

For personal use only

# METRICS INCOME OPPORTUNITIES TRUST

**ANNUAL REPORT**

**For the year ended 30 June 2022**

ARSN 631 320 628



**METRICS**

## CONTENTS

Metrics Income Opportunities Trust Appendix 4E	1
Directors' report	3
Investment Manager's report	6
Corporate governance statement	8
Auditor's independence declaration	14
Statement of profit or loss and other comprehensive income	15
Statement of financial position	16
Statement of changes in equity	17
Statement of cash flows	18
Notes to the financial statements	19
Directors' declaration	39
Audit report	40
ASX additional information	44

This report covers the Metrics Income Opportunities Trust as an individual entity.

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

Level 18, Angel Place, 123 Pitt Street, Sydney, NSW 2000

## METRICS INCOME OPPORTUNITIES TRUST APPENDIX 4E

FOR THE YEAR ENDED 30 JUNE 2022

### DETAILS OF REPORTING PERIOD

Current: Year ended 30 June 2022

Previous corresponding: Year ended 30 June 2021

The Directors of The Trust Company (RE Services) Limited, the Responsible Entity of the Metrics Income Opportunities Trust (the “Fund” or “MOT”) announce the audited results of the Fund for the year ended 30 June 2022 as follows:

### RESULTS FOR ANNOUNCEMENT TO THE MARKET

Extracted from Financial Statements for the year ended 30 June 2022.

	2022 \$'000	2021 \$000	% INCREASE/ (DECREASE)
Revenue from ordinary activities	56,387	30,697	84%
Profit/(loss) for the year	47,487	25,741	84%
Total comprehensive income/(loss) for the year	47,487	25,741	84%

### DETAILS OF DISTRIBUTIONS

	YEAR ENDED 30 JUNE 2022		YEAR ENDED 30 JUNE 2021	
	\$'000	CPU*	\$'000	CPU*
The distributions for the year were as follows:	29,913	13.20	22,224	12.82

\* Distribution is expressed as the cents per unit amount in Australian Dollars.

Subsequent to year end, on 29 July 2022, the Directors declared a distribution of 0.98 cents per ordinary unit which amounted to \$2,597,636 and was paid on 8 August 2022.

On 24 August, the Directors announced to the ASX that a distribution of 1.28 cents per ordinary unit amounting \$3,393,583 will be paid on 8 September 2022.

### DETAILS OF DISTRIBUTION REINVESTMENT PLAN

The Responsible Entity has established a Distribution Reinvestment Plan (“DRP”) on 13 May 2019 in relation to all future distributions.

The Responsible Entity expects to make distributions on a monthly basis. For such distributions, it is expected 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 MOT constitution on the record date.



## NET TANGIBLE ASSETS

	AS AT 30 JUNE 2022	AS AT 30 JUNE 2021
Total Net Tangible Assets attributable to unitholders (\$'000)	559,835	351,730
Units on issue ('000)	264,991	173,521
Net Tangible Assets attributable to unit holders per unit (\$)	2.11	2.03

## CONTROL GAINED OR LOST OVER ENTITIES DURING THE YEAR

There were no entities over which control was gained or lost during the year ended 30 June 2022.

NAME OF ENTITIES	DATE OF GAIN OF CONTROL	DATE OF LOSS OF CONTROL	CONTRIBUTION TO PROFIT 30 JUNE 2022 (\$'000)
Metrics Wholesale Income Opportunities Trust	23 Apr 2019	–	55,878

## DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

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

## INDEPENDENT AUDIT REPORT

Additional disclosure requirements can be found in the notes to the Metrics Income Opportunities Trust financial statements for the year ended 30 June 2022.

This report is based on the financial report which has been audited by the Fund's auditor. All the documents comprise the information required by Listing Rule 4.3A.

## DIRECTORS' REPORT

The Trust Company (RE Services) Limited (ABN 45 003 278 831, AFSL 235150) is the responsible entity (the "**Responsible Entity**") of Metrics Income Opportunities Trust (the "**Fund**"). The directors of the Responsible Entity (the "**Directors**") present their report together with the financial statements of the Fund for the year ended 30 June 2022.

### PRINCIPAL ACTIVITIES

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

The Fund's investment strategy is to create a diversified exposure to private credit investments and other assets such as warrants, options, preference shares and equity. Through active portfolio risk management, the Investment Manager seeks to provide a target cash income distribution of 7.00% per annum net of fees and costs, paid monthly, and to preserve investor capital. Amounts raised by the Fund are invested in the Metrics Wholesale Income Opportunities Trust. The Metrics Wholesale Income Opportunities Trust invests directly in wholesale funds 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 25 February 2019, commenced operations on 23 April 2019 and its units commenced trading on the Australian Securities Exchange (ASX: MOT) on 29 April 2019.

The Fund did not have any employees during the year.

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

### DIRECTORS

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

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

### UNITS ON ISSUE

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

	AS AT 30 JUNE 2022 UNITS ('000)	AS AT 30 JUNE 2021 UNITS ('000)
Units on issue	264,991	173,521

### REVIEW AND RESULTS OF OPERATIONS

During the 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 ("**Fund's Constitution**").

### RESULTS

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

	YEAR ENDED 30 JUNE 2022	YEAR ENDED 30 JUNE 2021
Profit/(loss) for the year (\$'000)	47,487	25,741
Distributions paid/payable (\$'000)	29,913	22,224
Distributions (cents per unit)	13.20	12.82

## FINANCIAL POSITION

As at 30 June 2022, the Fund's total assets amounted to \$559,835,000 (30 June 2021: \$355,072,000)\*.

Net Tangible Assets ("NTA") per unit as disclosed to the ASX were as follows:

	YEAR ENDED 30 JUNE 2022	YEAR ENDED 30 JUNE 2021
At reporting period*	<b>2.1243</b>	2.0435
High during period	<b>2.1310</b>	2.0435
Low during period	<b>2.0273</b>	2.0078

\* The above NTA per unit was the cum-price which includes 1.17 cents per unit distribution (2021: 1.98 cents per unit)

## SIGNIFICANT CHANGES IN STATES OF AFFAIRS

In September 2021, the Investment Manager completed a Wholesale Placement for the Fund, which was well supported and raised the maximum 15% of NAV, or \$52.8 million. The new units were issued on 3 September 2021, and commenced trading on the ASX on 6 September 2021.

Following the Wholesale Placement, a Unit Purchase Plan was offered to existing unitholders in the Fund, which raised a further \$22.8 million. The new units were issued on 5 October 2021 and commenced trading on the ASX on 6 October 2021.

In March 2022 an entitlement offer for \$27.7 million and a shortfall offer for \$85.4 million (Total \$113.1 million) were finalised. The new units were issued and commenced trading on the ASX on 3 March 2022 and 8 March 2022 respectively.

The Fund (via its investment in the MCP Credit Trust) holds an investment in the MCP Financial Services Trust, which invests in privately held Financial Services Businesses. In accordance with the valuation and unit pricing policy of MCP Financial Services Trust an independent assessment of the carrying value of equity investments is undertaken each half year. The MCP Financial Services Trust received independent assessments of two investments in December and it was determined that revaluations were required to reflect the current fair value of the assets, resulting in the uplift reflected in the published Net Asset Value on 16 December 2021 and 23 December 2021.

\* Amounts have not been rounded.

In line with the Fund's accounting policy, these financial assets are held at fair value and the revaluations of approximately \$18.5 million were recognized in profit or loss. This revaluation also resulted in the accrual of a \$2.7 million Performance fee for the benefit of the Investment Manager. Ordinarily this fee would be payable at the end of the current financial year, however, given the Fund has not crystallized the gain on these investments, the Investment Manager will defer the required payment any accrued performance fees referable to an increase in the value of unrealized equity investments.

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 management will continue to monitor this situation.

Further to this, the current geopolitical events have also had a global market impact and uncertainty exists as to their implications. Such disruptions can adversely affect the assets, performance and liquidity of investment funds.

Recognising the rising Russia/Ukraine conflict as well as Australia's broadening of its existing autonomous sanctions, the Directors and management continue to remain abreast of developments in this area and monitor the potential impacts across the Fund.

On 1 February 2022, Richard McCarthy resigned as Director.

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

## MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 29 July 2022, the Directors declared a distribution of 0.98 cents per ordinary unit which amounted to \$2,597,636\* and was paid on 8 August 2022.

On 24 August, the Directors announced to the ASX that a distribution of 1.28 cents per ordinary unit amounting \$3,393,583\* will be paid on 8 September 2022.

As noted above, the impacts of COVID-19 are still unfolding, and there may be further impacts on the Fund. There is no other matter or circumstance which has arisen since 30 June 2022 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 regard to the insurance cover provided to either 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 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 year are disclosed in Note 12 of the financial statements.

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

The number of interests in the Fund held by the Responsible Entity or its associates as at the end of the financial year are disclosed in Note 12 of the financial statements.

#### **UNITS IN THE FUND**

The movement in units on issue in the Fund during the year is disclosed in Note 7 of the financial statements.

