

Pinnacle Investment Summit

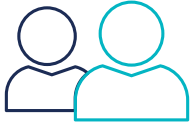
July 2024



Metrics is a leading Australian Private Markets Manager



~ \$20bn AUM



~150 Investment Professionals



~11 Year Track Record*



Diversified Investor Base

* Past performance is not a reliable indicator of future performance.

Corporate



Leveraged Finance



Commercial Real Estate



Project Finance



Breaking News on Private Credit

FINANCIAL REVIEW

Marking their own homework: Inside Australia's \$200b unregulated private credit boom

Jonathan Shapiro, July 1

InvestorDaily
First for investment industry news

Marketing spin disguises reality of private debt

Phil Strano, June 18

FINANCIAL REVIEW

Healthscope is a fiasco for private debt funds – and their unitholders

Street Talk, May 27

FINANCIAL REVIEW

Why central banks are in two minds on the private credit boom

Howard Davies, July 1

Investment Magazine

Bubble won't burst just yet for private credit

Darcy Song, April 30



Thinking Differently

Chris Joye, June 09

FINANCIAL REVIEW

Will private credit's golden age come to an end?

Jonathan Shapiro, July 11

FINANCIAL REVIEW

Nearly 3000 building companies go broke in a year

Larry Schlesinger, July 1

Bloomberg

Dimon Says 'Could Be Hell to Pay' If Private Credit Sours

Hannah Levitt, May 30

Macro-Economic Risk

Financial stability risks associated with remarkable growth of private credit

Global debt default cycle

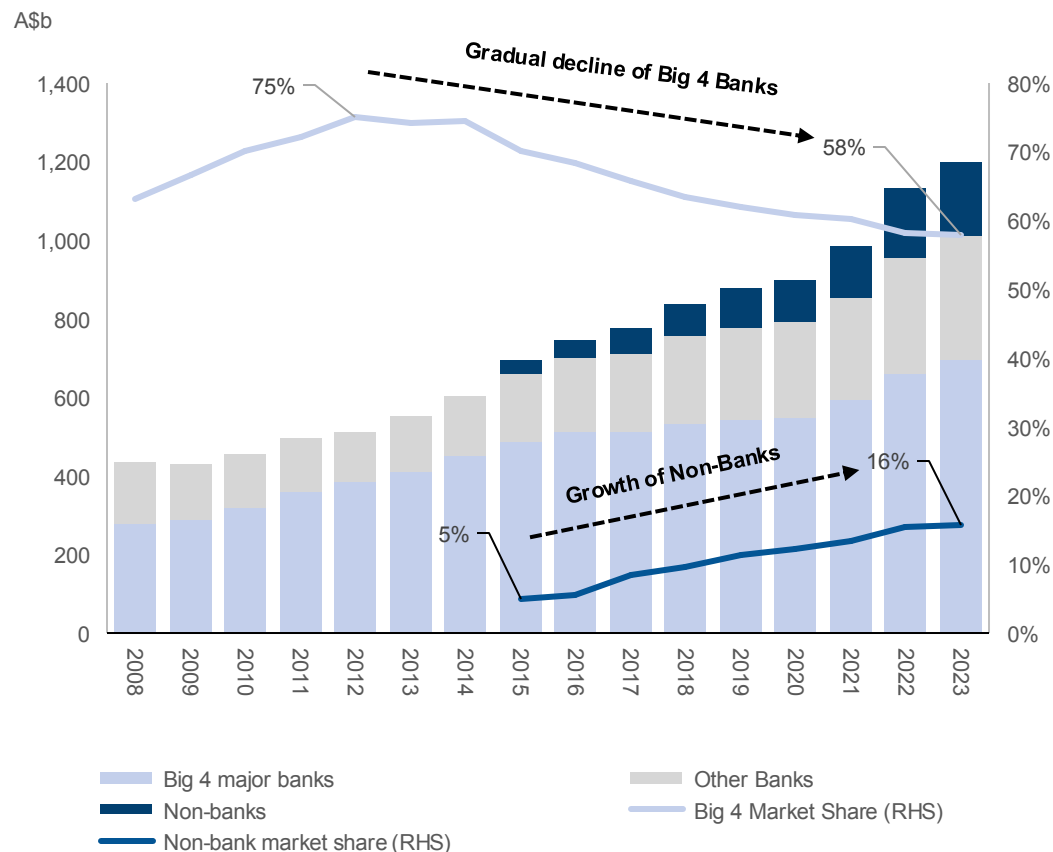
Little too loose regulation

Painful lessons on the way

The Australian Corporate Debt Landscape

Australia's domestic banks are gradually ceding market share.

