

THE BOTTOM LINE ON PRIVATE DEBT

Metrics Credit Partners
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Metrics. A new measure.



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METRICS CREDIT PARTNERS



METRICS IS AN INDEPENDENT AUSTRALIAN-BASED ALTERNATIVE ASSET MANAGER SPECIALISING IN PRIVATE MARKETS WITH >\$15BN AUM



> \$15 billion

Current AUM across a variety of strategies



Team of > 120

Investment professionals in SYD, MELB & NZ



Owned 65% by Management

35% by Pinnacle Investment Management Group Ltd.



Responsible Investing

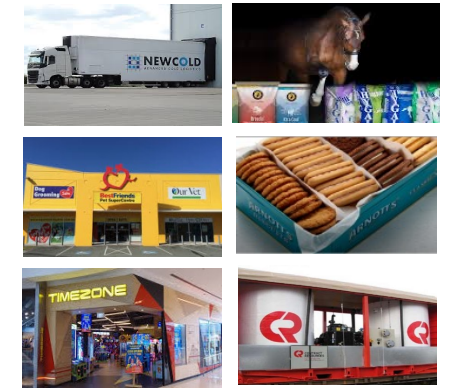
Signatory of the UNPRI & member of:

- Australian Sustainable Finance Institute,
- Climate Bonds Partner,
- Investor Group on Climate Change,
- Responsible Investment Association Australasia (RIAA),
- Asia Pacific Loan Market Association's Green & Sustainable Loan Committee, and
- Transition Pathway Initiative

CORPORATE



LEVERAGED FINANCE



COMMERCIAL REAL ESTATE



PROJECT FINANCE



WHAT IS PRIVATE DEBT?

AN EFFECTIVE DEFENSIVE STRATEGY OR EQUITY MARKET REPLACEMENT?

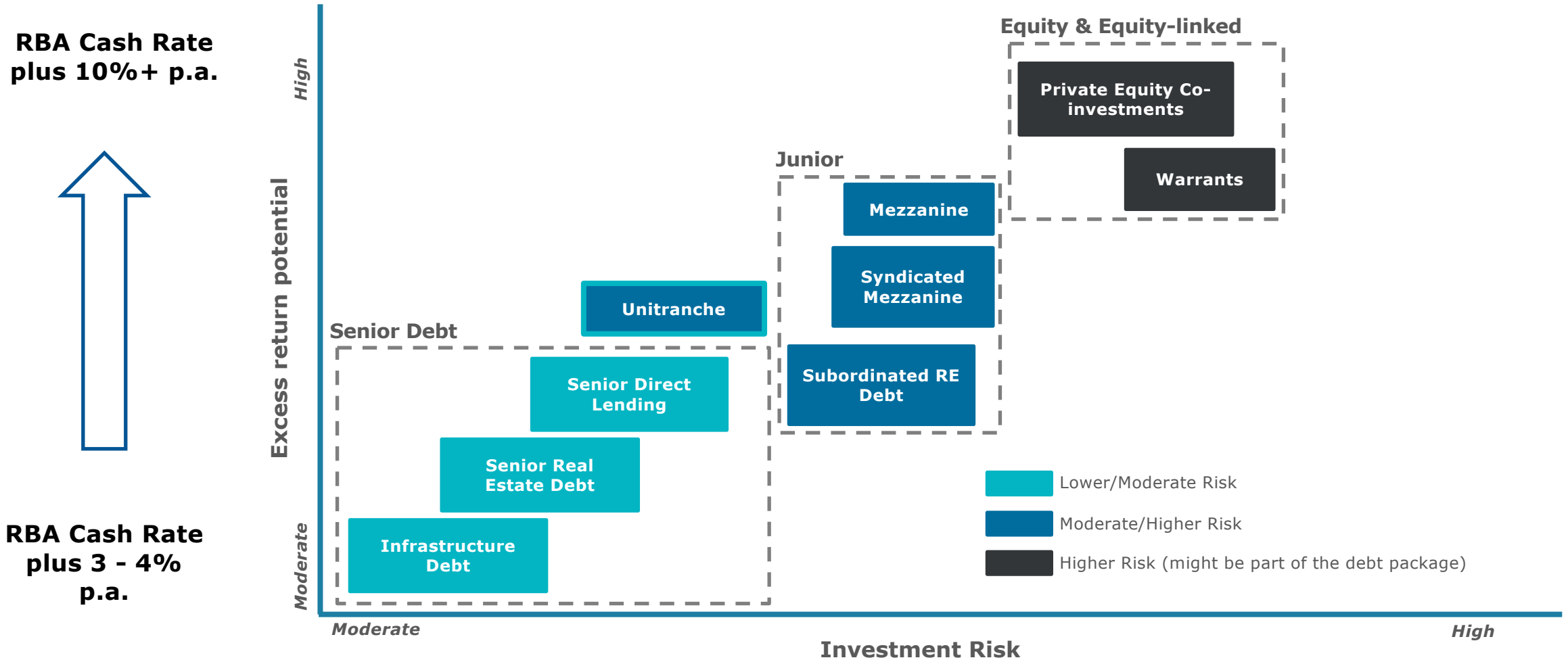
FINANCIAL CONTRACT	<ul style="list-style-type: none">> Loans to private companies, where interest charged is predominantly floating rate and loans are typically secured (protective of lenders interests) and short in tenor (1-5 years).
PRIVATE MARKET	<ul style="list-style-type: none">> Private debt is typically lowly correlated to public markets and can avoid exposure to public market volatility
MARKET SEGMENTS	<ul style="list-style-type: none">> Corporate, infrastructure, commercial real estate, leveraged finance, structured finance
RISK / RETURN PROFILE	<ul style="list-style-type: none">> From investment grade to sub-investment grade and equity-like investments – returns reflect risk profile