The value of the Fund's assets and liabilities is disclosed in the statement of financial position and derived using the basis set out in Note 2 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 TO THE NEAREST THOUSAND DOLLARS**

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 Directors' report and Financial Statements. Amounts in the Directors' report and Financial Statements have been rounded to the nearest thousand dollars in accordance with that *ASIC Corporations Instrument*, unless otherwise indicated.

#### **AUDITOR'S INDEPENDENCE DECLARATION**

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 14.

This report 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  
29 August 2022

## INVESTMENT MANAGER'S REPORT

Metrics Income Opportunities Trust ("Fund" of "MOT") seeks to provide investors with access to a diversified portfolio of private credit assets with exposure to equity upside gains through its investment in the wholesale funds managed by Metrics. The Fund provides access to a diversified portfolio of private credit assets including Australian mid-market corporates, commercial real estate, and structured finance transactions at different levels of the capital structure and may also provide exposure to private equity and equity-like investments.

At the end of the June 2022 financial year, MOT had a NAV of \$560 million, compared to \$352 million in June 2021 as a result of inflows from three capital raisings during the financial year. This included a Wholesale Placement and Unit Purchase Plan in September 2021, which raised \$75 million and an Entitlement and Shortfall Offer in February 2022, which raised a further \$113 million. The proceeds of the capital raising activities have been successfully deployed to the underlying wholesale funds, resulting in increased portfolio diversification and additional market liquidity through an expanded investor base.

MOT has generated consistent monthly income distributions over the last twelve months and delivered a net return of 11.02%, outperforming the target return of 8 – 10% pa, including gains from the revaluation of two portfolio companies in which the Fund holds an equity interest. The Fund has delivered annualised returns since inception of 8.57% p.a., also outperforming the Fund's target return.

As at 30 June 2021, MOT has been deployed across 138 individual assets (compared to 89 assets in June 2021), entering 88 new investments and exiting 39 investments over the course of the financial year.

Credit performance has been stable over the last twelve months and MOT did not incur any credit losses or impairments. In May 2022, global credit ratings agency Standard & Poor's (S&P) reaffirmed a rating of A- to one of the underlying funds in the Fund – the MCP Real Estate Debt Fund.

As the pandemic continues to evolve and remains an ongoing risk, supply-chain disruption, input cost pressures and geopolitical risks are now contributing to uncertain business conditions. To mitigate these risks, the Manager continues to maintain its strong credit standards.

With a significant portion of AUM invested in floating rate instruments and an interest rate duration of 0.1 years, the Fund remains positioned to take advantage of a rising interest rate environment. The higher base rates are already rolling through the portfolio, with the 3M BBSW now at 1.81% at end of June 2022 (compared to 0.03% at end of June 2021) and this is expected to continue over the coming months.

### INVESTMENT MANAGER UPDATE

MOT provides investors with an investment product that delivers a highly skilled investment team and a robust, independent governance framework under the control of the Responsible Entity. Metrics continues to seek opportunities to diversify the portfolio, build scale, lower costs and manage the investment risks associated with the operations of the Fund.

During the 2022 financial year, Metrics' total assets under management has grown to in excess of \$12 billion following inflows from investors. During the year Metrics has launched two new wholesale funds and completed 4 capital raises across our ASX listed funds. As part of its continued growth, Metrics has continued to increase staff numbers to a current total of c.110, bringing onboard a wealth of experience and direct lending relationships and further building out its operational and governance practices.

Metrics received industry recognition over the 2022 financial year and was awarded Non-Bank Investor of the Year by the Asia Pacific Loan Market Association (APLMA), Best Private Debt Fund at the Australian Alternative Investment Awards and MXT was awarded Best Listed Investment Company at the 2021 Zenith Awards for the third year in a row. Metrics has been named as one of the Australian Financial Review's Sustainability Leaders for 2022, in recognition of the new Aboriginal and Torres Strait Islander business loan product.

## ESG UPDATE

Sustainability is at the heart of the Metrics business, which has a responsibility to act in the best long-term interests of investors in our funds. Our approach flows from the Board through the whole organisation. The Investment Committee is responsible for ensuring that the investment process reflects our Responsible Investment and ESG Policy and the firm's commitments under the UN-supported Principles for Responsible Investment.

We amplify our impact through collaborations with industry associations and during the year joined a number of new organisations including:

- Australian Sustainable Finance Institute (ASFI): Established to drive and coordinate the delivery of the Australian Sustainable Finance Roadmap.
- Responsible Investment Association Australasia (RIAA): Dedicated to ensuring capital is aligned with achieving a healthy society, environment and economy.
- Investor Group on Climate Change (IGCC): Focused on the impact that climate change has on the financial value of investments.

In November 2021, Metrics became an investor signatory to the Net Zero Asset Managers initiative and committed to achieving net zero alignment by 2050 or sooner. In the same month, Metrics committed to setting a science-based greenhouse gas emissions reduction target via the Science Based Targets initiative (SBTi), becoming one of the first financial institutions in Australia to do so. The SBTi drives ambitious climate action in the private sector by enabling companies to set science-based emissions reduction targets. The SBTi defines and promotes best practice in science-based target setting.

For personal use only

# CORPORATE GOVERNANCE STATEMENT

AS AT 30 JUNE 2022

## BACKGROUND

The Trust Company (RE Services) Limited (“**Responsible Entity**”) is the responsible entity for the Metrics Income Opportunities Trust (“**Trust**”), a registered managed investment scheme that is listed on the Australian Securities Exchange (“**ASX**”).

The Responsible Entity is a wholly owned subsidiary of Perpetual Limited (ASX: PPT) (“**Perpetual**”).

The Responsible Entity is reliant on Perpetual for access to adequate resources including directors, management, staff, functional support (such as company secretarial, responsible managers, legal, compliance, risk and finance) and financial resources. As at the date of this Corporate Governance Statement, Perpetual has at all times made such resources available to the Responsible Entity.

In operating the Trust, the Responsible Entity’s overarching principle is to always act in good faith and in the best interests of the Trust’s unitholders, in accordance with our fiduciary duty. The Responsible Entity’s duties and obligations in relation to the Trust principally arise from: the Constitution of the Trust; the Compliance Plan for the Trust; the Corporations Act 2001 (“**Act**”); the ASX Listing Rules; the Responsible Entity’s Australian Financial Services Licence; relevant regulatory guidance; relevant contractual arrangements; and other applicable laws and regulations.

## CORPORATE GOVERNANCE

At Perpetual, good corporate governance includes a genuine commitment to the ASX Corporate Governance Council Corporate Governance Principles and Recommendations 4th Edition (“**Principles**”).

The directors of the Responsible Entity are committed to implementing high standards of corporate governance in operating the Trust and, to the extent applicable to registered managed investment schemes, are guided by the values and principles set out in Perpetual’s Corporate Responsibility Statement and the Principles. The Responsible Entity is pleased to advise that, to the extent the Principles are applicable to registered managed investment schemes, its practices are largely consistent with the Principles.

As a leading responsible entity, the Responsible Entity operates a number of registered managed investment schemes (“**Schemes**”). The Schemes include the Trust as well as other schemes that are listed on the ASX.

The Responsible Entity’s approach in relation to corporate governance in operating the Trust is consistent with its approach in relation to the Schemes generally.

The Responsible Entity addresses each of the Principles that are applicable to externally managed listed entities in relation to the Schemes, including the Trust, as at the date of this Corporate Governance Statement.

## PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

The role of the Responsible Entity’s Board is generally to set objectives and goals for the operation of the Responsible Entity and the Schemes, to oversee the Responsible Entity’s management, to regularly review performance and to monitor the Responsible Entity’s affairs and act in the best interests of the unitholders of the Trust. The Responsible Entity’s Board is accountable to the unitholders of the Trust, and is responsible for approving the Responsible Entity’s overall objectives and overseeing their implementation in discharging their duties and obligations and operating the Trust.

Directors, management and staff are guided by Perpetual’s Code of Conduct and Perpetual’s Risk Appetite Statement which is designed to assist them in making ethical business decisions.

The role of the Responsible Entity’s management is to manage the business of the Responsible Entity in operating the Trust. The Responsible Entity Board delegates to management all matters not reserved to the Responsible Entity’s Board, including the day-to-day management of the Responsible Entity and the operation of the Trust.