Corporate Debt Markets



Market Opportunity

Increased Bank Regulation

Macroprudential Policies

Continued Disintermediation

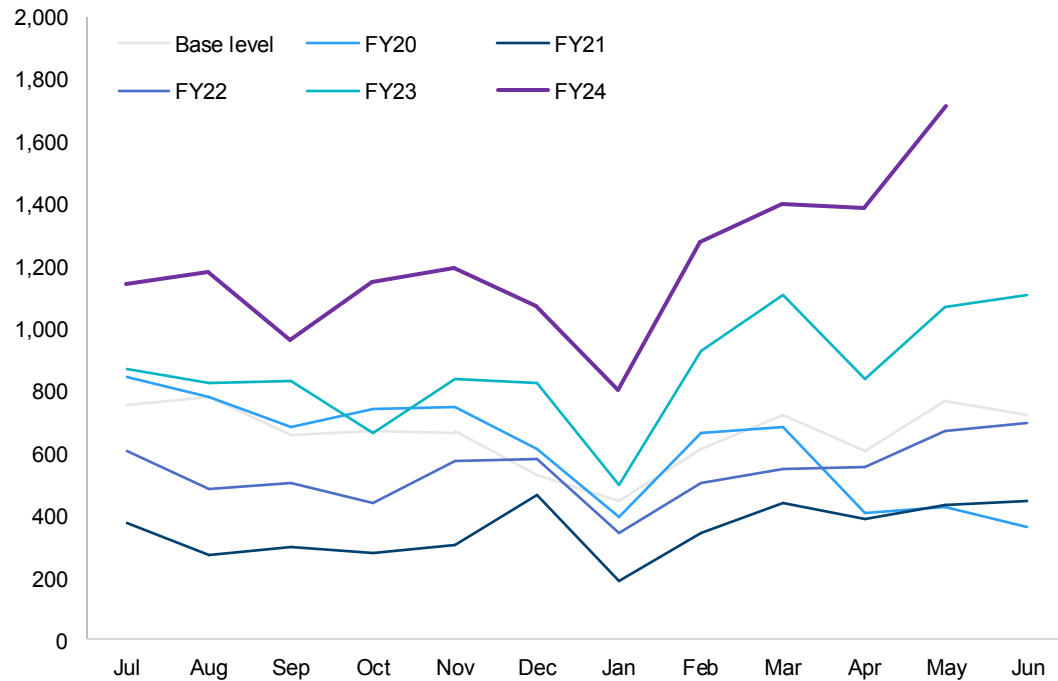
Lack of Domestic Corporate Bond Market

Source: : EY Debt and Capital Advisory, Australia CapitalIQ, LoanConnector and Bloomberg APRA ADI Reporting as at 31 December 2023.

Australian Insolvencies

Australian Insolvencies by Year

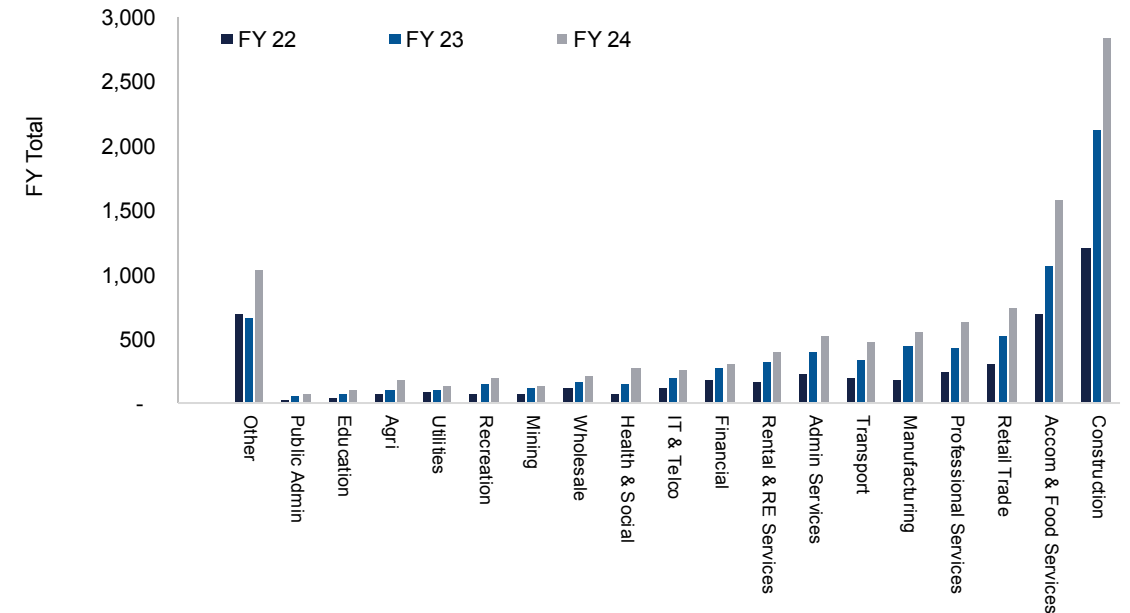
Australian insolvency numbers are up, however the ~14k reported by ASIC over the LTM represents only ~0.5% of the ~2.6m active Australian trading businesses.



Source: ASIC Australian Insolvency Stats Jul'24 (Chart 1 – First time a company enters external admin /controller appointed).

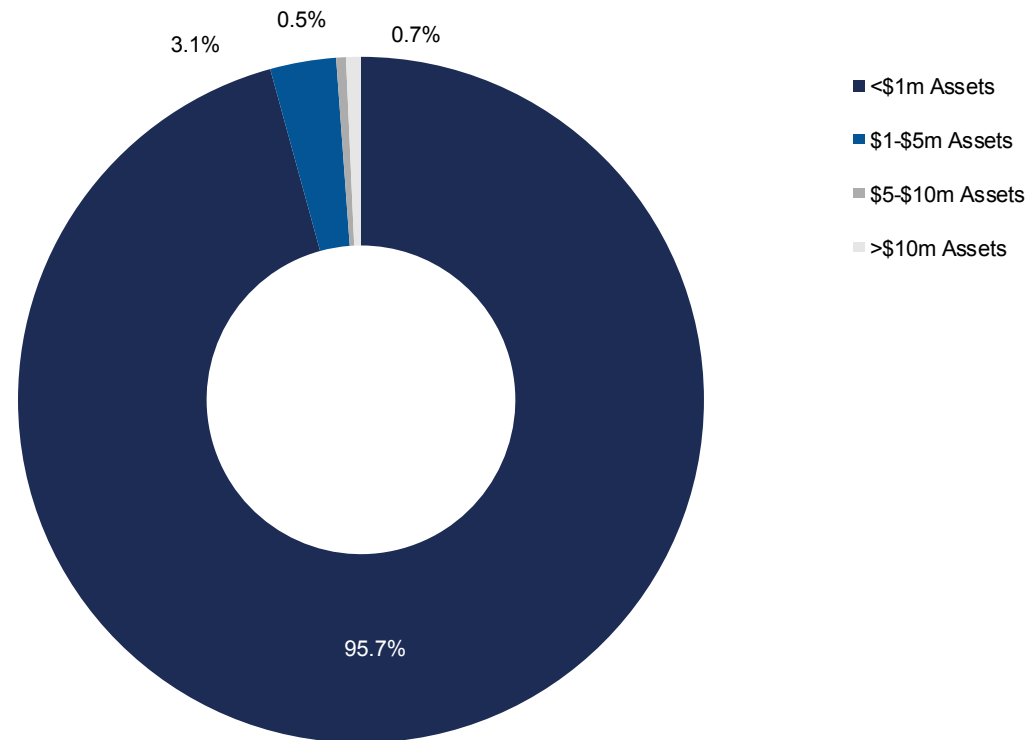
Australian Insolvencies by Industry

Australian insolvencies have largely emanated from 2 sectors.



