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MCP MASTER INCOME TRUST

CONDENSED INTERIM FINANCIAL STATEMENTS

For the half-year ended 31 December 2019

ARSN 620 465 090



METRICS

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This interim report does not include all the notes of the type normally included in the annual financial report. Accordingly, this interim report is to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made in respect of the MCP Master Income Trust during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The condensed interim financial statements covers the MCP Master Income Trust as an individual entity.

The Responsible Entity of MCP Master Income Trust is
The Trust Company (RE Services) Limited (ABN 45 003 278 831) (AFSL 235 150).

The Responsible Entity's registered office is:

Level 18, Angel Place
123 Pitt Street
Sydney NSW 2000

MCP MASTER INCOME TRUST APPENDIX 4D

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

DETAILS OF REPORTING PERIOD

Current: Half-year ended 31 December 2019

Previous corresponding: Half-year ended 31 December 2018

The Directors of The Trust Company (RE Services) Limited, the Responsible Entity of the MCP Master Income Trust (the "Fund") announce the reviewed results of the Fund for the half-year ended 31 December 2019 as follows:

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Extracted from Condensed Interim Financial Statements for the half-year ended 31 December 2019:

	INCREASE/(DECREASE) OVER CORRESPONDING PERIOD			
	2019 \$'000	2018 \$'000	%	\$'000
Revenue from ordinary activities	34,630	22,938	50.98	11,692
Profit/(loss) from the half-year	32,291	21,234	52.07	11,057
Total comprehensive income/(loss) for the half-year	32,291	21,234	52.07	11,057

DETAILS OF DISTRIBUTIONS

Total distributions for the half-year ended 31 December 2019 were \$30,787,443 (4.83 cents per ordinary unit).

Subsequent to the period end, the distribution declared on 20 December 2019 of 0.79 cents per ordinary unit which amounted to \$5,038,517, was paid on 9 January 2020.

On 24 January 2020, the Directors declared a distribution of 1.05 cents per ordinary unit which amounted to \$6,698,281.09 and was paid on 10 February 2020.

DETAILS OF DISTRIBUTION REINVESTMENT PLAN

The Responsible Entity established a Distribution Reinvestment Plan ("DRP") on 13 February 2018.

The Responsible Entity expects to make distributions on a monthly basis. For such distributions, it is expected that the record date will be the first ASX trading day of each month and the last day for electing into the DRP will be 5:00pm (Sydney time) on the first business day after the record date.

Units under the DRP are currently issued at the net asset value of a unit as determined in accordance with the Fund's constitution on the record date.

NET TANGIBLE ASSETS

	AS AT 31 DEC 2019	AS AT 31 DEC 2018
Total Net Tangible Assets attributable to unitholders (\$'000)	1,277,367	728,578
Units on issue ('000)	637,787	363,745
Net Tangible Assets attributable to unitholders per unit (dollars)	2.00	2.00

CONTROL GAINED OR LOST OVER ENTITIES DURING THE PERIOD

There were no entities over which control was gained during the half-year ended 31 December 2019. On 13 December 2019 Wholesale subscriptions to the MCP Real Estate Debt Fund increased such that the entity controlled by the Fund reduced below 50%.

NAME OF ENTITIES	DATE OF GAIN OF CONTROL	DATE OF LOSS OF CONTROL	CONTRIBUTION TO PROFIT 31 DEC 2019 \$'000
MCP Wholesale Investments Trust	5 October 2017	N/A	32,482
MCP Real Estate Debt Fund	5 October 2017	13 December 2019	9,900
MCP Secured Private Debt Fund II	5 October 2017	N/A	8,710

DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

The Fund did not have any interest in associates and joint venture entities during current half-year.

OTHER INFORMATION

The Fund is not a foreign entity.

INDEPENDENT REVIEW REPORT

This report is based on the condensed interim financial statements which have been subject to an independent review by the Fund's Auditors, KPMG. All the documents in this report comprise the information required by Listing Rule 4.2A.