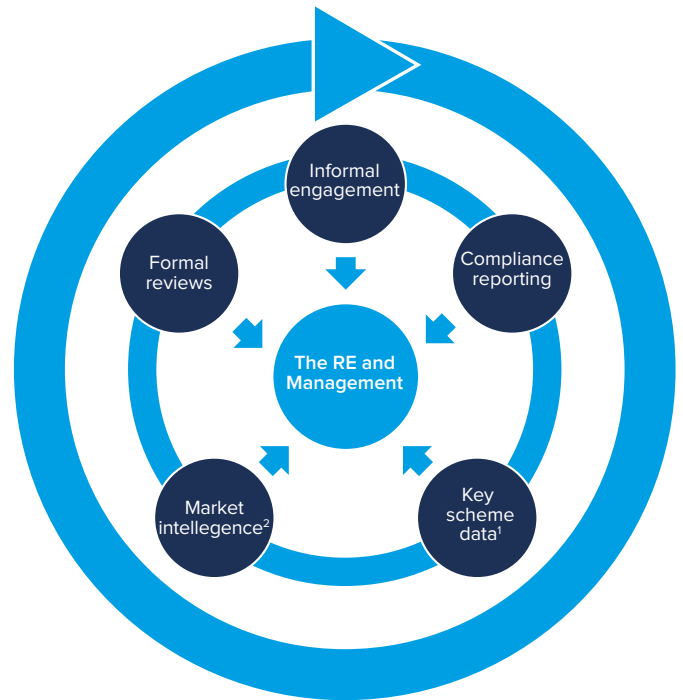
The Responsible Entity appoints agents (Service Providers) to manage the key operations of the Trust which include investment management, administration, custody and other specialist services and functions as required depending on the nature of the Trust. The RE obtains relevant services from third party service providers under outsourcing agreements.

Effective processes for monitoring Service Providers are integral to the Responsible Entity’s operations, given that substantial operational activities are outsourced to third parties. The Management of the Responsible Entity ensure a systematic and rigorous approach is applied with respect to monitoring the performance of outsourced Service Providers to the Trust.

The Responsible Entity views all interactions with Service Providers as a monitoring opportunity, from the informal discussions that regularly occur with Service Providers, to more formalised monitoring reviews. The outcomes of all interactions with Service Providers inform the Responsible Entity's view as to the extent to which the Service Provider is complying with their operational obligations to the Responsible Entity.

Prior to appointment, all Service Providers are subject to operational due diligence, to verify that the Service Provider can deliver the outsourced services in an efficient, effective and compliant manner. All Service Providers are assigned an initial operational risk rating.

The Responsible Entity's approach to Service Provider monitoring is outlined in the diagram below. In addition to the continuous monitoring that occurs through day to day interactions with Service Providers in the regular course of business, all Service Providers are required to periodically report to the Responsible Entity as to the extent to which they have met their obligations. Periodically, the Service Provider's risk rating is reviewed by the stakeholders within the business, based on the outcomes of all interactions that have occurred with the Service Provider during the review period.



1. Includes information regarding investment performance, actual versus strategic asset allocation, liquidity where applicable and complaints, incidents and issues arising with respect to the operation of the Trust
2. Information from secondary sources, including the media and analysts and rating house reports.

The Responsible Entity maintains policy, procedure and program documents that determine the nature and frequency of formal service provider monitoring reviews. Service providers are typically subject to reviews every 18 months.

The Service Provider risk rating dictates any additional monitoring measures required to be put in place – for example a Service Provider assessed as 'low to medium risk' will be subject to the standard monitoring measures the Responsible Entity utilises under the Service Provider Monitoring Framework. Service Providers risk rated 'high to very high' may be subject to additional oversight measures to deal with the factors that caused the Service Providers risk rating to be high or very high. In addition, management and stakeholders utilise the risk assessment rating in determining if any action is required when considering information and the outcomes of all interactions that have occurred with the Service Provider during the review period.

For personal use only

## PRINCIPLE 2 – STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE

At present the Responsible Entity Board consists of two executive directors, one non-executive director and one executive alternate director. The names of the current directors and year of appointment is provided below:

### The Trust Company (RE Services) Limited

Name of Director	Year of Appointment
Glenn Foster	2021 as a Non-executive Director
Simone Mosse	2019
Vicki Riggio	2018
Richard McCarthy	Resigned 1 February 2022
Phillip Blackmore (Alternate for Vicki Riggio)	2018

As the Responsible Entity's Board consists of a majority of executive directors, a Compliance Committee is appointed in relation to the Trust (refer to Principle 7). None of the directors of the Responsible Entity are independent and they are not remunerated by the Responsible Entity. The Compliance Committee comprises a majority of external members and is chaired by an external member who is not the chair of the Responsible Entity Board.

## PRINCIPLE 3 – INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY

The Responsible Entity relies on a variety of mechanisms to monitor and maintain a culture of acting lawfully, ethically and responsibly:

- > policies and procedures: a Code of Conduct which articulates and discloses Perpetual's values, cyclical mandatory training, a Whistleblowing Policy and a Gifts, Political Donations, Bribery and Corrupt Practices Policy (further details noted below);
- > Perpetual's Enterprise Behaviours framework, and risk ratings that are intertwined into its annual performance, remuneration and hiring processes; and
- > a regular feedback mechanism in place to assess employee sentiment, with actions implemented in response to results.

These apply to all directors and employees of Perpetual, and the Responsible Entity. The Code of Conduct, The Way We Work and core values supports all aspects of the way the Responsible Entity conducts its business and is embedded into Perpetual's performance management process.

The Code of Conduct draws from and expands on Perpetual's Core Values of integrity, partnership and excellence. The Code of Conduct underpins Perpetual's culture. The Responsible Entity Board and the Compliance Committee are informed of material breaches of the Code of Conduct which relate to the Schemes and the Responsible Entity.

Additional policies deal with a range of issues such as the obligation to maintain client confidentiality and to protect confidential information, the need to make full and timely disclosure of any price sensitive information and to provide a safe workplace for employees, which is free from discrimination. Compliance with Perpetual's Code of Conduct is mandatory for all employees. A breach is considered to be a serious matter that may impact an employee's performance and reward outcomes and may result in disciplinary action, including dismissal.

A full copy of the Code of Conduct is available on Perpetual's website ; (<https://www.perpetual.com.au/about/corporate-governance/code-of-conduct>).

Perpetual also has a Whistleblowing Policy to protect directors, executives, employees (including current and former), contractors and suppliers (and relatives and dependants of any of these people) who report misconduct, including:

- > conduct that breaches any law, regulation, regulatory licence or code that applies to Perpetual;
- > fraud, corrupt practices or unethical behaviour;
- > bribery;
- > unethical behaviour which breaches Perpetual's Code of Conduct or policies;
- > inappropriate accounting, control or audit activity; including the irregular use of Perpetual or client monies;
- > any conduct that amounts to modern slavery, such as debt bondage and human trafficking of employees; and
- > any other conduct which could cause loss to, or be detrimental to the interests or reputation of, Perpetual or its clients.

As part of Perpetual's Whistleblowing Policy, a third party has been engaged to provide an independent and confidential hotline for whistle-blowers who prefer to raise their concern with an external organisation.

A full copy of the Whistleblowing Policy is available on Perpetual's website (<https://www.perpetual.com.au/about/corporate-governance/code-of-conduct>).

As part of Perpetual's commitment to promoting good corporate conduct and to conducting business in accordance with the highest ethical and legal standards, bribery and corrupt practices will not be tolerated by Perpetual under any circumstances. Perpetual's Gifts, Political Donations, Bribery and Corrupt Practices Policy supports Perpetual's commitment by:

- > prohibiting the payment of political donations;
- > instituting proper procedures regarding the exchange of gifts;
- > clearly outlining Perpetual's zero tolerance for bribery and corruption; and
- > including avenues where concerns may be raised.

Material breaches of the Code of Conduct or the Gifts, Political Donations, Bribery and Corrupt Practice policy are managed in accordance with Perpetual's usual issues management process which would include reporting to the Responsible Entity Board and Compliance Committee where the breach relates to a product or service offered by the Responsible Entity.

A full copy of the Gifts, Political Donations, Bribery and Corrupt Practices Policy is available on Perpetual's website (<https://www.perpetual.com.au/about/corporate-governance/code-of-conduct>).

Mechanisms are in place to ensure the Responsible Entity Board and the Compliance Committee are informed of material breaches which impact the Trust and the Responsible Entity which would include material breaches of the Code of Conduct and material incidences reported under the Whistleblowing Policy.

#### **PRINCIPLE 4 – SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS**

The functions of an audit committee are undertaken by the full Responsible Entity Board with assistance from management. The Responsible Entity has policies and procedures designed to ensure that the Trust's:

- > financial reports are true and fair and meet high standards of disclosure and audit integrity; and
- > other reports released on ASX are materially accurate and balanced.

This includes policies relating to the preparation, review and sign off process required for the Trust's financial reports, the engagement of the Trust's independent auditors and the review and release of certain reports on the ASX.

The declarations under section 295A of the *Corporations Act 2001* provide formal statements to the Responsible Entity Board in relation to the Trust (refer to Principle 7). The declarations confirm the matters required by the Corporations Act in connection with financial reporting. The Responsible Entity receives confirmations from the service providers involved in financial reporting and management of the Trust, including the Investment Manager. These confirmations together with the Responsible Entity's Risk and Compliance Framework which includes the service provider oversight framework, assist its staff in making the declarations provided under section 295A of the Corporations Act. The Responsible Entity manages the engagement and monitoring of independent 'external' auditors for the Trust. The Responsible Entity Board receives periodic reports from the external auditors in relation to financial reporting and the compliance plans for the Trust.