Australian Insolvencies by Asset Size

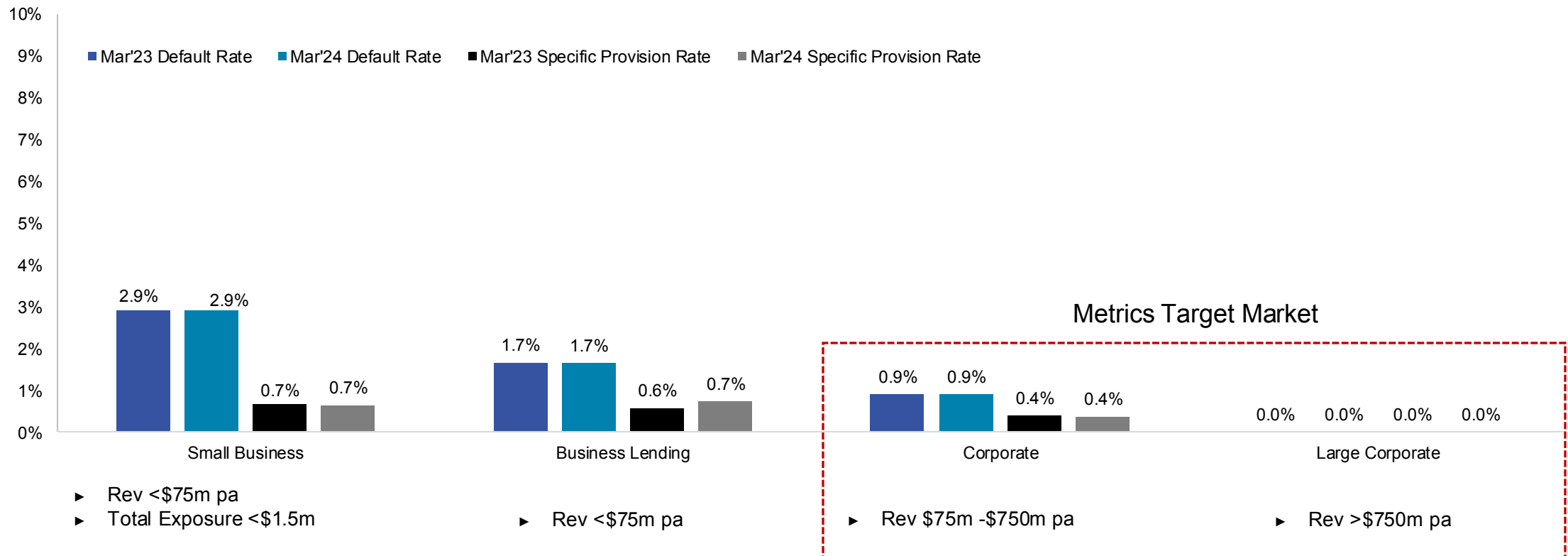
Australian insolvencies are almost entirely from small businesses. Less than 1% of reported insolvencies in FY23 were from larger businesses (with >\$10m of assets).



Source: ASIC Corporate Insolvency Stats (3.3.7 - Initial external administrators' and receivers' reports FY23).

Australian Corporate Loan Default and Provisioning

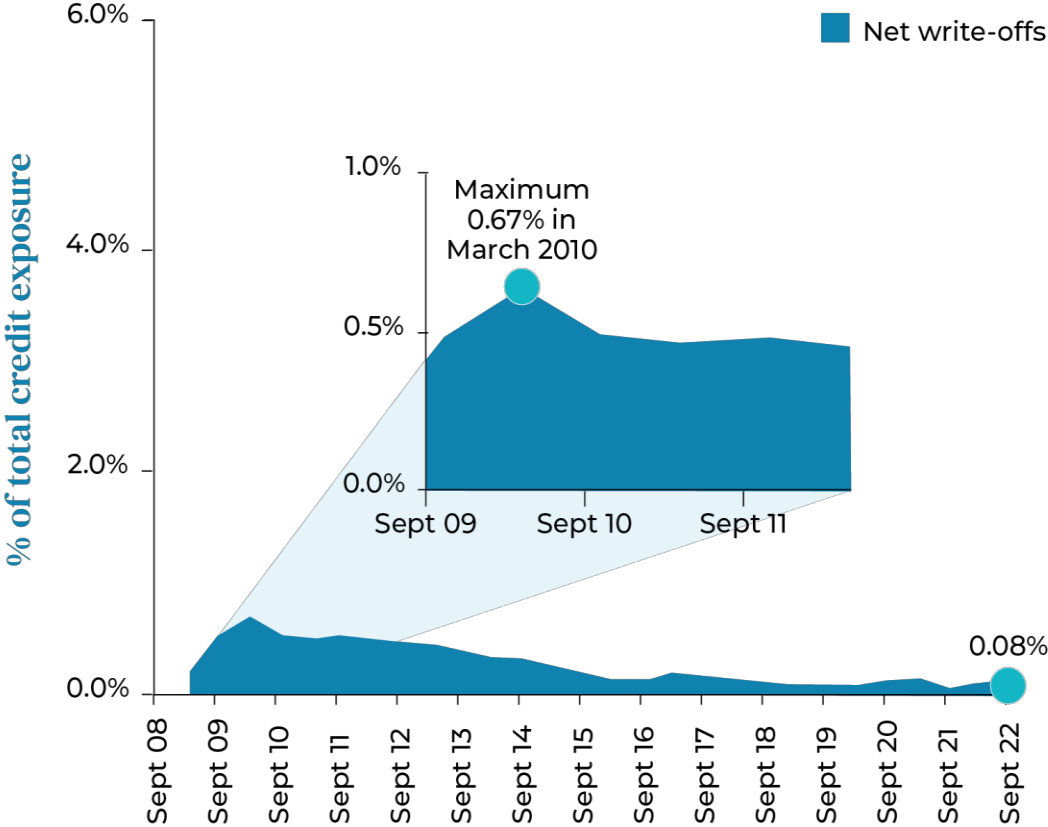
Australian banks have not reported any material change in their business lending portfolios. Most defaults sit in the small business sector.