DIRECTORS' REPORT

The Directors of The Trust Company (RE Services) Limited (ABN 45 003 278 831, AFSL 235 150), the Responsible Entity of the MCP Master Income Trust ("the Fund"), present their report together with the condensed interim financial statements of the Fund for the half-year ended 31 December 2019 and the auditor's report thereon.

PRINCIPAL ACTIVITIES

The Fund is a registered managed investment scheme domiciled in Australia.

The Fund invests in diversified loan portfolios that aims to outperform the RBA Cash Rate plus 3.25% p.a. (net of fees).

The Fund's investment strategy is to create a diversified exposure to Australian corporate loans generally reflecting activity in the corporate loan market and diversified by borrower, industry and credit quality. Amounts raised by the Fund are invested in the MCP Wholesale Investments Trust.

The MCP Wholesale Investments Trust invests directly in wholesale funds, which currently comprise of MCP Real Estate Debt Fund, MCP Secured Private Debt Fund II and the Metrics Credit Partners Diversified Australian Senior Loan Fund, or directly in investment assets.

Through active portfolio risk management, the Investment Manager (Metrics Credit Partners Pty Ltd) will seek to balance the delivery of unitholder returns and preserving investor capital.

The Fund was constituted on the 25 July 2017 and commenced operations on 5 October 2017 and its units commenced trading on the Australian Securities Exchange (ASX: MXT) on 9 October 2017.

The Fund did not have any employees during the half-year.

There were no significant changes in the nature of the Fund's activities during the half-year.

DIRECTORS

The Directors of The Trust Company (RE Services) Limited during the half-year and up to the date of this report are shown below. The Directors were in office for this entire period except where stated otherwise:

NAME	DATE OF APPOINTMENT/RESIGNATION
Glenn Foster	
Michael Vainauskas	Resigned as Director on 27 September 2019
Andrew McIver	Resigned as Alternate Director for Michael Vainauskas on 2 September 2019 Appointed as Alternate Director for Glenn Foster on 2 September 2019 Resigned as Alternate Director for Glenn Foster on 27 September 2019
Vicki Riggio	
Phillip Blackmore	Alternate Director for Vicki Riggio
Richard McCarthy	
Simone Mosse	Appointed as Director on 27 September 2019

CHANGE TO UNITS IN THE FUND

The movement in units on issue in the Fund during the half-year is disclosed in Note 5 of the interim financial statements. The value of the Funds assets and liabilities is disclosed in the condensed interim statement of financial position and derived using the basis set out in Note 5 of the condensed interim financial statements.

Units on issue in the Fund at the end of the half-year are set out below:

	AS AT	
	31 DECEMBER 2019	30 JUNE 2019
	UNITS ('000)	UNITS ('000)
Units on issue	637,787	636,858

REVIEW OF OPERATIONS

During the half-year, the Fund invested in accordance with the investment objective and guidelines as set out in the governing documents of the Fund and in accordance with the provision of the Fund's Constitution.

Results

The performance of the Fund, as represented by the results of its operations, was as follows:

	HALF-YEAR ENDED 31 DECEMBER 2019	HALF-YEAR ENDED 31 DECEMBER 2018
Profit/(loss) (\$'000)	32,291	21,234
Distribution paid and payable (\$'000)	30,787	20,545
Distribution (cents per unit)	4.83	5.65

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

In the opinion of the Directors, there were no significant changes in the state of affairs of the Fund that occurred during the financial half-year.

EVENTS SUBSEQUENT TO REPORTING DATE

On 20 December 2019, the Directors declared a distribution of 0.79 cents per ordinary unit which amounted to \$5,038,517 and was paid on 9 January 2020.

On 24 January 2020, the Directors declared a distribution of 1.05 cents per ordinary unit which amounted to \$6,698,281 and was paid on 10 February 2020.