#### **PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE**

The Responsible Entity has a continuous disclosure policy to ensure compliance with the continuous disclosure requirements of the Corporations Act and the ASX Listing Rules in relation to the Trust. This policy sets out the processes to review and authorise market announcements and is periodically reviewed to ensure that it is operating effectively. The Responsible Entity requires service providers, including the Investment Manager, to comply with its policy in relation to continuous disclosure for the Trust.

The Responsible Entity board has appointed a Continuous Disclosure Committee to assist in meeting its continuous disclosure obligations. The Committee is comprised of the Company Secretary (who is also the Continuous Disclosure Officer), General Manager Managed Fund Services Perpetual Corporate Trust, and General Manager Corporate Affairs & Investor Relations. The Responsible Entity's management is required to notify the Continuous Disclosure Officer or Continuous Disclosure Committee of any information a

reasonable person would expect to have a material effect on the unit price or would influence an investment decision in relation to the Trust, to determine if immediate disclosure to ASX is required.

The Responsible Entity board also considers its continuous disclosure obligations as a standing item at each scheduled board meeting.

#### **PRINCIPLE 6 – RESPECT THE RIGHTS OF UNITHOLDERS**

The Responsible Entity is committed to ensuring timely and accurate information about the Trust is available to security holders via the Trust's website. All ASX announcements are promptly posted on the Trust's website: <https://metrics.com.au/listed-funds/metrics-income-opportunities-trust/>. The annual and half year results financial statements and other communication materials are also published on the website.

In addition to the continuous disclosure obligations, the Responsible Entity receives and responds to formal and informal communications from unitholders and convenes formal and informal meetings of unitholders as requested or required. The meetings are held in accordance with the requirements of the Corporations Act that apply to a registered managed investment scheme. The Responsible Entity has an active program for effective communication with the unitholders and other stakeholders in relation to Trust.

The Responsible Entity is ultimately responsible for ensuring that any complaints received from unitholders are handled in accordance with its policy settings and regulatory requirements. The Responsible Entity has adopted Perpetual's Complaints Handling Policy, which is available at [www.perpetual.com.au/privacy-policy/making-a-complaint](http://www.perpetual.com.au/privacy-policy/making-a-complaint).

The Responsible Entity is a member of the Australian Financial Complaints Authority ("AFCA") external dispute resolution scheme. If unitholders are dissatisfied with the Responsible Entity's handling of their complaint, AFCA may be able to assist unitholders achieve resolution to their complaint.

The Responsible Entity is also committed to communicating with shareholders electronically in relation to communications from the unit registry. Shareholders may elect to receive information from the Company's share registry electronically.

#### **PRINCIPLE 7 – RECOGNISE AND MANAGE RISK**

The Responsible Entity has established a Compliance Committee, comprised of Johanna Turner ("**Chair**"), Penni James and Simone Mosse. A majority of the Responsible Entity Compliance Committee is comprised of external members, including an external independent Chair.

The Compliance Committee meets at least quarterly. The Compliance Committee Terms of Reference sets out its role and responsibilities, which is available upon request. The Compliance Committee is responsible for monitoring compliance by the Responsible Entity of the Compliance Plan for the Trust, Trust Constitution and the Corporations Act. It is also responsible for assessing the adequacy of the Compliance Plan for the Trust and making recommendations to the Responsible Entity board.

The Responsible Entity values the importance of robust risk and compliance management. The Responsible Entity operates under the Perpetual Limited ("**Perpetual**") Risk Management Framework ("**RMF**") which applies to all the activities Perpetual undertakes as Responsible Entity. The RMF aligns to International Standard ISO 31000:2018 'Risk Management Guidelines' and consists of supporting frameworks, programs and policies which have been developed, implemented and are regularly assessed for effectiveness to support the management of the following risk categories considered material to Perpetual: Strategic, People, Financial, Investment, Operational, IT & Cyber Security, Outsourcing, Environmental, Social & Governance, Compliance & Legal and Conduct Risk.

At Perpetual a current risk register is maintained as part of our formal risk management program. The systems supporting the business have been designed to ensure risks are managed within the boundaries of the Perpetual Risk Appetite Statement ("**RAS**") which articulates the expected behaviours, measures and tolerances that management are to take into account when setting and implementing strategy and running their day-day areas of responsibility.

Perpetual's RMF is reviewed annually and was last updated and approved by the Perpetual Board in June 2021, with the 2022 annual review currently underway and due to be completed in September 2022. Additionally, other programs and policies supporting the RMF regularly reviewed to ensure they remain fit-for purpose and effective.

The Perpetual Board sets a clear tone from the top regarding its commitment to effective risk management by promoting an effective risk culture where all Group Executives are accountable for managing risk, embedding risk management into business processes within their area of responsibility and creating an environment of risk awareness and ownership by all Perpetual employees. The Board's commitment is reflected through the establishment of, and investment in the Perpetual Group Risk, Group Compliance and Internal Audit functions, led by the Chief Risk Officer (CRO).

The RMF is underpinned by the "Three Lines of Defence" model to implement best practice risk management. This model sees the first line, being business unit management, accountable for the day to day identification, ownership and management of risks. The Group Risk, Compliance and Client Advocacy functions represent the second line and consists of risk and compliance management professionals who provide the framework, tools, advice and assistance to enable management to effectively identify, assess, manage and monitor risk and meet their compliance obligations, and is responsible for overseeing and monitoring first line activities. Internal Audit provides independent assurance, representing the third line, and reports to the Audit, Risk and Compliance Committee ("**ARCC**").

Internal Audit is an integral part of Perpetual's governance and risk management culture and aims to protect Perpetual's earnings, reputation and customers. Perpetual's Internal Audit function reports functionality to the Perpetual Limited Audit, Risk & Compliance Committee, and for administrative purposes, through the Perpetual Chief Risk Officer and is independent from the External Auditor and from Perpetual Executive Management. Internal Audit provides independent and objective assurance, a disciplined approach to the assessment and improvement of risk management and monitoring and reporting on audit findings and recommendations. The Internal Audit Plan (**Plan**) is approved formally by the ARCC each year and re-assessed quarterly to ensure it is dynamic and continues to address the key risks faced by the Group. Progress against the Plan, changes to the Plan and results of audit activity are reported quarterly to the ARCC.

Perpetual's ARCC is responsible for oversight and monitoring of the Perpetual's RAS, Compliance and Risk Management Frameworks and internal control systems, and risk culture. The ARCC is also responsible for monitoring overall legal and regulatory compliance across Perpetual including the Responsible Entity. The ARCC is comprised of Ian Hammond (Chair), Nancy Fox, Craig Ueland and Gregory Cooper. The ARCC Terms of Reference sets out its role and responsibilities. This can be obtained on the Perpetual website.

In respect of social and ethical considerations please refer to the Investment Manager's ESG update on page 7 of this report, or to their Responsible Investing policy which can be obtained from their website <https://metrics.com.au/esg-responsible-investing/>.

#### **PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY**

The RE does not have a Remuneration Committee. The fees and expenses which the Responsible Entity is permitted to pay out of the assets of the Trust are set out in the Trust constitution. The Trust financial statements provide details of all fees and expenses paid by the Trust during a financial period.

## AUDITOR'S INDEPENDENCE DECLARATION



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

To the Directors of The Trust Company Limited as the Responsible Entity of  
Metrics Income Opportunities Trust

I declare that, to the best of my knowledge and belief, in relation to the audit of Metrics Income  
Opportunities Trust for the financial year ended 30 June 2022 there have been:

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

KPMG

KPMG

Andrew Reeves  
Partner

Sydney  
29 August 2022

For personal use only

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2022

	NOTES	YEAR ENDED 30 JUNE 2022 \$'000	YEAR ENDED 30 JUNE 2021 \$'000
<b>Investment income</b>			
Interest income from Financial assets at amortised cost		509	454
Net gains/(losses) on financial instruments at fair value through profit or loss		20,077	3,510
Distribution income		35,801	26,733
<b>Total investment income/(loss)</b>		<b>56,387</b>	30,697
<b>Expenses</b>			
Responsible Entity's fees	12	143	145
Management fees	12	4,738	3,603
Performance fees		2,504	–
Investor equalisation expense		1,184	901
Administration and other expenses		331	307
<b>Total expenses</b>		<b>8,900</b>	4,956
<b>Profit/(loss) for the year</b>		<b>47,487</b>	25,741
Other comprehensive income/(loss) for the year		–	–
<b>Total comprehensive income/(loss) for the year</b>		<b>47,487</b>	25,741
<b>Earnings per unit for profit attributable to unitholders of the Fund</b>			
Basic and diluted earnings/(loss) per unit (cents)	9	21.52	14.85

The above Statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

## STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	NOTES	AS AT 30 JUNE 2022 \$'000	AS AT 30 JUNE 2021 \$'000
<b>Assets</b>			
Cash and cash equivalents	10	1,318	1,483
Distribution receivable		3,665	3,261
GST and other receivables		147	89
Financial assets	5	560,985	350,239
<b>Total assets</b>		<b>566,115</b>	<b>355,072</b>
<b>Liabilities</b>			
Distribution payable	8	3,101	2,864
Responsible Entity's fees payable	12	36	107
Management fee payable	12	475	298
Performance fee payable		2,504	–
Other payables		164	73
<b>Total liabilities</b>		<b>6,280</b>	<b>3,342</b>
<b>Net assets attributable to unitholders – equity</b>	7	<b>559,835</b>	<b>351,730</b>

The above Statement of financial position should be read in conjunction with the accompanying notes.