Source: Westpac Banking Corporation APS330 report (Mar'23 and Mar'24).

Counter to Macro-Economic Risk

Major Banks' Historical Net Write-offs

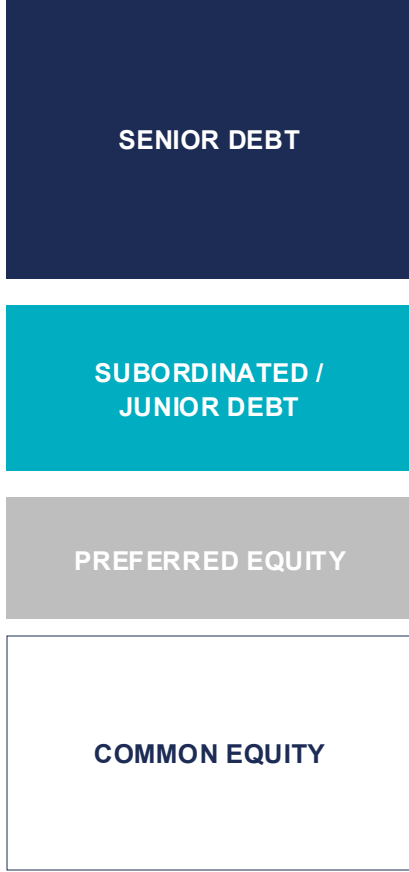


Source: APRA APS 330, Metrics. As at September 2023. Past performance is not a reliable indicator of future performance.

Capital Ranking

(for interests / distributions & capital returns)

HIGHEST PRIORITY
Lowest Risk



LOWEST PRIORITY
Highest Risk

Source: Metrics



Poor Lending Standards

Inexperienced lenders and risky loans

Lending to companies that immediately go broke

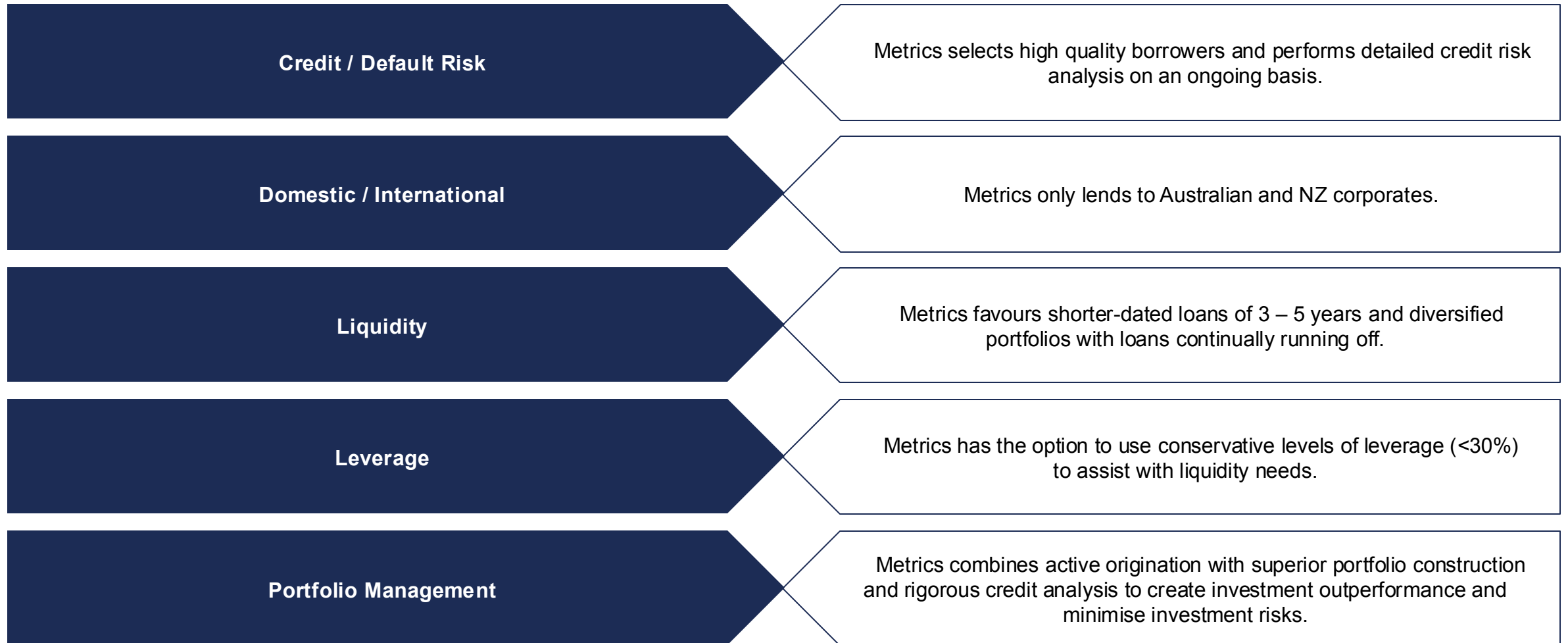
Rising interest rates creating difficulties in capacity to service debt

Private credit is allocating to junk bonds and sub prime debt

Private debt lends to those that the banks won't

Key Risk Factors

Risks investors face can be mitigated by an experienced, capable manager.