On 24 January 2020 the Responsible Entity lodged a Product Disclosure Statement with ASIC and the ASX, announcing that the Fund was seeking to raise additional capital of up to circa \$638 million via an Entitlement and Shortfall Offer.

Under the Entitlement Offer, eligible unitholders are invited to apply for 1 new unit for every 2 units held on the record date, being 12 February 2020. New units will be issued at a price of \$2.00 per unit. Any units not taken up by eligible unitholders will be offered under the Oversubscription Facility to new investors under the Shortfall Offer.

The Entitlement Offer closes on 6 March 2020, and results will be announced on 9 March 2020. Units issued under the Entitlement Offer are expected to be issued on 13 March 2020 and commence trading on the ASX on 16 March 2020. Units under the Shortfall Offer are expected to be issued on 18 March 2020, with trading on the ASX to commence on 20 March 2020.

On 13 January 2020 the Responsible Entity announced that the Fund's Unit Registry transitioned from Mainstream Fund Services Pty Ltd ("Mainstream") to Automatic Group. Furthermore, on 20 January 2020, the Fund Administration function transitioned from Mainstream to MCH Fund Administration Services Pty Ltd, a wholly owned subsidiary of Metrics Credit Holdings Pty Ltd.

No other matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect:

- (i) the operations of the Fund in future financial years, or
- (ii) the results of those operations in future financial years, or
- (iii) the state of affairs of the Fund in future financial years.

Likely developments and expected results of operations

The Fund will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Fund and in accordance with the provisions of the Fund's Constitution.

The results of the Fund's operations will be affected by a number of factors, including the performance of investment markets in which the Fund invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

No insurance premiums are paid for out of the assets of the Fund in regards to the insurance cover provided to the officers of The Trust Company (RE Services) Limited or the auditor of the Fund. So long as the officers of The Trust Company (RE Services) Limited act in accordance with the Fund's Constitution and the Law, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund.

The auditor of the Fund is in no way indemnified out of the assets of the Fund.

**FEES PAID TO AND INTERESTS HELD IN THE FUND
BY THE RESPONSIBLE ENTITY OR ITS ASSOCIATES**

Fees paid to the Responsible Entity and its associates out of the Fund's property during the half-year are disclosed in Note 8 of the financial statements.

No fees were paid out of the Fund's property to the Directors of the Responsible Entity during the half-year.

The number of interests in the Fund held by the Responsible Entity or its associates as at the end of the financial half-year are disclosed in Note 8 of the financial statements.

ENVIRONMENTAL REGULATION

The operations of the Fund are not subject to any particular or significant environmental regulations under Commonwealth, State or Territory law.

ROUNDING OF AMOUNTS

The Fund is an entity of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that instrument, amounts in the condensed interim financial statements and Directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

LEAD AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Lead auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

This Directors' report is signed in accordance with a resolution of Directors.



Director
The Trust Company (RE Services) Limited

Sydney
19 February 2020

LEAD AUDITOR'S INDEPENDENCE DECLARATION



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of The Trust Company (RE Services) Limited

I declare that, to the best of my knowledge and belief, in relation to the review of MCP Master Income Trust, for the period from 1 July 2019 to 31 December 2019 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

A handwritten signature in black ink, appearing to read 'A.R.', with a horizontal line extending to the right.

Andrew Reeves
Partner

Sydney
19 February 2020

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CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	NOTES	HALF-YEAR ENDED 31 DECEMBER 2019 \$'000	HALF-YEAR ENDED 31 DECEMBER 2018 \$'000
Investment income			
Interest income		657	385
Net gains/(losses) on financial instruments at fair value through profit or loss		1,491	834
Distribution income		32,482	21,719
Total investment income		34,630	22,938
Expenses			
Responsible Entity's fees	8	145	109
Investor equalisation expense		1,826	1,255
Administrative expenses		368	340
Total expenses		2,339	1,704
Profit/(loss)		32,291	21,234
Other comprehensive income		–	–
Total comprehensive income/(loss) for the half-year		32,291	21,234
Earnings per unit for profit attributable to unitholders of the Fund			
Basic and diluted gain/(loss) per unit (cents)	7	5.07	5.84

The above condensed interim statement of comprehensive income should be read in conjunction with the accompanying notes.