PRIVATE DEBT IS VERSATILE DEPENDING ON AN INVESTORS RISK APPETITE



PRIVATE DEBT CAN BE BOTH DEFENSIVE OR RETURN SEEKING




PRIVATE DEBT FOR REDUCED CAPITAL VOLATILITY

IN AUSTRALIA, PRIVATE LENDERS BENEFIT FROM A RANGE OF PROTECTIONS




Structural Protections in Australia

Australian corporate insolvency regime assists lenders to protect capital



Relationships with Borrowers

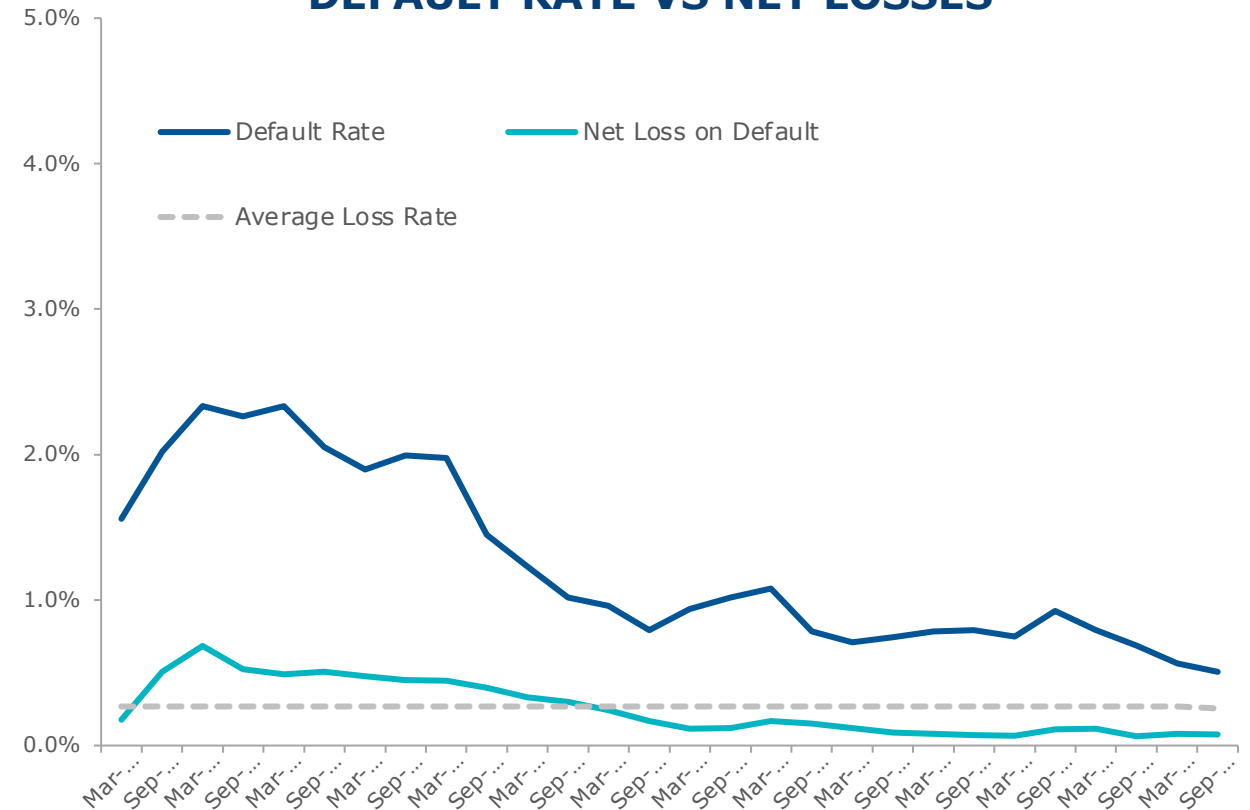
Regular communication with borrowers ensures the private debt manager can more effectively manage risk