For personal use only

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2022

	NOTES	YEAR ENDED 30 JUNE 2022 \$'000	YEAR ENDED 30 JUNE 2021 \$'000
<b>Total equity at the beginning of the financial year</b>		<b>351,730</b>	347,384
<b>Comprehensive income for the year</b>		<b>47,487</b>	25,741
Other comprehensive income for the year		–	–
<b>Total comprehensive income for the year</b>		<b>47,487</b>	25,741
<b>Transactions with unitholders in their capacity as unitholders:</b>			
Capital raising/placement	7	<b>188,884</b>	–
Units issued upon reinvestment of distributions	7	<b>1,647</b>	829
Distributions paid and payable	7, 8	<b>(29,913)</b>	(22,224)
<b>Total transactions with unitholders</b>		<b>160,618</b>	(21,395)
<b>Total equity at the end of the financial year</b>		<b>559,835</b>	351,730

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

For personal use only

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2022

	NOTES	YEAR ENDED 30 JUNE 2022 \$'000	YEAR ENDED 30 JUNE 2021 \$'000
<b>Cash flows from operating activities</b>			
Distribution income received		35,397	27,175
Responsible Entity's fees paid		(214)	(144)
Management fees paid		(4,556)	(3,619)
Interest received on Financial Instruments at amortised cost		4	2
Net investor equalisation expense paid		(28)	(26)
Administrative and other expenses paid		(302)	(319)
<b>Net cash inflow/(outflow) from operating activities</b>	10	<b>30,301</b>	23,069
<b>Cash flows from investing activities</b>			
Purchase of financial assets at fair value through profit or loss		(187,650)	(800)
Investment Manager loan drawdown		(3,671)	–
<b>Net cash inflow/(outflow) used in investing activities</b>		<b>(191,321)</b>	(800)
<b>Cash flows from financing activities</b>			
Proceeds from capital raising activities		188,884	–
Distributions paid		(28,029)	(21,869)
<b>Net cash inflow/(outflow) from financing activities</b>		<b>160,855</b>	(21,869)
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(165)</b>	400
Cash and cash equivalents at the beginning of the financial year		1,483	1,083
<b>Cash and cash equivalents at the end of the financial year</b>	10	<b>1,318</b>	1,483

The above Statement of cash flows should be read in conjunction with the accompanying notes.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

## CONTENTS

1	General information
2	Summary of significant accounting policies
3	Financial risk management
4	Fair value measurements
5	Financial assets
6	Structured entities
7	Net assets attributable to unitholders
8	Distributions to unitholders
9	Earnings per unit
10	Reconciliation of profit/(loss) to net cash inflow/(outflow) from operating activities
11	Auditor's remuneration
12	Related party transactions
13	Segment Information
14	Significant events during the year
15	Events occurring after the reporting period
16	Contingent assets and liabilities and commitments

## 1 GENERAL INFORMATION

19 These financial statements cover the Metrics Income Opportunities Trust (the "**Fund**") as an individual entity. The Fund is a registered management investments scheme and is domiciled in Australia. The Fund was constituted on 25 February 2019, registered with the Australian Securities and Investments Commission on 7 February 2019, commenced operations on 23 April 2019 and its units commenced trading on the Australian Securities Exchange (ASX: MOT) on 29 April 2019. The Fund will terminate in accordance with the provisions of the Fund's Constitution.

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

34 The Investment Manager of the Fund is Metrics Credit Partners Pty Ltd (AFSL 416 146) ("**the Investment Manager**").

35 The Custodian of the Fund is Perpetual Corporate Trust Limited ("**Custodian**").

37 The Fund's investment strategy is to create a diversified exposure to private credit investments and other assets such as warrants, options, preference shares and equity. Through active portfolio risk management, the Investment Manager seeks to provide quarterly cash income and preserve investor capital. Amounts raised by the Fund are invested in the MCP Wholesale Income Opportunities Trust. The MCP Wholesale Income Opportunities Trust invests directly in wholesale funds or directly in investment assets.

The financial statements were authorised for issue by the directors of the Responsible Entity (the "**Directors of the Responsible Entity**") on 29 August 2022. The Directors of the Responsible Entity have the power to amend and reissue the financial statements.

For personal use only

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

These policies have been consistently applied to the period presented, unless otherwise stated.

### (a) Basis of preparation

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (“AASB”) and the *Corporations Act 2001* in Australia. The Fund is a for-profit entity for the purpose of preparing the financial statements.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are generally expected to be recovered or settled within twelve months, except for investments in financial assets and net assets attributable to unitholders. The amount to be recovered or settled in twelve months in relation to these balances remain subject to the performance of the Fund and its operations in accordance with the Constitution. Investors in the Fund have no rights to redeem and can only sell units on the ASX.

The Fund is operated by the Investment Manager to ensure the investment in Metrics Wholesale Income Opportunities Trust are held at fair value.

Items included in the Fund’s financial statements are measured using the currency of the primary economic environment in which it operates (the “functional currency”).

This is the Australian dollar, which reflects the currency of the economy in which the Fund competes for funds and is regulated. The Australian dollar is also the Fund’s presentation currency.

### *Investment Entity*

The Fund has been deemed to meet the definition of an investment entity, as the following conditions exist:

- > The Fund has obtained funds for providing investors with investment management services;
- > The Fund’s business purpose, which was communicated directly to investors, is investing solely for returns from capital appreciation and investment income; and

- > The performance of investments made through the Fund are measured and evaluated on a fair value basis. Refer to note 4 for further details.

The Metrics Income Opportunities Trust and the Metrics Wholesale Income Opportunities Trust were formed due to legal, regulatory, tax or similar requirements. When considered together they display the characteristics of an investment entity:

- > the Fund indirectly holds more than one investment because the wholesale fund holds a portfolio of investments;
- > the Metrics Wholesale Income Opportunities Trust is largely capitalised by the Fund, the Fund is funded by more than one investor who are related to the Fund; and
- > ownership in the Fund and the Metrics Wholesale Income Opportunities Trust are represented by the Fund interests to which a proportion of the net assets of the investment entity are attributed.

**(i) Compliance with International Financial Reporting Standards (IFRS);** The financial statements of the Fund also comply with International Financial Reporting Standards and Interpretations as issued by the International Accounting Standards Board (IASB).

**(ii) New and amended standards adopted by the Fund;** There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2021 that have a material impact on the amounts recognised in the prior period or will affect the current or future periods.

**(iii) New standards, amendments and interpretations effective after 1 July 2022 and have not been early adopted;** A number of new standards, amendments to standards and interpretations are effective for annual reporting periods beginning after 1 July 2022. Management has made an assessment and concluded that none of these are expected to have a material impact on the financial statements.

**(b) Financial Instruments**

**(i) Classification**

> **Assets**

The Fund classifies its investments based on its business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The Fund's portfolio of financial assets is managed and performance is evaluated on a fair value basis in accordance with the Fund's documented investment strategy. The Fund's policy is for the Responsible Entity to evaluate the information about these financial assets on a fair value basis together with other related financial information.

The Fund holds financial assets, comprising of unlisted unit trusts, which are measured at fair value through profit or loss.

The Fund holds financial assets including loans which are classified and measured at amortised cost, as the loans are held to maturity and to collect contractual cash flows.

> **Liabilities**

The Fund holds financial liabilities comprising of distribution and fee payables, which are classified and measured at amortised cost.

**(ii) Recognition/derecognition**

The Fund recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

Investments are derecognised when the right to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

Any gains or losses arising on derecognition of the asset held at fair value through profit and loss (calculated as the difference between the disposal proceeds and the carrying amount of the asset) are included in the statement of comprehensive income in the year the asset is derecognised as realised gains or losses on financial instruments. The Fund derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

**(iii) Measurement**

> **Financial assets and liabilities held at fair value through profit or loss**

At initial recognition, the Fund measures financial assets and financial liabilities at fair value. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in the statement of comprehensive income.

Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is calculated as the present value of expected cash flows arising from the asset having regard to current market prices and returns for assets of comparable credit quality, terms and contracted remaining term to maturity. Gains and losses arising from changes in the fair value of the financial assets or financial liabilities at fair value through profit or loss category are presented in the statement of comprehensive income within 'net gains/(losses) on financial instruments at fair value through profit or loss' in the period in which they arise.

Further details on how the fair value of financial instruments are determined are disclosed in note 4.

> **Other financial assets and liabilities**

Management considers that the carrying amount of other financial assets (comprised of cash and cash equivalents, loans and receivables) approximate fair value.

Other financial liabilities are initially measured at fair value and subsequently at amortised cost. Management considers the carrying amount of payables approximate fair value.