Metrics Investment Approach

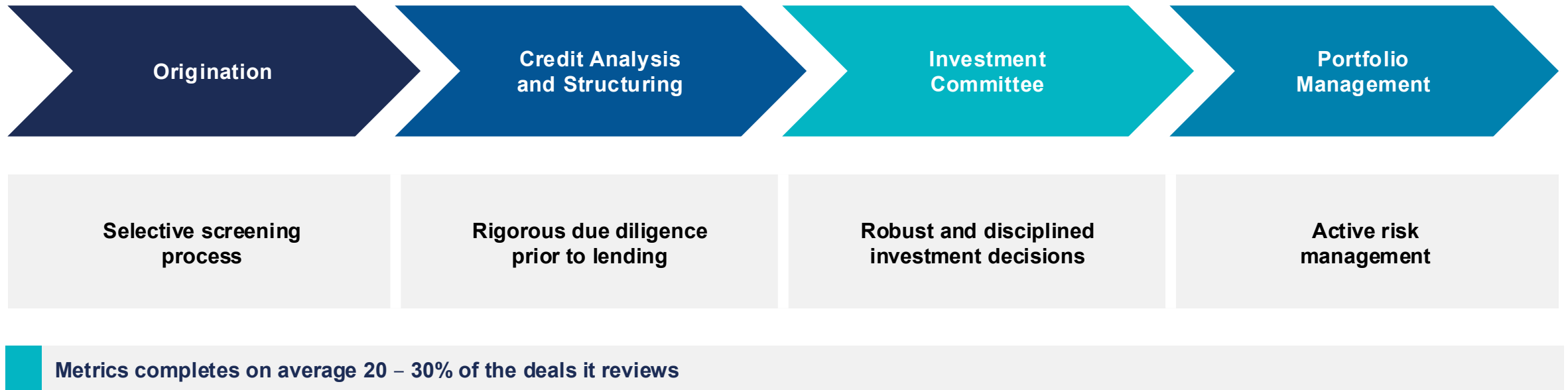
Outperformance through direct origination and active risk management.



Past performance is not an indicator of future performance.

Origination Process

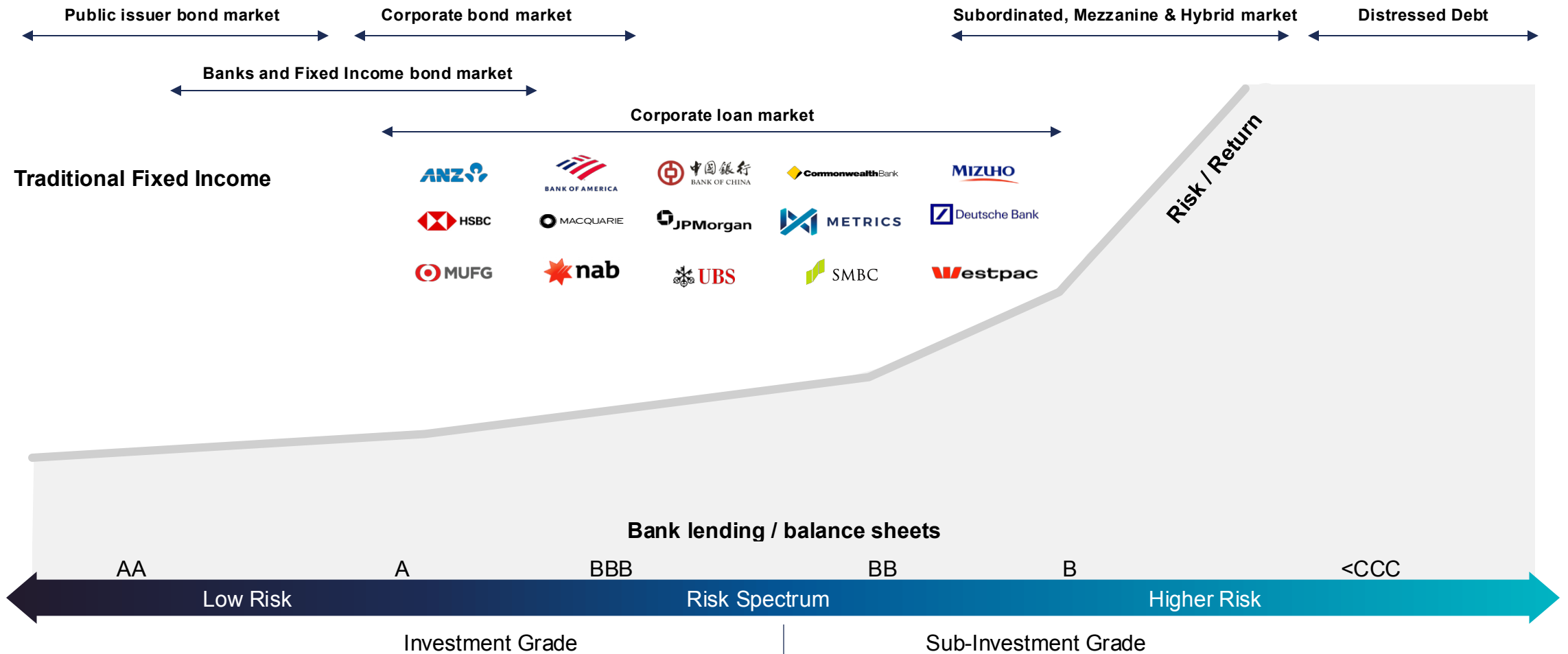
Robust and highly selective fundamental approach to credit investment.



Note: (1) Investment Committee is comprised of the Metrics Managing Partners.

