

PRESS RELEASE

Sydney, 2nd August 2022 – Foresight Analytics reaffirms three Metrics Credit Partner funds' investment rating as 'SUPERIOR'

Foresight Analytics & Ratings has recently completed a ratings assessment of three MCP Funds – the Metrics Income Opportunities Trust (MOT), Metrics Master Income Trust (MXT) and Metrics Direct Income Fund (MDIF).

All three fund ratings have been reaffirmed as SUPERIOR, reflecting Foresight Analytics' highest level of confidence that the funds will deliver a risk-adjusted return in line with its investment objectives. Since the time of this review and with over \$12 billion Assets Under Management (June 2022) across Australian corporate loans and private credit, Metrics is the sector's largest non-bank lender in Australia.

The Foresight Product Complexity Indicator (PCI) for MOT is COMPLEX, which indicates that the underlying investments in the Australian Private Credit market may be structurally complex and are illiquid. However, the Foresight PCI for MXT and MDIF is RELATIVELY SIMPLE, indicating that the Investment Manager will seek to outperform their chosen market sector, which is in this case, the Australian corporate loan market.

The MOT, MXT and MDIF are managed by Sydney-based Metrics Credit Partners Pty Ltd (Metrics). Metrics was formed in 2011 as a specialist corporate lending manager. Since inception, Metrics has launched several funds across the credit spectrum to suit different risk/return investor requirements. Additionally, Metrics has provided different structures for accessing the funds, with a mix of wholesale, retail, and listed investment trusts. In the last 18 months, Metrics has launched a NZ PIE fund for NZ wholesale investors (March 2021), the Metrics Diversified (Australia and NZ) Lending Fund (August 2021) and the Metrics Real Estate Partners Fund (Feb 2022).

The MOT is an ASX listed investment trust investing in a portfolio of largely sub-investment grade, private credit investments. The Trust also provides exposure to investments with equity-like characteristics such as warrants, options or preference shares as well as direct minority equity stakes in companies. This Trust, while giving exposure to some higher risk (sub-investment grade) private credit, is an attractive investment on a risk-return basis offering well-managed, well-diversified investment in a sub-asset class that would otherwise be difficult to access for non-bank investors.

Both MXT and MDIF are a registered Australian unit trust investing in the Australian corporate loan market through investment in Metrics' wholesale funds. The characteristics of both funds are exceptionally low capital volatility, regular monthly income flow, and a significant return margin compared with cash and short-term cash securities.

Foresight Analytics' analyst Maggie Callinan says, 'The strategies deployed by MCP to outperform, while requiring a depth of market experience and due diligence, are completely compatible with normal market practice. This includes the potential conversion of debt to equity in a restructuring, where the strategy is designed to limit capital loss/preserve investor capital.'

She adds, 'Metrics has grown significantly over the last two years, surpassing \$10 billion in assets under management in December 2021. Capital inflows have come from a variety of sources, including insurance companies and new institutional clients.'

About Foresight Analytics' Investment Due Diligence Rating (IDD Rating)

The objective of Foresight Analytics' Investment Due Diligence Rating (IDD Rating) is to identify the best funds and opportunities for future investment. We assess the fund's historical risk-adjusted performance - compared to its peers - to form a holistic view of the manager's ability to deliver future returns. The IDD rating indicates the quality of the investment option within the context of a diversified portfolio and full investment cycle.

Foresight's analysts use a 5-point scale to determine how the fund will perform against a range of risk factors.

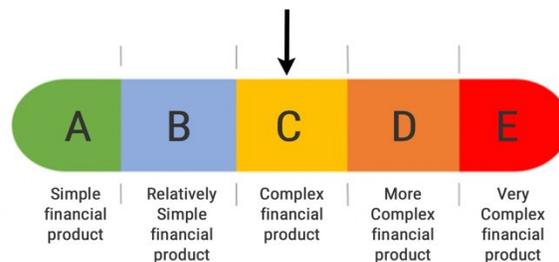
- **SUPERIOR** indicates the highest level of confidence that the fund can deliver a risk-adjusted return in line with its investment objectives and that it is highly suitable for inclusion on APLs.
- **VERY STRONG** indicates a very strong conviction that the fund can deliver a risk-adjusted return in line with its investment objectives and that it is suitable for inclusion on most APLs.
- **STRONG** indicates a strong likelihood that the fund can deliver a risk-adjusted return in line with its investment objectives and that it is suitable for inclusion on most APLs.
- **COMPETENT** indicates the fund may deliver a risk-adjusted return in line with its relevant benchmark and that it may be suitable for APLs.
- **WEAK** indicates the fund is unlikely to deliver a risk-adjusted return in line with its investment objective and that it is not suitable for most APLs.

A '**Hold**' designation is applied to a fund's rating if a material change impacts the fund manager, and we need to review the rating.

A '**Sell**' designation indicates the Foresight Investment Ratings Committee considers risk factors to be elevated enough that maintaining an investment in the fund as part of their diversified portfolio is questionable.

Foresight Complexity Indicator

A Foresight Complexity Indicator (FCI) highlights the complexity of an investment product based on a range of indicators. These typically include its terms and conditions, performance-based fees, liquidity structure, financial leverage, use of derivatives, rare and niche asset class/opportunity set, currency exposure and the level of transparency offered for investors. Foresight believes these factors can disproportionately affect risk-adjusted return outcomes for investors even if a manager is very skilled. Investors can use FCI as a guide to portfolio position sizing within a diversified portfolio context.



The full research report is available on the Foresight 360 Digital platform. The platform can be accessed via www.foresightanalytics.com

Media Contact – Foresight Analytics

Maggie Callinan, Analyst

Suite 208, 33 Lexington Drive, Bella Vista, 2153, NSW

Telephone: 0435 610 293/ 02 8883 1369

Email: maggie@foresight-analytics.com

Web: www.foresight-analytics.com

About Foresight Analytics

Foresight Analytics, an independent Sydney-based firm, provides investment diligence, data analytics, and advisory solutions to leading investment management companies, superannuation funds and wealth groups across the Asia Pacific. Foresight's innovative, evidence-based approach blends both human and forensic insights to provide a range of analytical, predictive and market intelligence solutions to investors. Foresight Analytics was founded in 2015 by Jay Kumar, a former executive of Morningstar, Optimix Investment Management, ANZ Wealth & Private Bank and the Reserve Bank of Fiji.

Foresight's fiduciary solutions include Diligence Services (Investment, Operational, ESG & Risk Diligence), Data Analytics and Asset Consulting. Foresight's fund strategy solutions include Data Analytics for asset managers, Fund Strategy Benchmarking Solutions and Strategic Research.

For more information on our capabilities, please visit our website at www.foresight-analytics.com and social media platforms via [LinkedIn](#), [Facebook](#), or [Twitter](#).

For additional analyst insights, thematic research, and market commentaries, please visit our website at www.foresightanalytics.com and streaming channels [YouTube](#) and [Podcast](#).