

For personal use only

METRICS MASTER INCOME TRUST

CONDENSED INTERIM FINANCIAL STATEMENTS

For the half-year ended 31 December 2021

ARSN 620 465 090



METRICS

CONTENTS

| | |
|--|-----------|
| Metrics Master Income Trust Appendix 4D | 1 |
| Directors' Report | 3 |
| Lead Auditor's Independence Declaration | 6 |
| Condensed Interim Statement of Comprehensive Income | 7 |
| Condensed Interim Statement of Financial Position | 8 |
| Condensed Interim Statement of Changes in Equity | 9 |
| Condensed Interim Statement of Cash Flows | 10 |
| Notes to the Condensed Interim Financial Statements | 11 |
| Directors' Declaration | 18 |
| Independent Auditor's Review Report | 19 |

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

The Responsible Entity of the Metrics 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

METRICS MASTER INCOME TRUST APPENDIX 4D

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

DETAILS OF REPORTING PERIOD

Current: Half-year ended 31 December 2021

Previous corresponding: Half-year ended 31 December 2020

The Directors of The Trust Company (RE Services) Limited, the Responsible Entity of the Metrics Master Income Trust (the "Fund") announce the reviewed results of the Fund for the half-year ended 31 December 2021 as follows:

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Extracted from Condensed Interim Financial Statements for the half-year ended 31 December 2021:

| | INCREASE/(DECREASE) OVER CORRESPONDING PERIOD | | | |
|--|---|----------------|-------|---------|
| | 2021 \$'000 | 2020 \$'000 | % | \$'000 |
| Revenue from ordinary activities | 33,614 | 34,415 | -2.3% | (801) |
| Profit/(loss) from the half-year | 30,852 | 32,040 | -3.7% | (1,188) |
| Total comprehensive income/(loss) for the half-year | 30,852 | 32,040 | -3.7% | (1,188) |

DETAILS OF DISTRIBUTIONS

Distributions for the half-year ended 31 December 2021 were \$30,472,000 (4.09 cents per ordinary unit).

Subsequent to the period end, on 24 January 2022, the Directors declared a distribution of 0.74 cents per ordinary unit which amounted to \$5,808,584 and was paid on 8 February 2022.

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 2021 | AS AT 31 DEC 2020 |
|---|----------------------|----------------------|
| Total Net Tangible Assets attributable to unitholders (\$'000) | 1,570,450 | 1,280,500 |
| Units on issue ('000) | 784,788 | 639,191 |
| Net Tangible Assets attributable to unit holders per unit (cents) | 2.00 | 2.00 |

METRICS MASTER INCOME TRUST APPENDIX 4D (CONTINUED)

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 2021.

| NAME OF ENTITIES | DATE OF GAIN OF CONTROL | DATE OF LOSS OF CONTROL | CONTRIBUTION TO PROFIT 31 DEC 2021 (\$'000) |
|---------------------------------|-------------------------|-------------------------|---|
| MCP Wholesale Investments Trust | 5/10/2017 | N/A | 33,029 |

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 has been subject to an independent review by the Fund's auditor, 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 Metrics 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 2021 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 preserve investor capital.

The Fund was constituted on 25 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 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 | |
|-------------------|---|
| Glenn Foster | |
| Simone Mosse | |
| Vicki Riggio | |
| Phillip Blackmore | Alternate for Vicki Riggio |
| Richard McCarthy | Resigned as Director on 1 February 2022 |

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 condensed interim financial statements. The value of the Fund's assets and liabilities is disclosed in the condensed 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 DEC 2021 UNITS ('000) | AS AT 30 JUN 2021 UNITS ('000) |
|----------------|--------------------------------------|--------------------------------------|
| Units on issue | 784,788 | 735,574 |

DIRECTORS' REPORT (CONTINUED)

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 DEC 2021 | HALF-YEAR ENDED 31 DEC 2020 |
|--|-----------------------------------|-----------------------------------|
| Operating profit/(loss) for the half-year (\$'000) | 30,852 | 32,040 |
| Distributions paid and payable (\$'000) | 30,472 | 29,969 |
| Distributions (cents per unit) | 4.09 | 4.69 |

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

In November 2021, a Unit Purchase Plan was offered to existing unitholders in the Fund, which raised \$97.2 million. The new units were issued on 3 December 2021 and commenced trading on the ASX on 6 December 2021.