Financial Contracts

Covenants are negotiated & documented in loan agreements to assist in controlling risk. These include Controls, Security, Pricing & Reporting obligations

AUSTRALIAN CORPORATE LENDING – DEFAULT RATE VS NET LOSSES

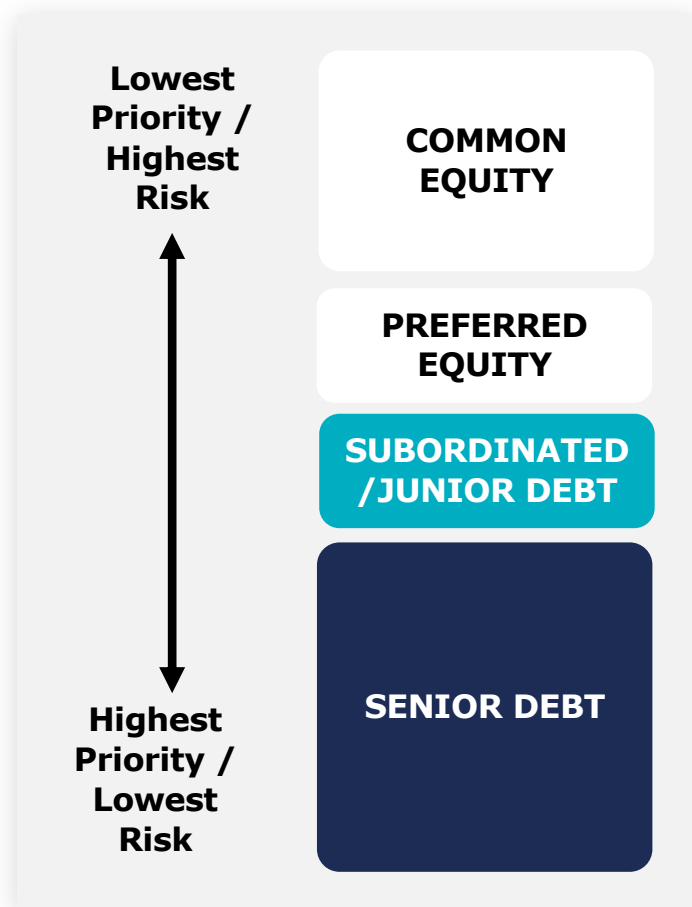


Source: APRA APS 330, Metrics.