**(iv) Offsetting financial instruments**

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

**(v) Impairment**

At each reporting date, the Fund shall measure the loss allowance on financial assets at amortised cost (cash, loans and receivables) at an amount equal to the lifetime expected credit losses (**ECL**) if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month ECL. Significant financial difficulties of the counter party, probability that the counter party will enter insolvency or require financial reorganisation, and default in payments are all considered indicators that a loss allowance may be required. If the credit risk increases to the point that it is considered to be credit impaired, interest income will be calculated based on the net carrying amount adjusted for the loss allowance. A significant increase in credit risk is defined by management as any contractual payment which is more than 30 days past due. Any contractual payment which is more than 90 days past due is considered credit impaired.

**(c) Net assets attributable to unitholders**

Units in the Fund are listed on the ASX and traded by unitholders and are classified as equity. The units can be traded on the ASX at any time for cash based on listed price. While the Fund is a listed investment and liquidity is generally expected to exist in the secondary market (ASX), there are no guarantees that an active trading market with sufficient liquidity will be available.

The units issued by the Fund meet the requirements of AASB 132 for classification as equity.

**(d) Cash and cash equivalents**

Cash comprises cash on hand, deposits held at call with financial institutions. Cash equivalents are short-term, highly liquid investments with an original maturity of three months or less that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

**(e) Investment income**

**(i) Interest income**

The Fund generates interest income from its investments in financial assets, loans, and cash investments. Interest income from financial assets at amortised cost is recognised using the effective interest method and includes interest from cash and cash equivalents. Interest income is recognised daily as it accrues, taking into account the actual interest rate on the financial asset and is recognised in profit or loss.

**(ii) Distribution income**

Distribution income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income within distribution income when the Fund's right to receive payments is established.

**(f) Expenses**

All expenses, including Responsible Entity fees, investor equalisation expense (refer to Note 5 for further detail) and administrative expenses, are recognised in the statement of comprehensive income on an accruals basis. Interest expense is recognised in the statement of comprehensive income as it accrues, using the effective interest method.

**(g) Income tax**

The Fund is not subject to income tax provided the taxable income of the Fund is attributed in full to its unitholders each financial year either by way of cash or reinvestment. Unitholders are subject to income tax at their own marginal tax rates on amounts attributable to them.

**(h) Distributions**

In accordance with the Fund's Constitution, the Fund may attribute its distributable (taxable) income, and any other amounts determined by the Responsible Entity, to unitholders by cash or reinvestment. The distributions are recognised in the statement of changes in equity as equity.

Financial instruments at fair value may include unrealised capital gains. Should such a gain be realised, that portion of the gain that is subject to capital gains tax will be distributed so that the Fund is not subject to capital gains tax.

Realised capital losses are not distributed to unitholders but are retained in the Fund to be offset against any realised capital gains. If realised capital gains exceed realised capital losses, the excess is distributed to unitholders.

In accordance with the Fund's Constitution, distributions are determined by the Responsible Entity but must be at least \$1 each financial year. Distributions can be settled either by cash or reinvestment. Distributions to unitholders are disclosed in the statement of changes in equity.

**(i) Increase/decrease in net assets attributable to unitholders**

Income not distributed is included in net assets attributable to unitholders. As the Fund's units are classified as equity, movements in net assets attributable to unitholders are recognised in the statement of changes in equity.

**(j) Receivables**

Loans and receivables are measured initially at fair value plus transaction costs and subsequently at amortised cost; using the effective interest rate method, less impairment losses if any. In order to be measured at amortised cost, the loan or receivable must meet both the following conditions; (i) it is held within a business model whose objective is to hold assets to collect contractual cashflows, and (ii) its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Such assets are reviewed at each reporting date to determine whether there is objective evidence of impairment.

At each reporting date, the Fund shall measure the loss allowance on receivables at an amount equal to the lifetime expected credit losses if the credit risk has increased significantly since initial recognition. If, at the reporting date, the credit risk has not increased significantly since initial recognition, the Fund shall measure the loss allowance at an amount equal to 12-month expected credit losses.

Receivables may include amounts for interest and trust distributions. Interest is accrued at each dealing date in accordance with policy set out in note 2(e) above.

Trust distributions are accrued when the right to receive payment is established. Amounts are generally received within 30 days of being recorded as receivables.

Receivables are measured at their nominal amounts.

Receivables also include such items as Reduced Input Tax Credits ("RITC").

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Fund will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter insolvency or require financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss, if any, is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the Statement of comprehensive income.

**(k) Payables**

Payables include liabilities and accrued expenses owed by the Fund which are unpaid as at the end of the reporting year. Payables may include amounts for redemptions of units in the Fund where settlement has not yet occurred.

The distribution amount payable to unitholders as at the end of each reporting year is recognised separately in the statement of financial position as a payable when determined by the Responsible Entity in accordance to the Fund's Constitution.

**(l) Applications and redemptions**

The Fund is a listed investment trust, which trades on the Australian Securities Exchange (“ASX”). Accordingly, the Fund does not process direct applications or redemptions for Unitholders. All transactions with unitholders are conducted on market or via other capital raising activities.

**(m) Goods and services tax (“GST”)**

The GST incurred on the costs of various services provided to the Fund by third parties such as audit fees, custodian services and management fees have been passed onto the Fund. The Fund qualifies for RITC, hence Management fees, Administration and custody fees and other expenses have been recognised in the statement of comprehensive income net of the amount of GST recoverable from the Australian Taxation Office (“ATO”). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the statement of financial position. Cash flows relating to GST are included in the Statement of cash flows on a gross basis.

**(n) Use of estimates and judgement**

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

For the majority of the Fund’s financial instruments, quoted market prices are readily available. However, certain financial instruments, including unquoted securities are fair valued using valuation techniques determined by the Investment Manager, in accordance with the valuation procedures approved by the Responsible Entity. Where valuation techniques (for example, pricing models) are used to determine fair values, they are validated and periodically reviewed by experienced personnel of the Investment Manager, independent of the area that created them.

Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

For certain other balances reported on the statement of financial position, including amounts due from/to brokers, accounts payable and accrued expenses, the carrying amount is the approximate fair value due to the immediate or short-term nature of these financial instruments.

**(o) 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 financial statements. Amounts in the financial statements have been rounded to the nearest thousand dollars in accordance with the *ASIC Corporations Instrument*, unless otherwise indicated.

### 3 FINANCIAL RISK MANAGEMENT

#### (a) Overview

The Fund's activities expose it to a variety of financial risks. The management of these risks is undertaken by the Fund's Investment Manager who has been appointed by the Responsible Entity under an Investment Management Agreement to manage the Fund's assets in accordance with the Investment Objective and Strategy.

The Responsible Entity has in place a framework which includes:

- > The Investment Manager providing the Responsible Entity with regular reports on their compliance with the Investment Management Agreement;
- > Completion of regular reviews on the Service Provider which may include a review of the Investment Manager's risk management framework to manage the financial risks of the Fund; and
- > Regular reporting on the liquidity of the Fund in accordance with the Fund's Liquidity Risk Management Statement.

The Fund's Investment Manager has in place a framework to identify and manage the financial risks in accordance with the investment objective and strategy. This includes an investment due diligence process and on-going monitoring of the investments in the Fund. Specific controls the Investment Manager applies to manage the financial risks are detailed under each risk specified below and in the Product Disclosure Statement ("PDS") available on the Investment Manager's website and on the ASX.

#### (b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in market variables such as interest rates, foreign exchange rates and equity prices.

##### (i) Price risk

Market price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or factors affecting all instruments in the market.

The Fund invests in corporate loans and debt securities indirectly through its investment in Metrics Wholesale Income Opportunities Trust. As a result, the Investment Manager

manages this risk through the daily review of the carrying value of each of the assets held by the Wholesale Funds having regard to the market prices of similar assets being transacted in both the primary and secondary market for assets of similar credit quality, tenor and loan purpose. Any adjustment to the fair value of the investment is reflected through profit or loss.

As at year end, the overall market exposures were as follows:

	AS AT 30 JUNE 2022 FAIR VALUE \$'000	AS AT 30 JUNE 2021 FAIR VALUE \$'000
<b>FINANCIAL ASSETS</b>		
Metrics Wholesale Income Opportunities Trust	<b>550,667</b>	342,950
Investment Manager loan asset	<b>10,308</b>	7,288

##### (ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Fund invests (through the MCP Wholesale Income Opportunities Trust) primarily in floating rate loans meaning that as the underlying base rate rises and falls, the relative attractiveness to other instruments may change.

The Investment Manager believes there is a strong correlation between the RBA Cash Rate and the base rates upon which loans are priced. Absolute returns on loans therefore rise and fall largely in correlation with the RBA Cash Rate.

Interest rate duration risk is minimised as individual borrowers under loan contracts generally have the flexibility to select interest rate reset periods from 30 to 180 days. In addition to the ongoing short-term re-setting of the market benchmark interest rate most loan facilities incorporate a contractual mechanism to re-price based on migration of credit quality over the term of the facility. This is known as a credit margin pricing grid and incorporates changes to the credit margin based on certain key credit metrics.