The Directors continue to assess the potential financial and other impacts of the coronavirus (COVID-19) outbreak to the Fund. The current high-level of uncertainty regarding the severity and length of COVID-19 on investment markets has impacted investment outcomes and increased volatility in investment performance during the half-year.

At the date of signing, the future impacts of COVID-19 on global and domestic economies and investment market indices, and their resulting impact on the Fund are uncertain. The Directors and Investment Manager will continue to monitor this situation.

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

EVENTS SUBSEQUENT TO REPORTING DATE

On 24 January 2022, the Directors declared a distribution of 0.74 cents per ordinary unit which amounted to \$5,808,584 and was paid on 8 February 2022.

On 1 February 2022, Richard McCarthy resigned as a Director.

As noted above, the impacts of COVID-19 are still unfolding, and there may be further impacts on the Fund. No other matter or circumstance has arisen since 31 December 2021 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 Responsible Entity or the auditors of the Fund. So long as the officers of the Responsible Entity act in accordance with the Fund's Constitution and the *Corporations Act 2001*, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund.

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

DIRECTORS' REPORT (CONTINUED)

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 condensed interim 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 condensed interim 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 a 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 report is made in accordance with a resolution of the Directors of the The Trust Company (RE Services) Limited.



Director
The Trust Company (RE Services) Limited

Sydney
18 February 2022

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 Metrics Master Income Trust for the period from 1 July 2021 to 31 December 2021 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

Andrew Reeves
Partner

Sydney
18 February 2022

For personal use only

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

| | NOTES | HALF-YEAR ENDED 31 DECEMBER 2021 \$'000 | HALF-YEAR ENDED 31 DECEMBER 2020 \$'000 |
|--|-------|---|---|
| Investment income | | | |
| Interest income | | 585 | 553 |
| Net gains/(losses) on financial instruments at fair value through profit or loss | | 431 | 1,995 |
| Distribution income | | 32,598 | 31,867 |
| Total investment income | | 33,614 | 34,415 |
| Expenses | | | |
| Responsible Entity's fees | 8 | 172 | 134 |
| Investor equalisation expense | | 2,244 | 1,916 |
| Administrative expenses | | 330 | 310 |
| Remuneration of auditors | | 16 | 15 |
| Total expenses | | 2,762 | 2,375 |
| Profit/(loss) | | 30,852 | 32,040 |
| Other comprehensive income | | – | – |
| Total comprehensive income/(loss) for the half-year | | 30,852 | 32,040 |
| Earnings per unit for profit attributable to unitholders of the Fund | | | |
| Basic and diluted gain/(loss) per unit (cents) | 7 | 4.15 | 5.01 |

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 2021

| | NOTES | AS AT 31 DECEMBER 2021 \$'000 | AS AT 30 JUNE 2021 \$'000 |
|--|-------|--|------------------------------------|
| Assets | | | |
| Cash and cash equivalents | | 1,344 | 1,394 |
| Distributions receivable | | 6,338 | 5,160 |
| GST and other receivables | | 160 | 85 |
| Financial assets at fair value through profit of loss | 4 | 1,568,946 | 1,470,121 |
| Total assets | | 1,576,788 | 1,476,760 |
| Liabilities | | | |
| Distributions payable | 6 | 6,045 | 4,783 |
| Responsible Entity's fees payable | | 165 | 215 |
| Administrative fees payable | | 39 | 20 |
| Investor equalisation fees payable | | 37 | 36 |
| Remuneration of auditors payable | | 17 | 23 |
| Other payables | | 35 | 41 |
| Total liabilities | | 6,338 | 5,118 |
| Net assets attributable to unitholders – equity | 5 | 1,570,450 | 1,471,642 |

