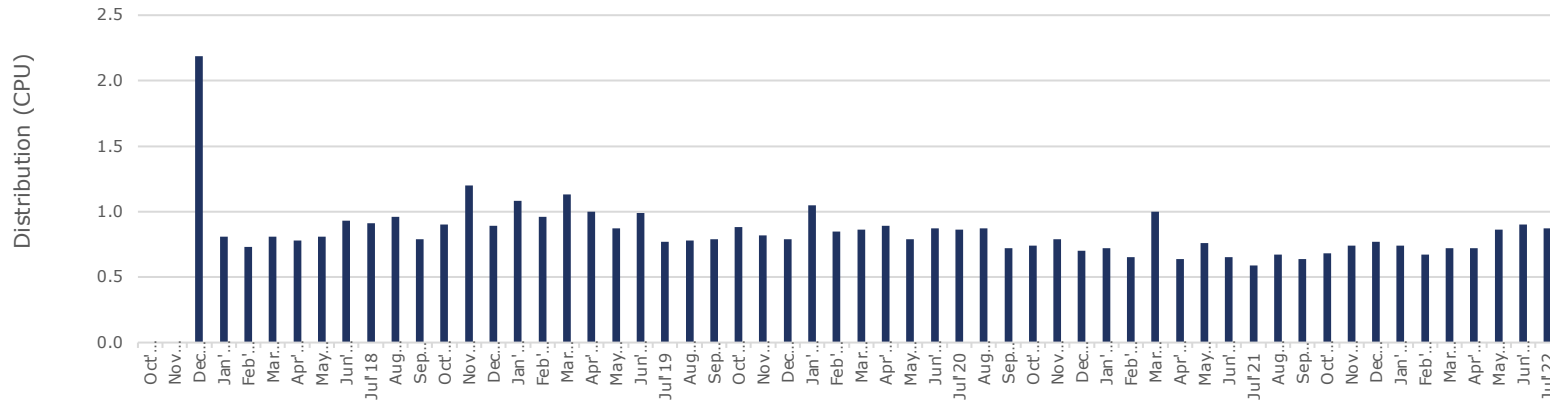
Past performance is not a reliable indicator of future performance. Assumes participation in Distribution Reinvestment Plan (DRP).  
 Source: Metrics. FALL data as at 31 July 2022. (1) MSCI and Standard & Poor's Global Industry Classification Standard (2) Annualised (3) Annualised since inception 1 July 2020 (4) Excludes cash.