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	NOTES	AS AT	
		31 DECEMBER 2019 \$'000	30 JUNE 2019 \$'000
Assets			
Cash and cash equivalents		3,800	593
Interest receivable		2	8
Distributions receivable		5,392	6,775
GST receivable		84	77
Financial assets	4	1,273,357	1,273,093
Total assets		1,282,635	1,280,546
Liabilities			
Distributions payable	6	5,039	6,305
Responsible Entity's fees payable		142	97
Administrative fees payable		26	47
Investor Equalisation fees payable		10	41
Other payables		51	55
Total liabilities		5,268	6,545
Net assets attributable to unitholders – equity	5	1,277,367	1,274,001

The above condensed interim statement of financial position should be read in conjunction with the accompanying notes.

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

		HALF-YEAR ENDED 31 DECEMBER 2019	HALF-YEAR ENDED 31 DECEMBER 2018
	NOTES	\$'000	\$'000
Total Equity at the beginning of the half-year		1,274,001	727,340
Comprehensive income for the half-year			
Profit/(loss)		32,291	21,234
Other comprehensive income		–	–
Total comprehensive income for the half-year		32,291	21,234
Transactions with unitholders			
Capital raising	5	–	–
Units issued upon reinvestment of distributions	5	1,862	549
Distributions paid and payable	5	(30,787)	(20,545)
Total transactions with unitholders		(28,926)	(19,996)
Total net assets attributable to unitholders – equity at the end of the half-year		1,277,367	728,578

The above condensed interim statement of changes in equity should be read in conjunction with the accompanying notes.

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CONDENSED INTERIM STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

	HALF-YEAR ENDED 31 DECEMBER 2019 \$'000	HALF-YEAR ENDED 31 DECEMBER 2018 \$'000
Cash flows from operating activities		
Interest received	152	33
Net investor equalisation expense paid	(179)	(20)
Distribution income received	33,865	21,809
Responsible Entity's fees paid	(100)	(85)
Administrative expenses paid	(330)	(314)
Other expenses paid	–	(163)
Net cash inflow/(outflow) from operating activities	33,408	21,260
Cash flows from investing activities		
Purchase of financial assets	–	(1,000)
Loan drawdown	–	(850)
Net cash inflow/(outflow) from investing activities	–	(1,850)
Cash flows from financing activities		
Proceeds from application by unitholders	–	–
Distributions paid to unitholders	(30,201)	(20,148)
Net cash inflow/(outflow) from financing activities	(30,201)	(20,148)
Net increase/(decrease) in cash and cash equivalents	3,207	(738)
Cash and cash equivalents at the beginning of the half-year	593	1,921
Cash and cash equivalents at the end of the half-year	3,800	1,183

The above condensed interim statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

1 GENERAL INFORMATION

The condensed interim financial statements covers the MCP Master Income Trust (the "Fund") as an individual entity. The Fund was constituted on 25 July 2017, registered with the Australian Securities and Investments Commission on 26 July 2017, commenced operations on 5 October 2017 and its units commenced trading on the Australian Securities Exchange (ASX: MXT) on 9 October 2017. The Fund is domiciled in Australia and is a for-profit entity.

The Responsible Entity of the Fund is The Trust Company (RE Services) Limited (ABN 45 003 278 831, AFSL 235 150) (the "Responsible Entity"). The Responsible Entity's registered office is Level 18, Angel Place, 123 Pitt Street, Sydney NSW 2000.