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 2021

| | | HALF-YEAR ENDED 31 DECEMBER 2021 | HALF-YEAR ENDED 31 DECEMBER 2020 |
|--|-------|---|---|
| | NOTES | \$'000 | \$'000 |
| Total Equity at the beginning of the half-year | | 1,471,642 | 1,277,532 |
| Comprehensive income/(loss) for the half-year | | | |
| Profit/(loss) | | 30,852 | 32,040 |
| Other comprehensive income/(loss) | | – | – |
| Total comprehensive income for the half-year | | 30,852 | 32,040 |
| Transactions with unitholders | | | |
| Units issued upon reinvestment of distributions | 5 | 1,240 | 897 |
| Distributions paid and payable | 5 | (30,472) | (29,969) |
| Capital Raising | 5 | 97,188 | – |
| Total transactions with unitholders | | 67,956 | (29,072) |
| Total net assets attributable to unitholders – equity at the end of the half-year | | 1,570,450 | 1,280,500 |

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

For personal use only

CONDENSED INTERIM STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

| | HALF-YEAR ENDED 31 DECEMBER 2021 \$'000 | HALF-YEAR ENDED 31 DECEMBER 2020 \$'000 |
|--|---|---|
| Cash flows from operating activities | | |
| Interest received | 1 | 2 |
| Net investor equalisation expense paid | (217) | (201) |
| Distribution income received | 31,420 | 32,968 |
| Responsible Entity's fees paid | (222) | – |
| Administrative, audit and other expenses paid | (244) | (102) |
| Net cash inflow/(outflow) from operating activities | 30,738 | 32,667 |
| Cash flows from investing activities | | |
| Purchase of financial assets | (100,000) | (1,500) |
| Net cash inflow/(outflow) from investing activities | (100,000) | (1,500) |
| Cash flows from financing activities | | |
| Proceeds from application by unitholders | 97,188 | – |
| Distributions paid to unitholders | (27,976) | (30,326) |
| Net cash inflow/(outflow) from financing activities | 69,212 | (30,326) |
| Net increase/(decrease) in cash and cash equivalents | (50) | 841 |
| Cash and cash equivalents at the beginning of the half-year | 1,394 | 1,521 |
| Cash and cash equivalents at the end of the half-year | 1,344 | 2,362 |

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 Metrics 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 ("ASIC") 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 ("the Manager") (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 18 February 2022. The Directors of the Responsible Entity have the power to amend and reissue the condensed interim 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 2021 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 2021.

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 2021, there are no new accounting standards, amendments and interpretations that are expected to have a material impact on the condensed interim 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 condensed 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 (CONTINUED)

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 basis 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 (CONTINUED)

The following table presents the Fund's financial assets and liabilities measured and recognised at fair value as at 31 December 2021 and 30 June 2021.

| | LEVEL 1 \$'000 | LEVEL 2 \$'000 | LEVEL 3 \$'000 | TOTAL \$'000 |
|---------------------------------|-------------------|-------------------|-------------------|-----------------|
| AT 31 DECEMBER 2021 | | | | |
| Financials assets | | | | |
| MCP Wholesale Investments Trust | – | 1,540,943 | – | 1,540,943 |
| Total financial assets | – | 1,540,943 | – | 1,540,943 |
| AT 30 JUNE 2021 | | | | |
| Financials assets | | | | |
| MCP Wholesale Investments Trust | – | 1,440,512 | – | 1,440,512 |
| Total financial assets | – | 1,440,512 | – | 1,440,512 |

(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 2021 and 30 June 2021.

(v) Valuation processes

Investment manager loan assets are classified and measured at amortised cost.

(vi) Fair values of other financial instruments

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 2021 \$'000 | AS AT 30 JUNE 2021 \$'000 |
|---------------------------------|--|------------------------------------|
| MCP Wholesale Investments Trust | 1,540,943 | 1,440,512 |
| Investment manager loan asset | 28,003 | 29,609 |
| | 1,568,946 | 1,470,121 |

> 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 2021.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

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 from inception. 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 share 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.