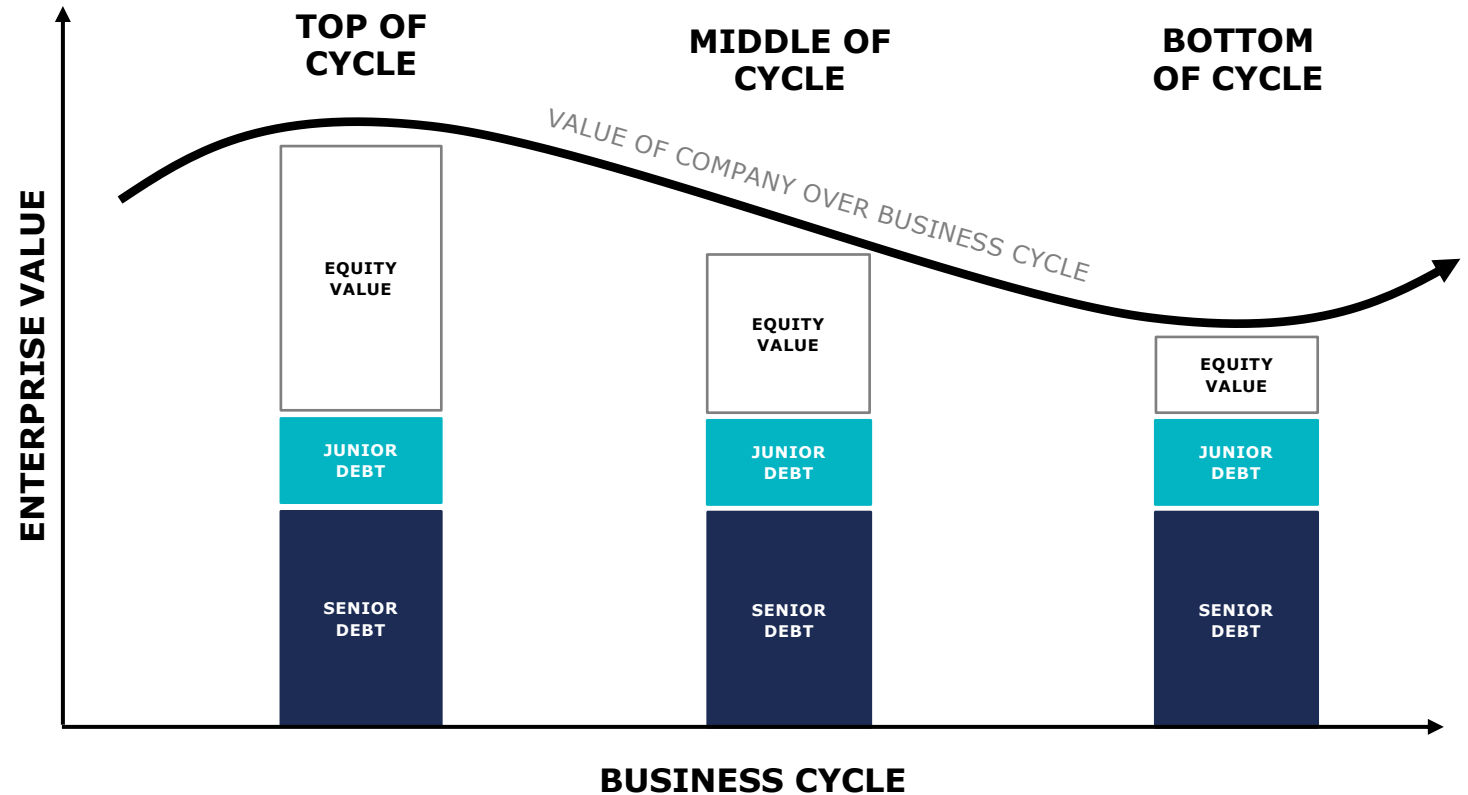
POSITION IN THE CAPITAL STRUCTURE PROVIDES DOWNSIDE PROTECTION



CAPITAL RANKING (FOR INTERESTS/DISTRIBUTIONS & CAPITAL RETURNS)