The Australian Credit Spectrum

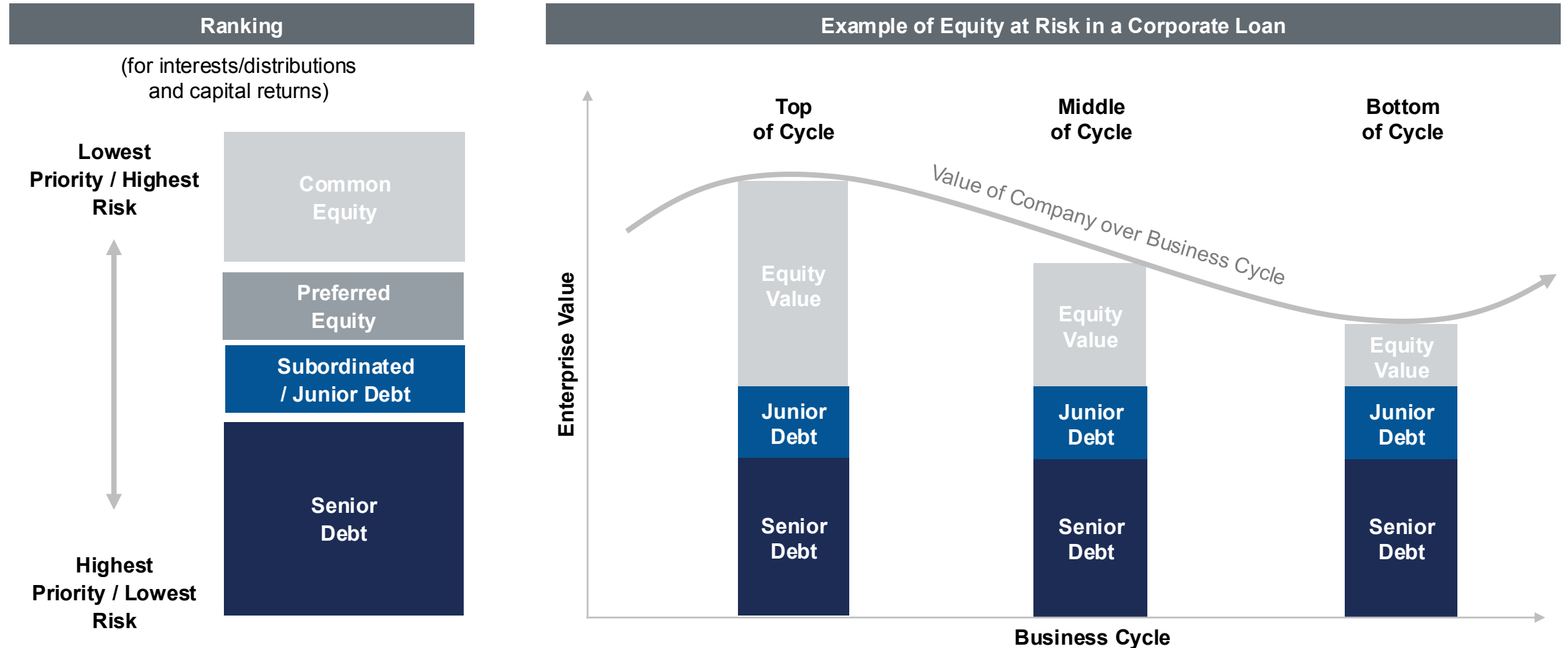
Direct origination is the key to generating superior investor returns.



Source: Metrics.

Position in the Capital Structure Provides Protection

Metrics investments provide downside protection for investors.



Weak Governance

Lack of transparency

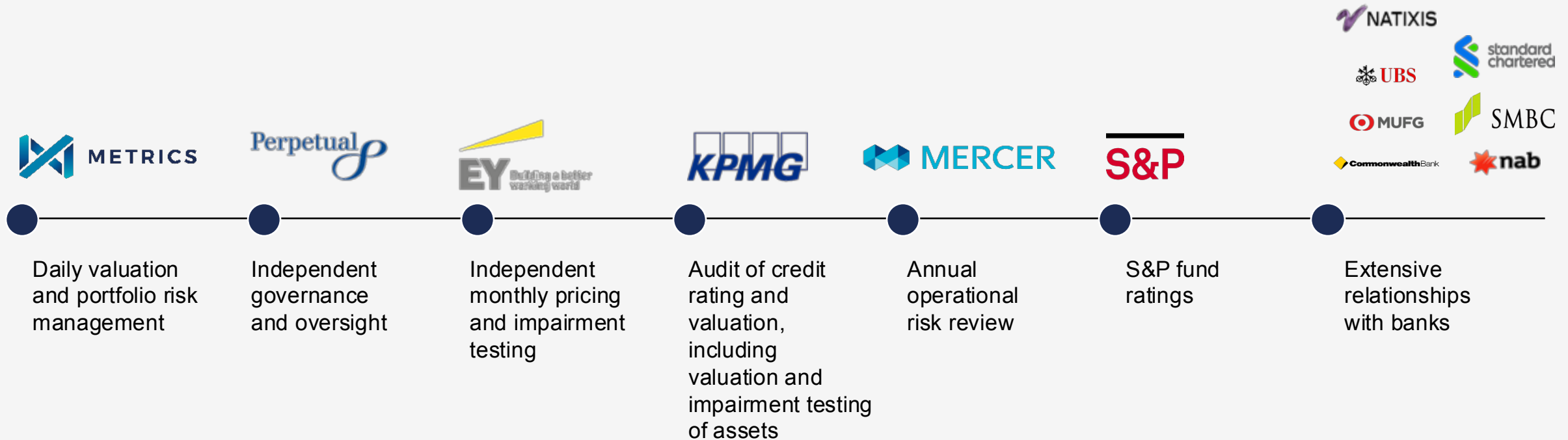
Loan values are only infrequently valued