The Investment Manager of the Fund is Metrics Credit Partners Pty Ltd (AFSL 416 146). The Custodian of the Fund is Perpetual Corporate Trust Limited (ABN 99 000 341 533).

The Fund's investment strategy is to create a diversified exposure to Australian corporate loans generally reflecting activity in the corporate loan market and diversified by borrower, industry and credit quality. Through active portfolio risk management, the Investment Manager seeks to preserve investor capital. Amounts raised by the Fund are invested in the MCP Wholesale Investments Trust. The MCP Wholesale Investments Trust invests directly in wholesale funds or directly in investment assets.

The condensed interim financial statements were authorised for issue by the Directors on 19 February 2020. The Directors of the Responsible Entity have the power to amend and reissue the financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these condensed interim financial statements are set out below. These policies have been consistently applied during the reporting period presented, unless otherwise stated.

(a) Basis of preparation

The condensed interim financial statements are general purpose financial statements prepared in accordance with *AASB 134 Interim Financial Reporting*, *IAS 134 Interim Financial Reporting* and the *Corporations Act 2001*.

These condensed interim financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these condensed interim financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2019 and any public announcements made in respect of the Fund during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies applied in the condensed interim financial statements are the same as those applied in the Fund's financial report for the year ended 30 June 2019.

The condensed interim financial statements have been prepared on the basis of fair value measurement of assets and liabilities, except where otherwise stated. The condensed interim financial report is presented in Australian dollars, which is the Fund's functional currency.

(b) Significant accounting policies

Use of estimates

Management makes estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Estimates and associated assumptions are continuously evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

New accounting standards and interpretations

Except as disclosed in the financial report for the year ended 30 June 2019, there are no new accounting standards, amendments and interpretations that are expected to have a material impact on the financial statements.

(c) Rounding of amounts

The Fund is an entity of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission (ASIC) relating to the "rounding off" of amounts in the interim financial statements. Amounts in the interim financial statements have been rounded to the nearest thousand dollars in accordance with that ASIC Corporations Instrument, unless otherwise indicated.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

3 FAIR VALUE MEASUREMENTS

The Fund measures and recognises the fair value of financial assets at fair value through profit and loss (FVTPL) on a recurring basis. The Fund has no assets or liabilities measured at fair value on a non-recurring bases in the current reporting period.

The Fund discloses fair value measurements by level using the following fair value hierarchy:

- > Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities
- > Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
- > Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(i) Fair value in an active market (Level 1)

The fair value of financial assets and liabilities traded in active markets is based on last traded prices at the end of the reporting period without any deduction for estimated future selling costs. For the majority of financial assets and liabilities, information provided by the quoted market independent pricing services is relied upon for valuation.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. An active market is a market in which transactions for the financial asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

(ii) Fair value in an inactive or unquoted market (Level 2 and Level 3)

The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on Investment Manager best estimates and the discount rate used is a market rate at the end of the reporting period applicable for an instrument with similar terms and conditions. For other pricing models, inputs are based on market data at the end of the reporting period.

Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including liquidity risk and counterparty risk.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

The following table presents the Funds financial assets and liabilities measured and recognised at fair value as at 31 December 2019 and 30 June 2019.

	LEVEL 1 \$'000	LEVEL 2 \$'000	LEVEL 3 \$'000	TOTAL \$'000
AT 31 DECEMBER 2019				
Financial assets				
MCP Wholesale Investments Trust	–	1,245,044	–	1,245,044
Investment manager loan asset	–	–	28,313	28,313
Total	–	1,245,044	28,313	1,273,357
AT 30 JUNE 2019				
Financial assets				
MCP Wholesale Investments Trust	–	1,243,553	–	1,243,553
Investment manager loan asset	–	–	29,540	29,540
Total financial assets	–	1,243,553	29,540	1,273,093

(iii) Transfers between levels

The Fund's policy is to recognise transfers into and transfers out of fair value hierarchy as at the end of the reporting year. There were no transfers between the level in the fair value hierarchy for the periods ended 31 December 2019 and 30 June 2019.