EQUITY AT RISK IN A CORPORATE LOAN



PROTECTING INVESTOR CAPITAL IS PARAMOUNT IN ALL ECONOMIC ENVIRONMENTS

	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

PRIVATE DEBT FOR INCOME

PRIVATE DEBT AIMS TO PROVIDE REGULAR INCOME THAT MOVES IN LINE WITH INFLATION



Inflation Hedge

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



Income Generating Assets

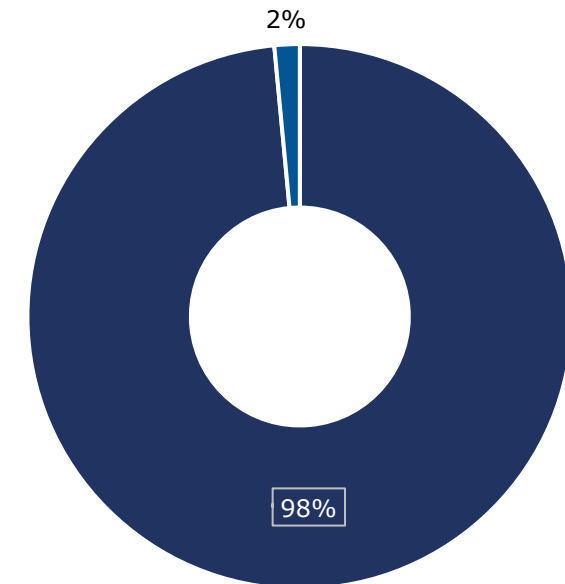
Regular income received from interest payments made by borrowers.



Opportunity and Diversity

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

PRIVATE DEBT FLOATING / FIXED RATE SPLIT



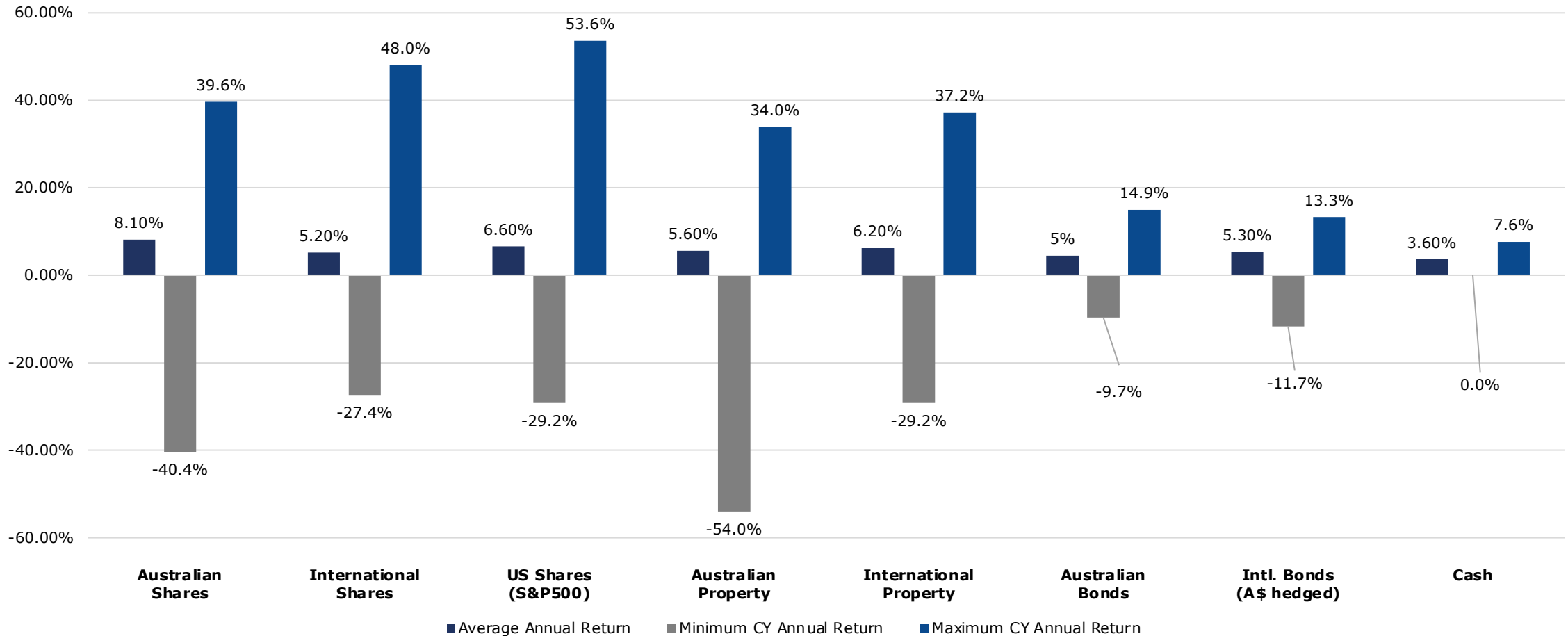
■ Floating rate ■ Fixed rate

Chart uses the MCP Wholesale Investments Trust as an example of a portfolio of Australian private debt. As at 31 July 2023, the Trust contains a diversified portfolio of 303 loans to Australian and New Zealand companies. Source: Metrics.