Funds reluctant to write off bad debts

The risks are hidden

Amend and pretend

Metrics Operates Under the Highest Governance Standards Globally



Investment Risks

Illiquidity – high risk of gating

Lots of managers trying to raise capital

Trust in the private credit manager

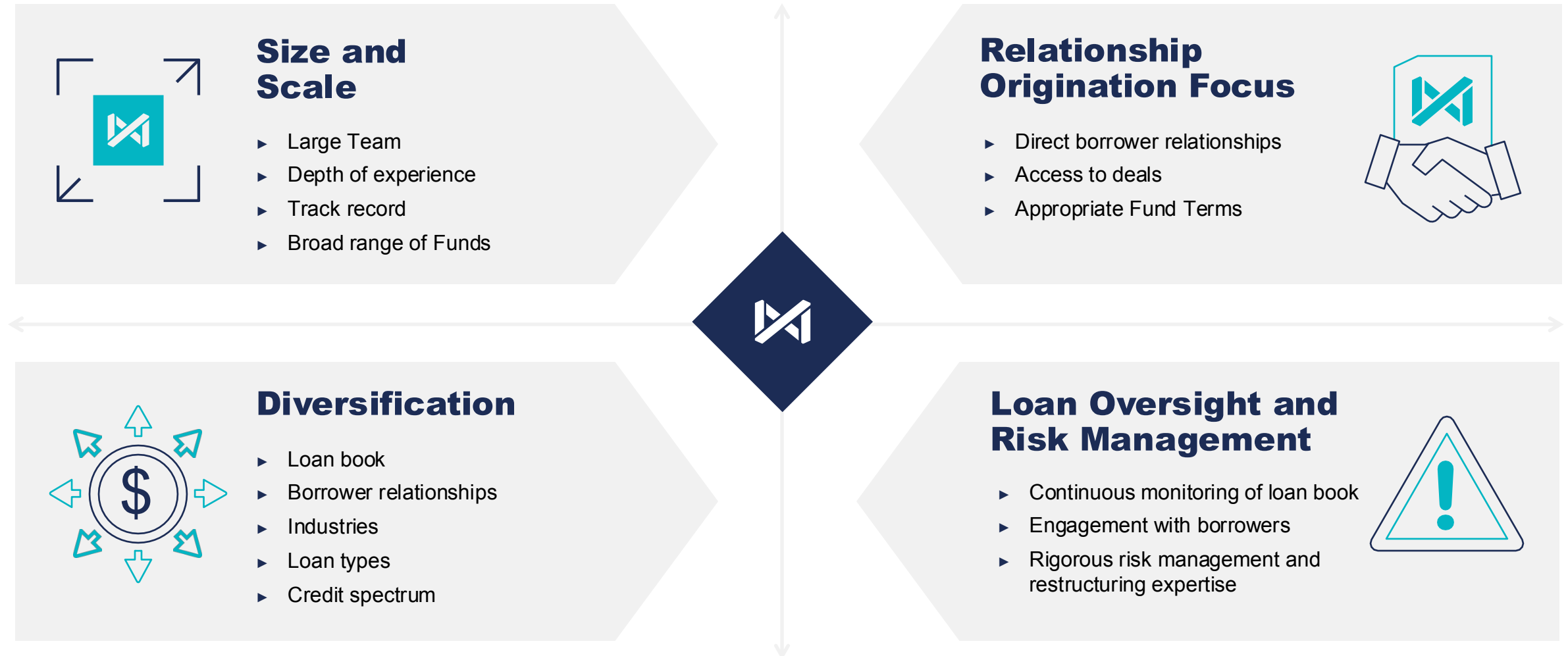
Not transparent around arranger fees

Disclosure standards lagging the US

Investors encouraged to invest due to rising returns

Australian managers not experienced in private debt

Manager Selection Matters



Case Study



CRE Debt

The project comprises the construction of mixed-use high density residential towers to the north of the completed Rhodes Central Stage 1 project and immediately south of the Rhodes Central Stage 2 project currently under construction.

Metrics provided senior and mezzanine financing.

Location	Rhodes, NSW
Sector	Residential / Commercial
Limit	\$130m
Status	Repaid



Case Study

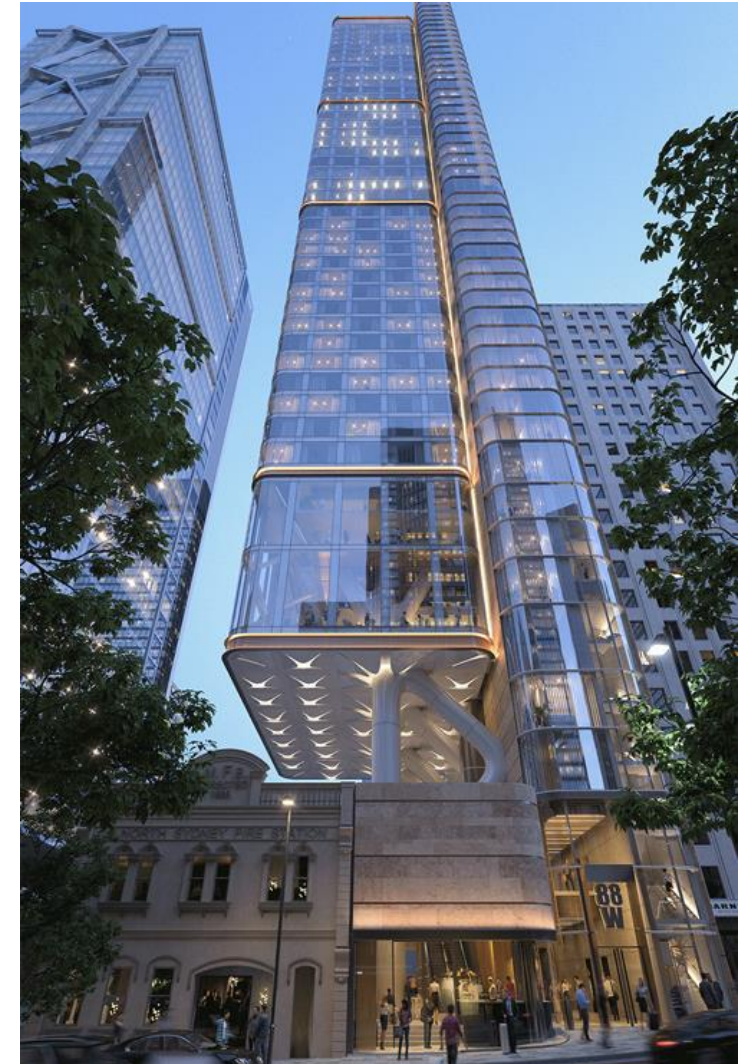


CRE Debt

Development of 50 storey mixed-use tower with commercial/office and hotel elements.

