

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⁽¹⁾

ASX Ticker Code	MXT
Price / NAV (Share) ⁽²⁾	\$2.09 / \$2.00
Market Cap. / NAV ⁽²⁾	\$539m / \$517m
Unit Pricing	Daily
Distributions	Monthly
Website	metricscredit.com.au

MARKET AND INVESTMENT ACTIVITY

January is traditionally a slow month in the Australian corporate loan market and 2018 was no exception. Primary issuance volume was a relatively modest ~US\$1.2b and was generally limited to a handful of refinancings of smaller <US\$100m club-style loans. The most notable transaction to reach financial close during the month was ASX-listed Beach Energy's A\$1.5b facility arranged to part finance its acquisition of the Lattice Energy business from Origin Energy. This facility had been syndicated by the lead arranging banks ANZ, CBA and Credit Suisse to a further 14 lenders in late 2017. The transaction close had been awaiting regulatory approvals.

Despite the limited transactional activity over January, liquidity in global capital markets remains sound and a conducive bank funding environment is providing the opportunity for high quality / investment grade corporate borrowers to refinance at tighter pricing levels and often with longer tenors than that of their existing loan facilities. As a result, it is expected that over 2018 issuance volume in the Australian corporate loan market will be driven by refinancing, with some significant transactions in the Project Finance & Infrastructure loan market

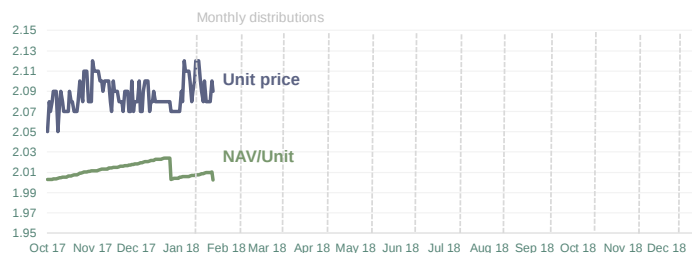
including the expected sale of 51% of the NSW government's ownership of the WestConnex toll-roads project. It continues to be notable that while banks remain highly competitive lending to corporate borrowers, continued rationing of capital to the commercial real estate sector has resulted in attractive pricing, terms and conditions for lenders with current appetite to lend in this market segment.

Through January, MXT further diversified its loan exposure by two new loans (one commercial real estate loan provided by the MCP Real Estate Debt Fund and one corporate facility provided by the MCP Diversified Australian Senior Loan Fund). At the end of January, MXT was invested in 71 loans and MCP has committed to several loan facilities closing over the coming months.

MXT announced an 0.81c per unit distribution which was paid on the 8th of February 2018 resulting in an annualised distribution rate of 4.75% from listing date to 31 January 2018.

A new research report for MXT was released by Australia Ratings during January and is available at www.metricscredit.com.au/mcp-master-income-trust/.

NAV/UNIT AND UNIT PRICE PERFORMANCE



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

FUND PERFORMANCE

	1mth	1yr	3yr ⁽³⁾	5yr ⁽³⁾	Incep ⁽⁴⁾
Net Return (%)	0.38	-	-	-	1.61
RBA Cash Rate (%)	0.13	-	-	-	0.51
Distribution (%)	0.40	-	-	-	1.48
Distribution (c/Unit)	0.81	-	-	-	3.00

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

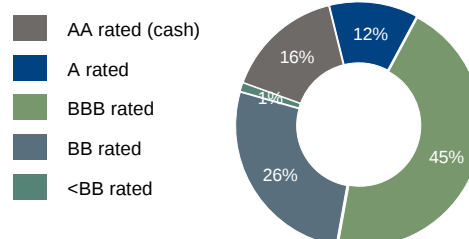
RESEARCH



PLATFORMS

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

MCP MASTER INCOME TRUST

PORTFOLIO CONSTRUCTION⁽⁵⁾Industry Allocation⁽⁶⁾Credit Quality⁽⁷⁾

OTHER FUND SETTINGS

Number of Individual investments	71	Interest Duration (days) ⁽⁸⁾	35
Investment Grade (%) ⁽⁹⁾	72%	Credit Duration (years) ⁽⁹⁾	2.3

NET RETURNS

(%)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2018	0.38	-	-	-	-	-	-	-	-	-	-	-	0.38
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	-	-	-	-	-	-	-	-	-	-	-	0.81
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.

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 Unit registry  1300 133 451  registry@mainstreamgroup.com

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