PUBLIC MARKETS HAVE SHOWN VOLATILITY



ANNUAL ASSET CLASS PERFORMANCE OVER THE LAST 20 YEARS



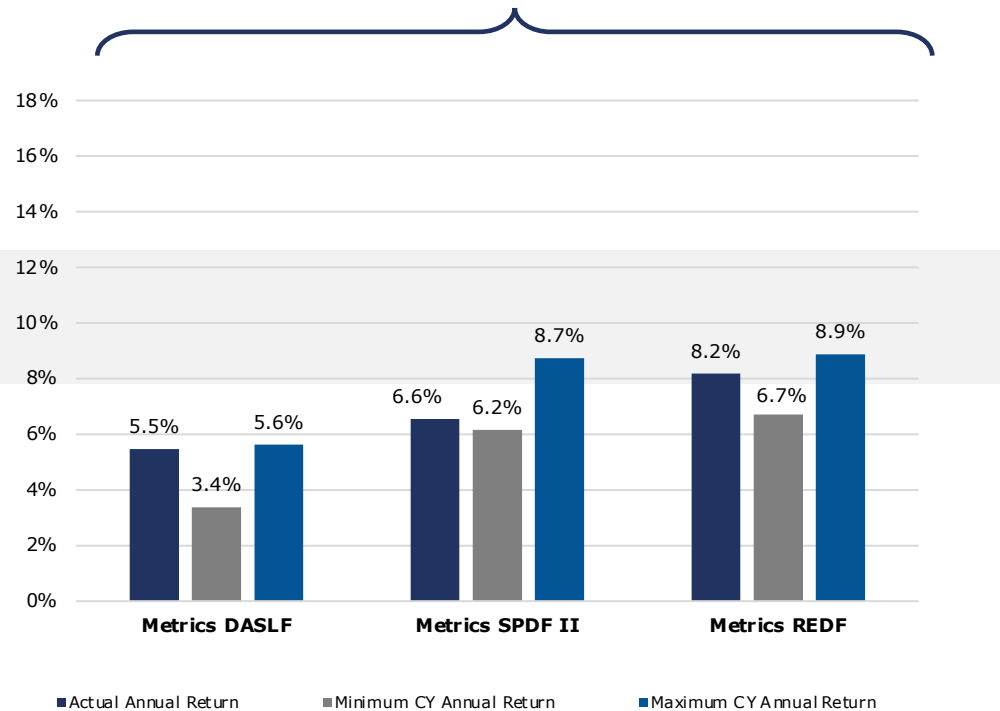
Past performance is not a reliable indicator of future performance. For illustrative purposes only. Source: Vanguard as at 31 December 2022. Asset class returns from January 2002 to December 2022.