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

| | HALF-YEAR ENDED 31 DECEMBER 2021 | | HALF-YEAR ENDED 31 DECEMBER 2020 | |
|---|-------------------------------------|------------------|-------------------------------------|------------------|
| | UNITS ('000) | \$'000 | UNITS ('000) | \$'000 |
| Net assets attributable to unitholders | | | | |
| Opening balance | 735,574 | 1,471,642 | 638,744 | 1,277,532 |
| Capital raising | 48,594 | 97,188 | – | – |
| Units issued upon reinvestment of distributions | 620 | 1,240 | 447 | 897 |
| Distributions paid and payable | – | (30,472) | – | (29,969) |
| Profit/(Loss) | – | 30,852 | – | 32,040 |
| Closing balance | 784,788 | 1,570,450 | 639,191 | 1,280,500 |

6 DISTRIBUTIONS TO UNITHOLDERS

The distributions were paid/payable as follows:

| | HALF-YEAR ENDED 31 DECEMBER 2021 | | HALF-YEAR ENDED 31 DECEMBER 2020 | |
|------------------------|-------------------------------------|-------------------|-------------------------------------|-------------------|
| | \$'000 | CENTS PER UNIT | \$'000 | CENTS PER UNIT |
| Distributions | | | | |
| 31 July | 4,340 | 0.59 | 5,494 | 0.86 |
| 31 August | 4,929 | 0.67 | 5,622 | 0.88 |
| 30 September | 4,709 | 0.64 | 4,601 | 0.72 |
| 31 October | 5,004 | 0.68 | 4,729 | 0.74 |
| 30 November | 5,445 | 0.74 | 5,049 | 0.79 |
| 31 December (payable)* | 6,045 | 0.77 | 4,474 | 0.70 |
| | 30,472 | 4.09 | 29,969 | 4.69 |

* The distribution for the period ending 31 December 2021 was paid on 11 January 2022.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

7 EARNINGS PER UNIT

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

| | HALF-YEAR ENDED 31 DECEMBER 2021 | HALF-YEAR ENDED 31 DECEMBER 2020 |
|--|--|--|
| Operating profit/(loss) attributable to unitholders (\$'000) | 30,852 | 32,040 |
| Weighted average number of units on issue ('000) | 743,256 | 638,989 |
| Basic and diluted earnings per unit (cents) | 4.15 | 5.01 |

8 RELATED PARTY TRANSACTIONS

For the purpose of these condensed interim financial statements, parties are considered to be related to the Fund if they have the ability, directly or indirectly, to control or exercise significant influence over the Fund in making financial and operating disclosures. Related parties may be individuals or other entities.

Responsible Entity

The Responsible Entity of the Metrics 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). Perpetual Corporate Trust Limited, a related party of the Responsible Entity, provides custody services to the Fund. Amounts presented under the Responsible Entity fees include fees paid for Responsible Entity services and custody services.

The Investment Manager of the Fund is Metrics Credit Partners Pty Ltd.

(a) Directors

Key management personnel includes persons who were Directors of the Responsible Entity at any time during the period as follows:

| NAME | |
|-------------------|---|
| Glenn Foster | |
| Simone Mosse | |
| Vicki Riggio | |
| Phillip Blackmore | Alternate for Vicki Riggio |
| Richard McCarthy | Resigned as Director on 1 February 2022 |

(b) Other key management personnel

There were no other persons responsible for planning, directing and controlling the activities of the Fund, directly or indirectly during the period.

Key management personnel unit holdings

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 31 December 2021.

Key management personnel compensation

Key management personnel do not receive any remuneration directly from the Fund. They receive remuneration from a related party of the Responsible Entity in their capacity as Directors or employees of the Responsible Entity or its related parties. Consequently, the Fund does not pay any compensation to its key management personnel. Payments made from the Fund to the Responsible Entity do not include any amounts attributable to the compensation of key management personnel.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

Key management personnel loan disclosures

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to the key management personnel or their personally related entities at any time during the reporting period.

Other transactions within the Fund

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the Fund since the end of the previous financial year and there were no material contracts involving Director's interests existing at 31 December 2021.

Responsible Entity's fees 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. The fee charged by the Custodian is for services provided in accordance with the terms of the Custodian Agreement. Fees payable to the Responsible Entity are calculated on the adjusted net asset value of the Fund and accrued daily and paid quarterly in arrears from the assets of the Fund and reflected in the daily unit price.