# METRICS MASTER INCOME TRUST (ASX:MXT)

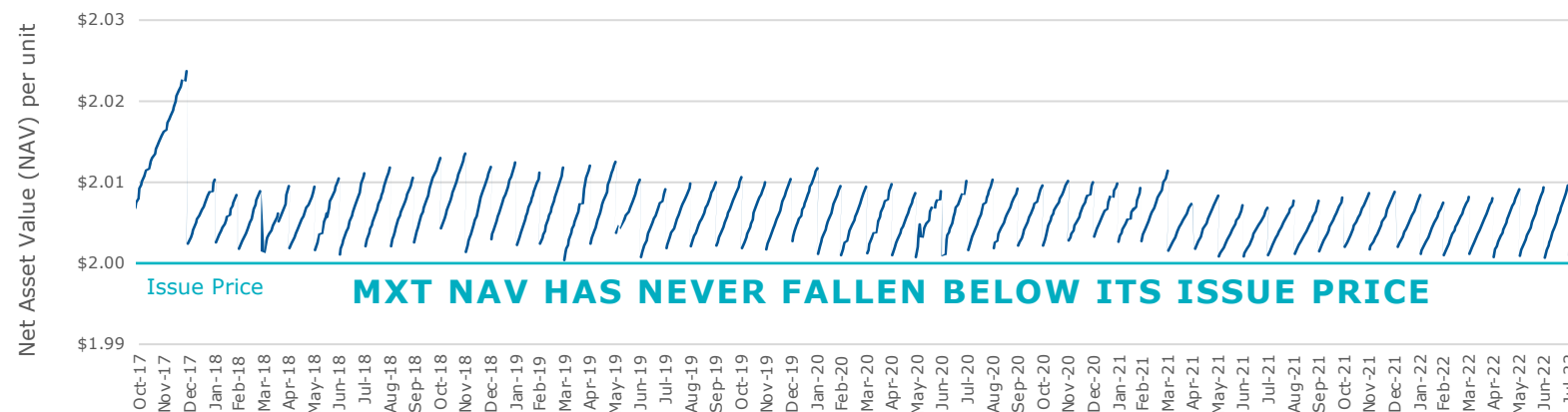


## CONSISTENT, ATTRACTIVE INCOME AND CAPITAL STABILITY FOR INVESTORS

### DISTRIBUTION HISTORY



### NAV HISTORY



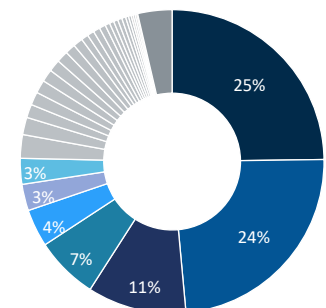
### FUND PERFORMANCE

	1mth	3mth	6mth	1yr	3yr <sup>(2)</sup>	Incep <sup>(2)(3)</sup>
Net Return (%)	0.47	1.33	2.39	4.58	4.76	5.05
RBA Cash Rate (%)	0.11	0.21	0.24	0.29	0.34	0.77
Distribution (%)	0.43	1.32	2.39	4.58	4.77	5.04
Spread to RBA (%)	0.32	1.11	2.15	4.29	4.43	4.27

### MXT COMPRISES 275 LOANS DIVERSIFIED ACROSS INDUSTRIES & THE CREDIT SPECTRUM

#### INDUSTRY ALLOCATION<sup>(1)</sup>

- Cash
- Real Estate Investment Trusts
- Real Estate Mgt & Development
- Hotels, Restaurants & Leisure
- Health Care Providers & Services
- Capital Markets
- Professional Services
- Diversified Financial Services
- Other



92% Loans Secured<sup>(4)</sup>

Past performance is not a reliable indicator of future performance. Assumes participation in Distribution Reinvestment Plan (DRP).

Source: Metrics. MXT IPO October 2017, maiden distribution in December 2017 covered ~3 month period since listing. All data as at 31 July 2022. (1) MSCI and Standard & Poor's Global Industry Classification Standard (2) Annualised (3) IPO October 2017 (4) Excludes cash