The Fund's interest-bearing financial assets and liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

The tables below summarise the Fund's exposure to interest rate risk.

	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	FLOATING INTEREST RATE \$'000	FIXED INTEREST RATE \$'000	NON- INTEREST BEARING \$'000	TOTAL \$'000
<b>AT 30 JUNE 2022</b>					
<b>Financial Assets</b>					
Cash and cash equivalents	0.85%	1,318	–	–	1,318
Distributions receivable		–	–	3,665	3,665
GST and other receivables		–	–	147	147
Financial Assets	6%	–	10,308	550,677	560,985
<b>Total Financial Assets</b>		<b>1,318</b>	<b>10,308</b>	<b>554,489</b>	<b>566,115</b>
<b>Financial Liabilities</b>					
Distributions payable		–	–	3,101	3,101
Responsible Entity fees payable		–	–	36	36
Management fees payable		–	–	475	475
Performance fees payable		–	–	2,504	2,504
Other payables		–	–	164	164
<b>Total financial liabilities</b>		<b>–</b>	<b>–</b>	<b>6,280</b>	<b>6,280</b>
<b>Net exposure</b>		<b>1,318</b>	<b>10,308</b>	<b>548,209</b>	<b>559,835</b>
<b>AT 30 JUNE 2021</b>					
<b>Financial assets</b>					
Cash and cash equivalents	0.10%	1,483	–	–	1,483
Distributions receivable		–	–	3,262	3,262
GST receivable		–	–	89	89
Financial assets	6%*	–	7,288	342,950	350,238
<b>Total financial assets</b>		<b>1,483</b>	<b>7,288</b>	<b>346,301</b>	<b>355,072</b>
<b>Financial liabilities</b>					
Distributions payable		–	–	2,864	2,864
Responsible Entity's fees payable		–	–	107	107
Management fees payable		–	–	298	298
Other payables		–	–	73	73
<b>Total financial liabilities</b>		<b>–</b>	<b>–</b>	<b>3,342</b>	<b>3,342</b>
<b>Net exposure</b>		<b>1,483</b>	<b>7,288</b>	<b>342,959</b>	<b>351,730</b>

\* Weighted effective interest rate only applies to loan assets.

At 30 June 2022, should interest rates have increased/decreased by 75 basis points (2021: 25 basis points) with all other variables remaining constant, the increase/decrease in net assets attributable to unitholders and profit/loss for the year would amount to approximately +/- \$9,887 (2021: +/- \$3,708)\*.

**(iii) Currency risk**

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates.

As at 30 June 2022 the Fund did not hold any assets or liabilities denominated in currencies other than the Australian Dollar and therefore was not exposed to any foreign exchange risk (2021: Nil).

**(c) Credit risk**

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to pay amounts in full when due.

The Investment Manager manages credit risk by undertaking a detailed due diligence process prior to entering into transactions with counterparties and ongoing daily monitoring of the credit exposures.

The initial due diligence process is detailed in the Operational and Investment Policies of the Investment Manager and addresses aspects relevant to an assessment of the credit risk and includes risk assessments of both a qualitative and quantitative nature. Pre-lending due diligence may include independent experts reports provided to the Investment Manager covering matters such as commercial/industry risks, accounting and tax reports, legal due diligence, property valuation, technical risk reports and environmental reports. As part of the initial due diligence risk assessment process key risks are identified and the key determinants of future cash flows and servicing capacity of the counterparty are identified. Scenario planning and sensitivity testing is undertaken to model the impact on counterparty credit risk under a range of adverse events. Financial analysis and peer group benchmarking is undertaken to determine the appropriate credit metrics and a credit rating identified and allocated. The Investment Manager uses a range of proprietary credit rating data and analysis in addition to credit research materials from third party providers including credit rating agencies to analyse and monitor counterparty credit risk.

The Investment Manager further seeks to mitigate credit risk by adhering to the investment parameters of the Fund which have been designed in a manner that seeks to mitigate credit risk by ensuring the portfolio is diversified by industry, counterparty, credit quality, maturity and loan market.

The Investment Manager maintains active engagement with other market participants and meets regularly and receives regular reporting from banks, borrowers and ratings agencies and uses this reporting to manage and monitor performance of financial assets held by the Fund. Such reporting includes macro-economic risk and analysis reporting.

The Investment Manager is provided with ongoing compliance reporting from borrowers which typically includes the provision of covenant compliance certificates, financial accounts, operational management reporting and forward financial projections and ongoing reporting of performance against budget projections.

The Investment Committee of the Investment Manager aims to meet weekly to monitor reporting and financial obligations of counterparties, reconciles payment of interest and fees and reviews credit, market and liquidity risks of each financial asset held in the portfolio. Any payment arrears is monitored on a daily basis and reported to the Investment Committee.

The Fund's exposure to credit risk for cash and cash equivalents is low as all counterparties have a rating of A-1+ (as determined by public ratings agencies such as Standard & Poor's, Moody's or Fitch) or higher. The Fund is also exposed to credit risk on corporate loans and debt securities through its investments in MCP Wholesale Income Opportunities Trust.

Corporate loans and debt securities are rated by the Investment Manager in accordance with its ratings methodology, and may also be rated by public ratings agencies such as Standard & Poor's, Moody's or Fitch. Where a corporate loan or debt security is publicly rated, it is the Investment Manager's policy to apply the lower of a public credit rating or the Investment Manager's own credit rating. The Fund's exposure to credit risk is monitored and managed on a daily basis, and credit ratings are reviewed and confirmed as part of the Investment Manager's investment processes. Credit risk is managed through daily investment analysis (reporting, covenant compliance, management and market engagement) as well as through portfolio construction. The Fund has defined targets and

\* Amounts have not been rounded.

limits based on both individual counterparty credit quality as well as total aggregated credit exposure levels.

By limiting credit risk exposure to individual investments based on credit quality and also limiting the total aggregated exposure to investments of a defined credit quality, the Fund's acceptable level of credit risk is defined and controlled. Credit risk management is ongoing and the Investment Manager adopts an active approach to monitoring and managing these risks.

The Investment Manager adheres to the portfolio investment parameters set out in the offer document of the Fund. Credit risk is managed with regard to individual counterparty credit quality and single counterparty exposure limits. The Investment Manager seeks to manage portfolio risks by diversifying risks with portfolio construction adhering to diversification by credit quality, individual counterparty, industry and contracted maturity profile of assets held within the portfolio. The Investment Manager seeks to manage risk by investing in shorter dated credit assets with the expectation that the weighted tenor to contracted maturity is within the target portfolio parameters. The portfolio construction and investment management processes adopted by the Investment Manager are implemented with the expectation of seeking to reduce Fund exposure to both credit and market risks.

The Fund provided a working capital loan to the Investment Manager. The Responsible Entity has a right of recourse against the Investment Manager for the amounts owed under the Manager Loan. The Investment Manager may assign its obligations under the Investment Manager Loan to an entity that is controlled by the Investment Manager or a person that is under the common control of the Investment Manager.

**(d) Liquidity risk**

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due and can only do so on terms that are materially disadvantageous.

As the units are held in a listed investment trust, the Fund is not exposed to liquidity risk from Unitholder redemptions.

The table below analyses the Fund's non-derivative financial liabilities and net settled derivative financial liabilities into relevant maturity groupings based on the remaining period to contractual maturity, as of the reporting period end. The amounts in the table are the contractual undiscounted cash flows. Balances that are due within 12 months equal their carrying balances as the impact of discounting is not significant.

	LESS THAN 1 MONTH \$'000	1-6 MONTHS \$'000	6-12 MONTHS \$'000	OVER 12 MONTHS \$'000	NO STATED MATURITY \$'000
<b>AT 30 JUNE 2022</b>					
Distributions payable	3,101	–	–	–	–
Responsible Entity fees payable	36	–	–	–	–
Management fees payable	475	–	–	–	–
Performance fees payable*	–	–	–	–	2,504
Other payables	164	–	–	–	–
<b>Total financial liabilities</b>	<b>3,776</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2,504</b>
<b>AT 30 JUNE 2021</b>					
Distributions payable	2,864	–	–	–	–
Responsible Entity's fees payable	107	–	–	–	–
Management fees payable	298	–	–	–	–
Other payables	73	–	–	–	–
<b>Total financial liabilities</b>	<b>3,342</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

\* Performance fees would ordinarily be payable at the end of the current financial year, however the Investment Manager will defer the required payment until such time as the equity investments relating to these fees are realised for cash. At the reporting date there is no planned realisation date for those equity investments (Refer to note 12).

#### 4 FAIR VALUE MEASUREMENTS

The Fund measures and recognises the following assets and liabilities at fair value on a recurring basis.

- Financial assets/liabilities at fair value through profit or loss ('FVTPL') (see note 5)

The Fund has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting year.

AASB 13 Fair Value Measurement requires disclosure of fair value measurements by level of the following fair value hierarchy:

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

##### (i) Fair value in an active market (level 1)

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the end of the reporting year without any deduction for estimated future selling costs.