(iv) Fair-value measurements using significant unobservable inputs (level 3)

The following tables present the movement in level 3 instruments, by class of financial instruments, for the half-years ended 31 December 2019 and 31 December 2018.

	INVESTMENT MANAGER LOAN ASSETS \$'000	TOTAL \$'000
HALF-YEAR ENDED 31 DECEMBER 2019		
Opening balance	29,540	29,540
Drawdown	–	–
Repayment	(1,812)	(1,812)
Capitalised Interest expense	585	585
Closing balance	28,313	28,313
HALF-YEAR ENDED 31 DECEMBER 2018		
Opening balance	17,860	17,860
Drawdown	850	850
Repayment	(1,224)	(1,224)
Capitalised Interest expense	367	367
Closing balance	17,853	17,853

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

(v) *Valuation processes*

Investment manager loan assets are classified and measured at amortised cost, which approximates fair value.

(vi) *Fair values of other financial instruments*

The Fund did not hold any financial instruments which were not measured at fair value in the condensed interim statement of financial position. Due to their short-term nature, the carrying amounts of receivables and payables are assumed to approximate fair value. Net assets attributable to unitholders' carrying value may differ from its par value (deemed to be redemption proceeds for individual units) due to differences in valuation inputs. This difference is not material in the current or prior period.

4 FINANCIAL ASSETS

	AS AT	
	31 DECEMBER 2019 \$'000	30 JUNE 2019 \$'000
MCP Wholesale Investments Trust	1,245,044	1,243,553
Investment manager loan asset	28,313	29,540
	1,273,357	1,273,093

> *Investment manager loan asset*

The Fund provided a working capital loan to the Investment Manager. Over a period of ten years the Investment Manager will repay the Investment Manager Loan, including payment of interest on the loan which will be interest income to the Fund.

> *Investor equalisation expense (IEE)*

In consideration for the Investment Manager providing advisory and management services to the Fund under the Investment Management Agreement, the Investment Manager is paid an IEE. The IEE is a monthly expense to the Fund calculated based on Net Asset Value ("NAV") and payable to the Investment Manager for a period of 10 years from 16 April 2019.

An overview of the risk exposure relating to financial assets at fair value through profit or loss is included in Note 3 of the Fund's annual financial statements for the year ended 30 June 2019.

5 NET ASSETS ATTRIBUTABLE TO UNITHOLDERS – EQUITY

Under AASB 132 Financial instruments: Presentation, puttable financial instruments meet the definition of a financial liability to be classified as equity where certain strict criteria are met. The Fund has elected into the AMIT tax regime and consequently the Fund's constitution has been amended. The Fund does not have a contractual obligation to pay distributions to unitholders. Therefore, the net assets attributable to unitholders of the Fund meet the criteria set out under AASB 132 and are classified as equity.

As stipulated within the Fund's Constitution, each unit represents a right to an individual unit in the Fund and does not extend to a right to the underlying assets of the Fund. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

Movements in number of units and net assets attributable to unitholders during the half-year were as follows:

	HALF-YEAR ENDED 31 DECEMBER 2019		HALF-YEAR ENDED 31 DECEMBER 2018	
	UNITS ('000)	\$'000	UNITS ('000)	\$'000
Net assets attributable to unitholders				
Opening balance	636,858	1,274,001	363,471	727,340
Capital raising	–	–	–	–
Units issued upon reinvestment of distributions	929	1,862	274	549
Distributions paid and payable	–	(30,787)	–	(20,545)
Profit/(Loss)	–	32,291	–	21,234
Closing balance	637,787	1,277,367	363,745	728,578

6 DISTRIBUTIONS TO UNITHOLDERS

The distributions were paid/payable as follows:

	HALF-YEAR ENDED 31 DECEMBER 2019		HALF-YEAR ENDED 31 DECEMBER 2018	
	\$'000	CENTS PER UNIT	\$'000	CENTS PER UNIT
Distributions				
31 July	4,904	0.77	3,308	0.91
31 August	4,970	0.78	3,490	0.96
30 September	5,035	0.79	2,872	0.79
31 October	5,610	0.88	3,273	0.90
30 November	5,229	0.82	4,365	1.20
31 December (payable)	5,039	0.79	3,237	0.89
	30,787	4.83	20,545	5.65

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

7 EARNINGS PER UNIT

Earnings per unit amounts are calculated by dividing profit/(loss) attributable to unitholders before distributions by the weighted average number of units outstanding during the half-year.

	HALF-YEAR ENDED 31 DECEMBER 2019	HALF-YEAR ENDED 31 DECEMBER 2018
Profit/(loss) attributable to unitholders (\$'000)	32,291	21,234
Weighted average number of units on issue ('000)	637,374	363,653
Basic and diluted earnings per unit (cents)	5.07	5.84

8 RELATED PARTY TRANSACTIONS

(a) Responsible Entity

The Responsible Entity of the MCP Master Income Trust is The Trust Company (RE Services) Limited. The Responsible Entity is a wholly owned subsidiary in the Perpetual Limited Group (ASX: PPT).

(b) Key management personnel of the Responsible Entity Directors

The following persons held office as directors of The Trust Company (RE Services) Limited during the half-year and up to the date of this report:

NAME	DATE OF APPOINTMENT/RESIGNATION
Glenn Foster	
Michael Vainauskas	Resigned as Director on 27 September 2019
Andrew McIver	Resigned as Alternate Director for Michael Vainauskas on 2 September 2019 Appointed as Alternate Director for Glenn Foster on 2 September 2019 Resigned as Alternate Director for Glenn Foster on 27 September 2019
Vicki Riggio	
Phillip Blackmore	Alternate Director for Vicki Riggio
Richard McCarthy	
Simone Mosse	Appointed as Director on 27 September 2019

(c) Transactions with key management personnel

There were no transactions with key management personnel during the reporting period.

(d) Responsible Entity and other transactions

(i) Responsible Entity fee

This fee is charged by the Responsible Entity for managing the Fund and making it available to investors. It is calculated and accrued daily and paid monthly in arrears from the Fund's assets.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

(ii) Indirect costs

Indirect costs are any amounts that the Responsible Entity knows or where required, reasonably estimates, will reduce the Fund's returns that are paid from the Fund's assets (other than the Responsible Entity fee, recoverable expenses and transactional and operational costs) or that are paid from the assets of any interposed vehicle (such as the MCP Wholesale Investments Trust or wholesale funds) in which the Fund may invest.

All related party transactions are conducted on normal commercial terms and conditions. The transactions during the half-year and amounts payable at half-year end between the Fund and the Responsible Entity were as follows:

	HALF-YEAR ENDED 31 DECEMBER 2019 \$'000	HALF-YEAR ENDED 31 DECEMBER 2018 \$'000
Responsible entity fees for the half-year paid/payable by the Fund	144,679	108,510
Aggregate amount payable to The Trust Company (RE Services) Limited at the half-year end	144,679	160,801

Fees payable to the Responsible Entity are calculated on the adjusted net asset value of the Fund and accrued daily and paid monthly in arrears from the assets of the Fund and reflected in the daily unit price.

(e) Key management personnel of the Responsible Entity and Investment Manager compensation

Payments made from the Fund to The Trust Company (RE Services) Limited do not include any amounts directly attributable to key management personnel remuneration.

(f) Key management personnel of the Responsible Entity unitholdings

During or since the end of the period, none of the Directors or Director related entities held units in the Fund, either directly, indirectly or beneficially.

Neither the Responsible Entity nor its affiliates held units in the Fund at the end of the period.