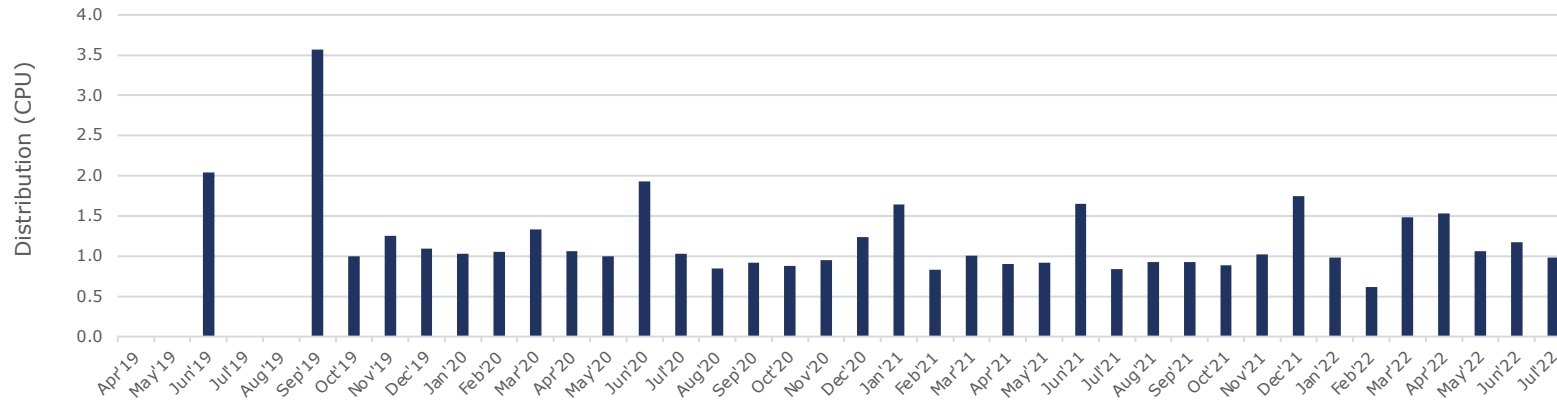


# METRICS INCOME OPPORTUNITIES TRUST (ASX:MOT)

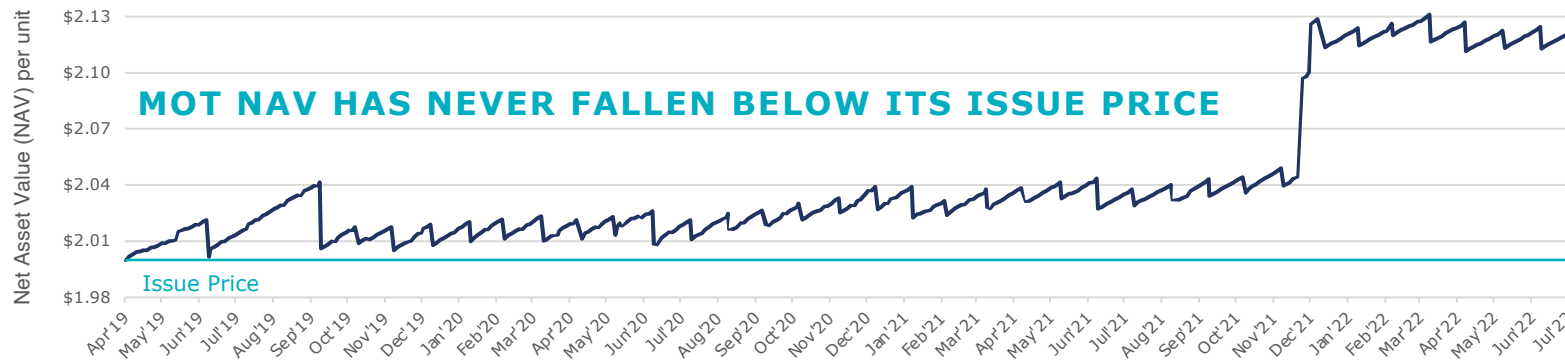


## CONSISTENT, ATTRACTIVE INCOME AND CAPITAL STABILITY FOR INVESTORS

### DISTRIBUTION HISTORY



### NAV HISTORY

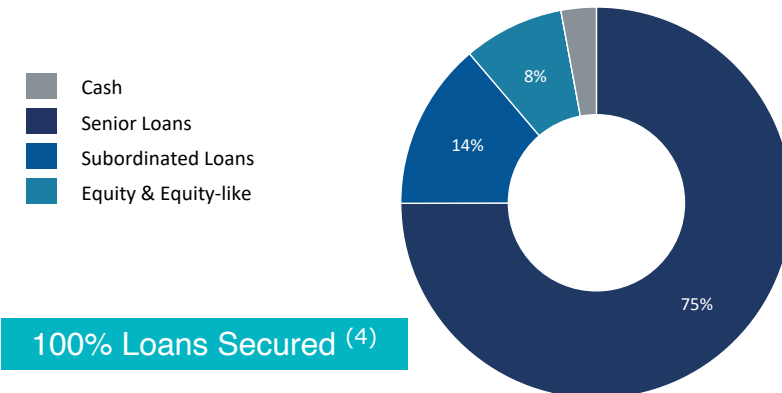


### FUND PERFORMANCE

	1mth	3mth	6mth	1yr	3yr <sup>(2)</sup>	Incep <sup>(2)(3)</sup>
Net Return (%)	0.55	1.66	3.29	11.04	8.66	8.52
Distribution (%)	0.46	1.53	3.28	6.60	6.95	6.68

**MOT COMPRISES 145 INVESTMENTS  
DIVERSIFIED ACROSS INDUSTRIES & THE  
CREDIT SPECTRUM**

### INVESTMENT TYPE<sup>(1)</sup>



**100% Loans Secured<sup>(4)</sup>**

Past performance is not a reliable indicator of future performance. Assumes participation in Distribution Reinvestment Plan (DRP). Source: Metrics. MOT IPO April 2019, from October 2019 distributions made monthly (previously quarterly). All data as at 31 July 2022. (1) as a % of fund portfolio. (2) Annualised (3) IPO 29 April 2019 (4) Excludes cash and equity investments.

# FOR MORE INFORMATION

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