(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 2021 \$ | HALF-YEAR ENDED 31 DECEMBER 2020 \$ |
|--|---|---|
| Responsible entity fees for the half-year paid/payable by the Fund | 171,685 | 134,346 |
| Aggregate amount payable to The Trust Company (RE Services) Limited at the half-year end | 165,348 | 336,819 |

9 AUDITOR'S REMUNERATION

During the half year, the following fees were paid or payable for services provided by the auditors of the Fund:

| | HALF-YEAR ENDED 31 DECEMBER 2021 \$ | HALF-YEAR ENDED 31 DECEMBER 2020 \$ |
|--|---|---|
| KPMG | | |
| Audit and other assurance services | | |
| Audit and review of financial statements | 13,500 | 12,500 |
| Total remuneration of KPMG | 13,500 | 12,500 |
| PwC | | |
| Audit and other assurance services | | |
| Audit and review of annual compliance plan | 2,585 | 2,585 |
| Total remuneration of PwC | 2,585 | 2,585 |
| Total auditor remuneration | 16,085 | 15,085 |

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

10 SEGMENT INFORMATION

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

11 CONTINGENT ASSETS AND LIABILITIES AND COMMITMENTS

There are no other outstanding contingent assets and liabilities or commitments as at 31 December 2021 and 30 June 2021.

12 SIGNIFICANT CHANGES IN STATE OF AFFAIRS

In November 2021, a Unit Purchase Plan was offered to existing unitholders in the Fund, which raised \$97.2 million. The new units were issued on 3 December 2021 and commenced trading on the ASX on 6 December 2021.

The Directors continue to assess the potential financial and other impacts of the coronavirus (COVID-19) outbreak to the Fund. The current high-level of uncertainty regarding the severity and length of COVID-19 on investment markets has impacted investment outcomes and increased volatility in investment performance during the period.

At the date of signing, the future impacts of COVID-19 on global and domestic economies and investment market indices, and their resulting impact on the Fund are uncertain.

The Directors and Investment Manager will continue to monitor this situation.

There are no other significant changes in affairs that occurred during the half year.

13 EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 24 January 2022, the Directors declared a distribution of 0.74 cents per ordinary unit which amounted to \$5,808,584 and was paid on 8 February 2022.

On 1 February 2022, Richard McCarthy resigned as a Director.

As noted above, the impacts of COVID 19 are still unfolding, and there may be further impacts on the Fund. No other matter or circumstance since 31 December 2021 that has affected or may significantly affect the operations of the Fund, the results of those operations or the state of affairs of the Fund in subsequent years. The Fund continues to operate as a going concern.

DIRECTORS' DECLARATION

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

- (a) the condensed interim financial statements and notes set out on pages 7 to 17 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 2021 and of its performance for the half-year to 31 December 2021;
 - (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 of The Trust Company (RE Services) Limited.



Director
The Trust Company (RE Services) Limited

Sydney
18 February 2022

INDEPENDENT AUDITOR'S REVIEW REPORT



Independent Auditor's Review Report

To the unitholders of Metrics Master Income Trust

Conclusion

We have reviewed the accompanying **Condensed Interim Financial Statements** of Metrics 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 does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the Fund's financial position as at 31 December 2021 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 interim statement of financial position as at 31 December 2021
- Condensed interim statement of comprehensive income, Condensed interim statement of changes in equity and Condensed interim statement of cash flows for the Half-year ended on that date
- Notes 1 to 13 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

Basis of Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

For personal use only

INDEPENDENT AUDITOR'S REVIEW REPORT (CONTINUED)



Responsibilities of the Directors of the Responsible Entity for the Condensed Interim Financial Statements

The Directors of the Responsible Entity are responsible for:

- the preparation of the Condensed Interim Financial Statements that gives 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities 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. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Condensed Interim Financial Statements does not comply with the *Corporations Act 2001* including giving a true and fair view of the Fund's financial position as at 31 December 2021 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*.

A review of the Condensed Interim Financial Statements consists 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.

The KPMG logo, consisting of the letters 'KPMG' in a bold, blue, sans-serif font, with a small graphic element above the 'M'.

KPMG

A handwritten signature in black ink, appearing to read 'A.R.'.

Andrew Reeves
Partner

Sydney
18 February 2022

For personal use only

For personal use only

This page has been left blank intentionally.

For personal use only