9 SEGMENT INFORMATION

The Fund is organised into one main operating segment with only one key function, being the investment of funds predominantly in Australia.

10 CONTINGENT ASSETS AND LIABILITIES AND COMMITMENTS

There are no outstanding contingent assets and liabilities or commitments as at 31 December 2019 and 30 June 2019.

11 EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 20 December 2019, the Directors declared a distribution of 0.79 cents per ordinary unit which amounted to \$5,038,517 and was paid on 9 January 2020.

On 24 January 2020, the Directors declared a distribution of 1.05 cents per ordinary unit which amounted to \$6,698,281 and was paid on 10 February 2020.

On 24 January 2020 the Responsible Entity lodged a Product Disclosure Statement with ASIC and the ASX, announcing that the Fund was seeking to raise additional capital of approximately \$638 million via an Entitlement and Shortfall Offer.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

Under the Entitlement Offer, eligible unitholders are invited to apply for 1 new unit for every 2 units held on the record date, being 12 February 2020. New units will be issued at a price of \$2.00 per unit. Any units not taken up by eligible unitholders will be offered under the Oversubscription Facility to new investors under the Shortfall Offer.

The Entitlement Offer closes on 6 March 2020, and results will be announced on 9 March 2020. Units issued under the Entitlement Offer are expected to be issued on 13 March 2020 and commence trading on the ASX on 16 March 2020.

Units under the Shortfall Offer are expected to be issued on 18 March 2020, with trading on the ASX to commence on 20 March 2020.

On 13 January 2020 the Responsible Entity announced that the Fund's Unit Registry had transitioned from Mainstream Fund Services Pty Ltd ("Mainstream") to Automic Group. Furthermore, on 20 January 2020, the Fund Administration function transitioned from Mainstream to MCH Fund Administration Services Pty Ltd, a wholly owned subsidiary of Metrics Credit Holdings Pty Ltd.

No other matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect:

- (i) the operations of the Fund in future financial years, or
- (ii) the results of those operations in future financial years, or
- (iii) the state of affairs of the Fund in future financial years.

DIRECTORS' DECLARATION

In the opinion of the Directors of The Trust Company (RE Services) Limited, the Responsible Entity of MCP Master Income Trust:

- (a) the financial statements and notes set out on pages 7 to 18 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Fund's financial position as at 31 December 2019 and of its performance for the half-year to 31 December 2019;
 - (ii) complying with Australian Accounting Standards AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



Director
The Trust Company (RE Services) Limited

Sydney
19 February 2020

INDEPENDENT AUDITOR'S REVIEW REPORT



Independent Auditor's Review Report

To the unitholders of MCP Master Income Trust

Conclusion

We have reviewed the accompanying **Condensed Interim Financial Statements** of MCP Master Income Trust (the Fund).

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Condensed Interim Financial Statements of the Fund is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Fund's financial position as at 31 December 2019 and of its performance for the **Half-year** ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Condensed Interim Financial Statements** comprises:

- Condensed statement of financial position as at 31 December 2019
- Condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows for the period from 1 July 2019 to 31 December 2019
- Notes 1 to 11 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration made by the Directors of The Trust Company (RE Services) Limited (the Responsible Entity).

Responsibilities of the Directors for the Condensed Interim Financial Statements

The Directors of the Responsible Entity are responsible for:

- the preparation of the Condensed Interim Financial Statements that give a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- such internal control as the Directors determine is necessary to enable the preparation of the Condensed Interim Financial Statements that is free from material misstatement, whether due to fraud or error.

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Auditor's responsibility for the review of the Condensed Interim Financial Statements

Our responsibility is to express a conclusion on the Condensed Interim Financial Statements based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Condensed Interim Financial Statements are not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Fund's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of MCP Master Income Trust, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of Condensed Interim Financial Statements consist of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.


KPMG


Andrew Reeves
Partner
Sydney
19 February 2020

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