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

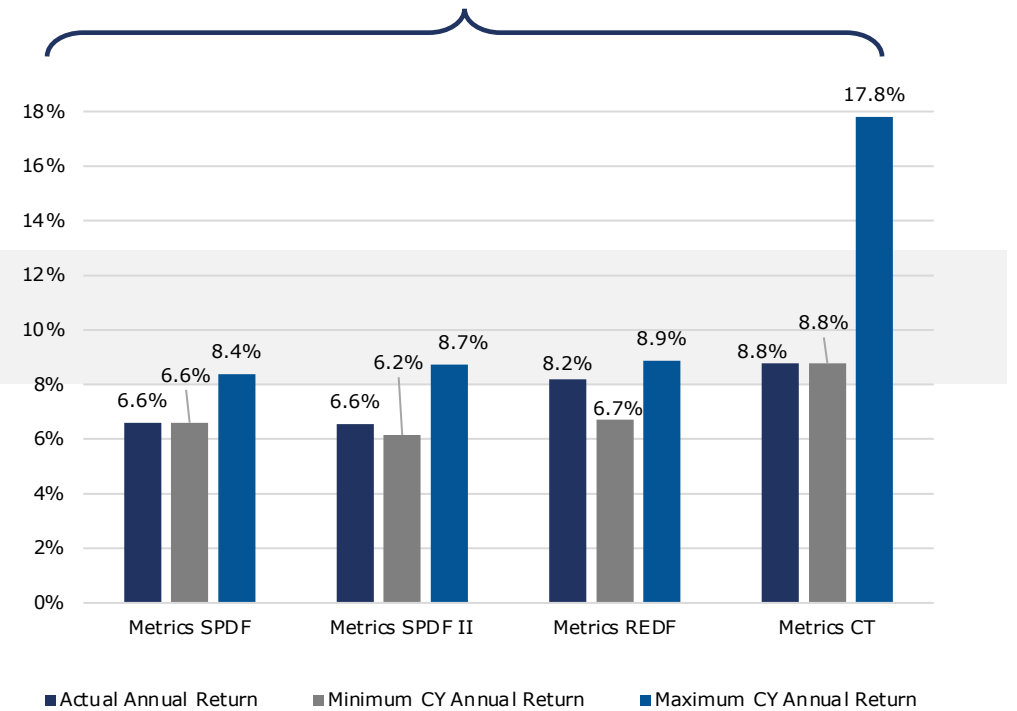


METRICS PROVEN TRACK RECORD OF DELIVERING BALANCED RETURNS FOR INVESTORS

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 2022. 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).