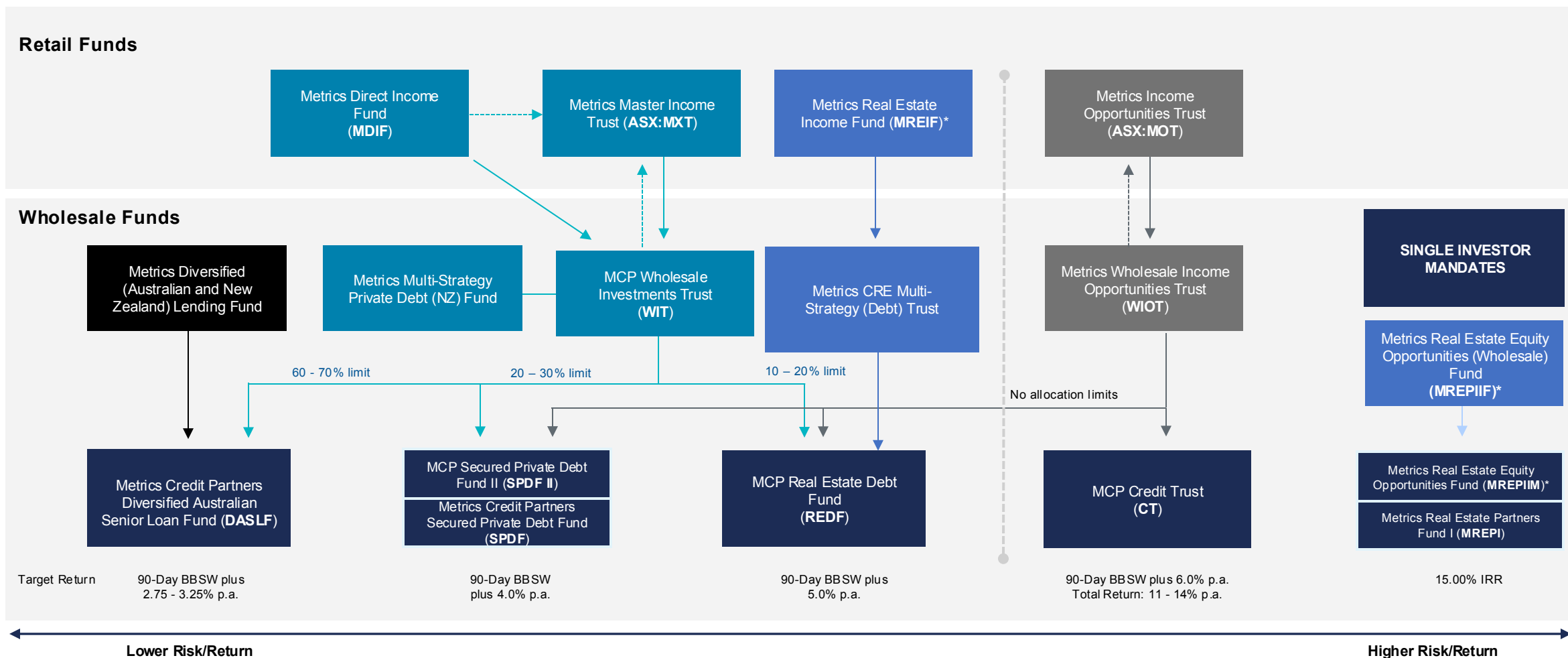
Metrics provided senior and mezzanine financing.

Location	North Sydney, NSW
Sector	Mixed use
Limit	>\$130m
Status	Repaid



Metrics Investment Funds

Providing investors unique access to private debt across the risk spectrum.



Source: Metrics. Notes: *Launching in 2024.

How to Access Private Debt with Metrics

	Metrics Direct Income Fund MANAGED FUND	Metrics Master Income Trust ASX:MXT	Metrics Income Opportunities Trust ASX:MOT	Metrics Real Estate Income Fund COMING SOON
Structure	Unlisted, Open-ended Unit Trust	ASX Listed Investment Trust	ASX Listed Investment Trust	Unlisted, Open-Ended Unit Trust
Inception Date	July 2020	October 2017	April 2019	Coming Soon
Target Net Return[^]	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	RBA Cash Rate plus 4.00% p.a.
1 Year Net Return	9.96%	9.36%	9.95%	11.33%
Net Returns Since Inception p.a.¹	7.56% ²	6.11% ³	8.94% ⁴	8.15% ⁵
Distributions	Monthly	Monthly	Monthly	Monthly
Applications / Redemption	Monthly	Daily*	Daily*	Monthly
Research Ratings	Highly Recommended Lonsec, Zenith Investment Partners, BondAdviser Recommended+ Independent Investment Research	Highly Recommended Lonsec, Zenith Investment Partners, BondAdviser Recommended+ Independent Investment Research	Recommended Lonsec, Zenith Investment Partners, BondAdviser, Independent Investment Research	—

Notes: As at 30 June 2024 (1) Annualised (2) since inception 1 July 2020 (3) IPO October 2017 (4) IPO April 2019 (5) Pro forma return series based on actual MCP Real Estate Debt Fund returns since inception as at October 2017 and expected Metrics Real Estate Income Fund expenses. [^]This is a target return and may not be achieved. Past performance is not a reliable indicator of future performance. Assumes participation in Distribution Reinvestment Plan (DRP). *Subject to market liquidity. See the Research Ratings Terms and Conditions under the 'Ratings Disclaimer' at the end of the presentation.

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