HOW A SKILLED MANAGER AIMS TO GENERATE CONSISTENT, RISK-ADJUSTED RETURNS



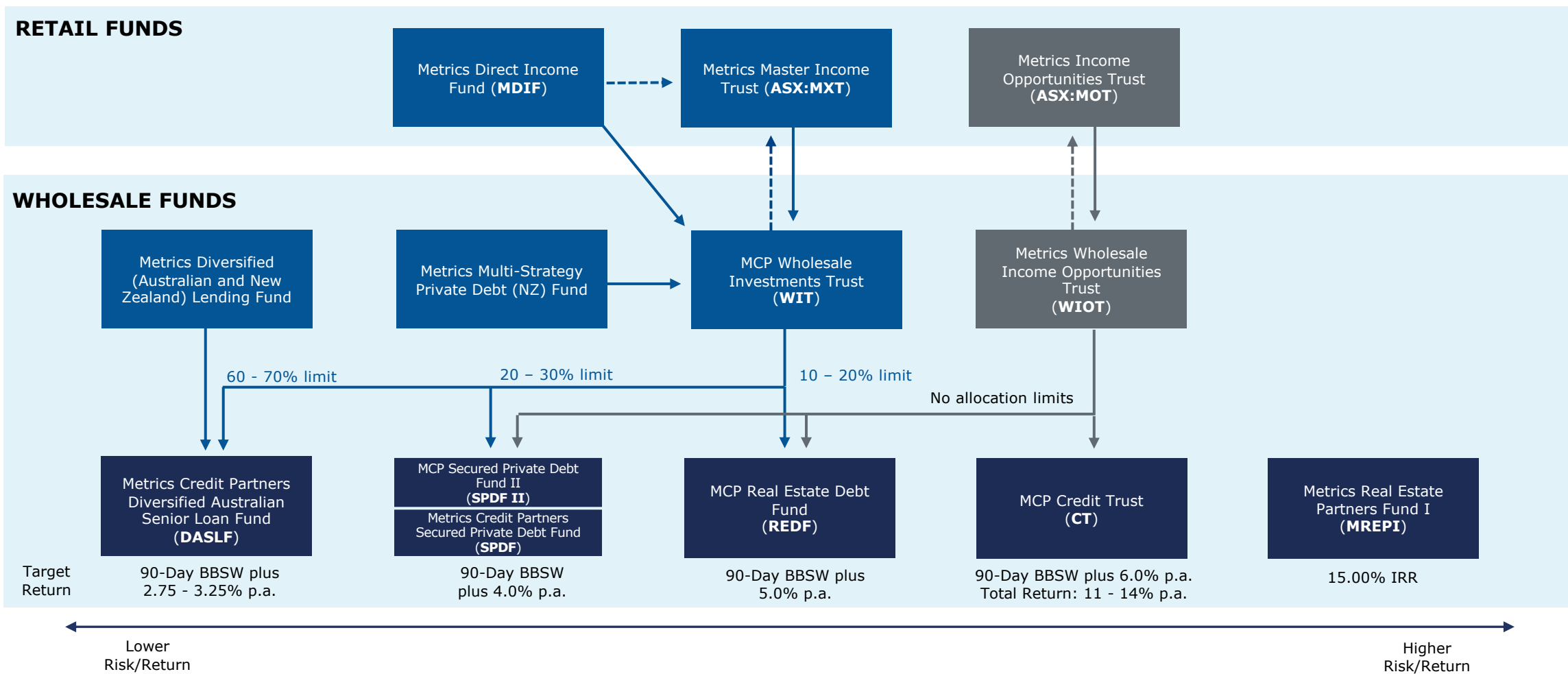
THE PRIVATE DEBT ADVANTAGE

- ✓ Co-operative relationship between lender and borrower helps to more effectively manage risk
- ✓ Direct origination capability enhances returns for investors
- ✓ A diversified portfolio of loans further reduces risk

METRICS FUND STRUCTURES



PROVIDING INVESTORS UNIQUE ACCESS TO PRIVATE DEBT ACROSS THE RISK SPECTRUM



HOW TO ACCESS PRIVATE DEBT WITH METRICS



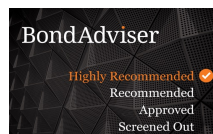
	METRICS DIRECT INCOME FUND (MANAGED FUND OPTION)	METRICS MASTER INCOME TRUST (ASX:MXT)	METRICS INCOME OPPORTUNITIES TRUST (ASX:MOT)
STRUCTURE	Unlisted, Open-ended Unit Trust	ASX Listed Investment Trust	ASX Listed Investment Trust
INCEPTION DATE	July 2020	October 2017	April 2019
TARGET NET RETURN[^]	RBA 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
NET RETURNS SINCE INCEPTION P.A. (1)	6.91% ⁽²⁾	5.62% ⁽³⁾	8.75% ⁽⁴⁾
CURRENT RUNNING YIELD P.A. (5)	9.30%	9.24%	10.34%
DISTRIBUTIONS	Monthly	Monthly	Monthly
APPLICATIONS/ REDEMPTION	Monthly	Daily*	Daily*



Metrics Direct
Income Fund,
Metrics Master
Income Trust



Metrics Income
Opportunities Trust



Metrics Direct Income Fund,
Metrics Master Income Trust



Metrics Income
Opportunities Trust



Metrics Income
Opportunities Trust



Metrics Direct
Income Fund,
Metrics Master
Income Trust



Metrics Direct
Income Fund,
Metrics Income
Opportunities Trust



Metrics Master
Income Trust



Metrics Income
Opportunities Trust



Metrics Direct
Income Fund,
Metrics Master
Income Trust

Notes: As at 31 July 2023 (1) Annualised (2) Since inception 1 July 2020 (3) IPO October 2017 (4) IPO April 2019 (5) Current running yields for Metrics funds are calculated as the last 12 months spread plus the current RBA Cash Rate.
[^]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 slide 3 for Research Ratings Terms and Conditions.

PRIVATE DEBT DELIVERS CONSISTENT, ATTRACTIVE INCOME AND REDUCED CAPITAL VOLATILITY IN ALL MARKET CONDITIONS



Private market assets

Income is less affected by public market volatility.



Reduced capital volatility even during economic downturns

Australian corporate insolvency laws protect the interests of creditors in claims over assets of a business.



Regular income through the economic cycle

Interest and fee payments are received from borrowers at specific intervals under the binding terms of their debt contract.



Diversified Portfolios

Portfolios are typically diversified across industries, sectors and credit quality to increase stability of returns and reduce concentration risk.

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