The Fund values its investments and derivatives in accordance with the accounting policies set out in note 2 to the financial statements. For the majority of investments, information provided by independent pricing services is relied upon for valuation of investments.

The quoted market price used to fair value financial assets and financial liabilities held by the Fund is the last-traded prices.

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 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 exchange-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, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This may be the case for certain corporate debt securities and unlisted unit trusts with suspended applications and withdrawals.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the end of the reporting year 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 year.

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.

The carrying value less impairment provision of other receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Fund for similar financial instruments.

The determination of what constitutes 'observable' requires significant judgment by management. Management considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market.

**Recognised fair value measurements**

The following table presents the Fund's financial assets and liabilities according to the fair value hierarchy as at 30 June 2022 and 30 June 2021.

	LEVEL 1 \$'000	LEVEL 2 \$'000	LEVEL 3 \$'000	TOTAL \$'000
<b>AT 30 JUNE 2022</b>				
<b>Financial assets at fair value through profit or loss</b>				
Metrics Wholesale Income Opportunities Trust	–	550,677	–	550,677
<b>Financial assets not measured at fair value</b>				
Investment Manager loan asset	–	–	10,308	10,308
<b>Total</b>	–	550,677	10,308	560,985
<b>AT 30 JUNE 2021</b>				
<b>Financial assets at fair value through profit or loss</b>				
Metrics Wholesale Income Opportunities Trust	–	342,950	–	342,950
<b>Financial assets not measured at fair value</b>				
Investment Manager loan asset	–	–	7,288	7,288
<b>Total</b>	–	342,950	7,288	350,238

**(iii) Transfers between levels**

The Fund's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting year. There were no transfers between the levels in the fair value hierarchy for the years ended 30 June 2022 and 30 June 2021.

**(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 years ended 30 June 2022 and 30 June 2021.

	INVESTMENT MANAGER LOAN ASSETS \$'000
<b>YEAR ENDED 30 JUNE 2022</b>	
Opening balance	7,288
Loan drawdown	3,671
IEE	(1,155)
Interest accrued	504
<b>Closing balance</b>	<b>10,308</b>
<b>YEAR ENDED 30 JUNE 2021</b>	
Opening balance	7,716
IEE	(879)
Interest accrued	451
<b>Closing balance</b>	<b>7,288</b>

**(v) Valuation processes**

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

**(vi) Fair values of other financial instruments**

The Fund did not hold any other financial instruments which were not measured at fair value in the 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 price for individual units) due to differences in valuation inputs. This difference is not material in the current or prior year.

**5 FINANCIAL ASSETS**

	AS AT 30 JUNE 2022 \$'000	AS AT 30 JUNE 2021 \$'000
<b>Financial assets at fair value through profit or loss</b>		
Metrics Wholesale Income Opportunities Trust	550,677	342,950
<b>Financial assets at amortised cost</b>		
Investment Manager loan asset	10,308	7,288
<b>Total</b>	<b>560,985</b>	<b>350,238</b>

> **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 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.

While the COVID-19 pandemic has caused uncertainty and market volatility during the period, the Responsible Entity has continued to follow its established policies and process for managing risk, determining fair values and classifying assets and liabilities in the fair value hierarchy for disclosure purposes as at the reporting date.

**6 STRUCTURED ENTITIES**

The Fund applies the investment entity exception to consolidation available under *AASB10 Consolidated Financial Statements* and measures its subsidiaries at fair value through profit or loss.

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, and the relevant activities are directed by means of contractual arrangements. An interest in a structured entity is any form of contractual or non-contractual involvement which creates variability in returns arising from the performance of the entity for the Fund. The Fund considers investments in managed investment funds (the "Funds") to be structured entities. The Fund invests in Funds for the purpose of capital appreciation and/or earning investment income.

The exposure to investments in related Funds at fair value, and any related amounts recognised in the Statement of comprehensive income is disclosed at Note 12 to the financial statements.

The exposure to investments in related Funds at fair value that the Fund does not consolidate but in which it holds an interest is disclosed in the following table:

	FAIR VALUE OF INVESTMENTS AS AT		INTEREST HELD AS AT	
	30 JUNE 2022	30 JUNE 2021	30 JUNE 2022	30 JUNE 2021
	\$'000	\$'000	%	%
Metrics Wholesale Income Opportunities Trust *	550,677	342,950	100	100

\* The principal place of business is Level 18 Angel Place, 123 Pitt Street Sydney NSW 2000.

The Fund has exposures to structured entities through its trading activities. The Fund typically has no other involvement with structured entities other than the securities it holds as part of trading activities and its maximum exposure to loss is restricted to the carrying value of the asset. The Fund does not have current commitments or intentions and contractual obligations to provide financial or other support to the structured entities. Exposure to trading assets are managed in accordance with financial risk management practices as set out in note 3(b), which includes an indication of changes in risk measures compared to prior year.

During the year ended 30 June 2022, total gains/(losses) incurred on investments in the Funds were \$20,077,326 (2021: gain \$3,510,216). The Fund also earned distribution income of \$35,800,000 (2021: \$26,733,000) as a result of its interests in the Funds\*.

## 7 NET ASSETS ATTRIBUTABLE TO UNITHOLDERS

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 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.

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

	YEAR ENDED 30 JUNE 2022		YEAR ENDED 30 JUNE 2021	
	NO. '000	\$'000	NO. '000	\$'000
Opening balance	173,521	351,730	173,111	347,384
Capital raising	90,679	188,884	–	–
Units issued upon reinvestment of distributions	791	1,647	410	829
Distributions paid and payable	–	(29,913)	–	(22,224)
Profit/(loss) for the period	–	47,487	–	25,741
<b>Closing balance</b>	<b>264,991</b>	<b>559,835</b>	173,521	351,730

\* Amounts have not been rounded.

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.

#### Capital risk management

The Fund is a closed-end vehicle and accordingly there are no redemptions by investors. Instead, while the Fund is listed, unitholders who wish to exit their investment will be able to do so via the ASX.

Units in the Fund are listed on the ASX and traded by unitholders. The units can be traded on the ASX at any time for cash based on the listed price. While the Fund is listed and liquidity is generally expected to exist in the secondary market (ASX), there are no guarantees that an active trading market with sufficient liquidity will be available. The Fund is not subject to any externally imposed capital requirements.

The Fund considers its net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as equity.

## 8 DISTRIBUTIONS TO UNITHOLDERS

Distributions are determined by reference to the net taxable income of the Fund, as determined by the Responsible Entity.

The distributions for the year were as follows:

	YEAR ENDED 30 JUNE 2022		YEAR ENDED 30 JUNE 2021	
	\$'000	CPU*	\$'000	CPU*
<b>Distributions</b>				
31 July	1,458	0.84	1,784	1.03
31 August	1,615	0.93	1,472	0.85
30 September	1,857	0.93	1,594	0.92
31 October	1,878	0.89	1,525	0.88
30 November	2,153	1.02	1,646	0.95
31 December	3,695	1.75	2,149	1.24
31 January	2,070	0.98	2,843	1.64
28 February	1,310	0.62	1,439	0.83
31 March	3,918	1.48	1,752	1.01
30 April	4,051	1.53	1,561	0.90
31 May	2,807	1.06	1,595	0.92
30 June (payable)	3,101	1.17	2,864	1.65
<b>Total</b>	<b>29,913</b>	<b>13.20</b>	<b>22,224</b>	<b>12.82</b>

\* Distribution is expressed as the cents per unit amount in Australian Dollars.

## 9 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 year.

	YEAR ENDED 30 JUNE 2022	YEAR ENDED 30 JUNE 2021
Operating profit/(loss) attributable to unitholders (\$'000)	47,487	25,741
Weighted average number of units on issue ('000)	220,685	173,327
Basic and diluted earnings per unit (cents)	21.52	14.85

## 10 RECONCILIATION OF PROFIT/(LOSS) TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

### (a) Reconciliation of operating profit/(loss) to net cash inflow/(outflow) from operating activities

	YEAR ENDED 30 JUNE 2022 \$'000	YEAR ENDED 30 JUNE 2021 \$'000
Profit/(loss) for the period	47,487	25,741
Net change in financial assets	(20,077)	(3,510)
Net change in receivables	247	441
Net change in payables	2,644	397
<b>Net cash inflow/(outflow) from operating activities</b>	<b>30,301</b>	<b>23,069</b>

### (b) Components of cash and cash equivalents

Cash as at the end of the financial period as shown in the Statement of cash flows is reconciled to the Statement of financial position as follows:

	YEAR ENDED 30 JUNE 2022 \$'000	YEAR ENDED 30 JUNE 2021 \$'000
Cash and cash equivalents	1,318	1,483
<b>Total</b>	<b>1,318</b>	<b>1,483</b>

### (c) Non-cash financing activities

	YEAR ENDED 30 JUNE 2022 \$'000	YEAR ENDED 30 JUNE 2021 \$'000
During the period, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	1,647	829
<b>Total</b>	<b>1,647</b>	<b>829</b>

As described in note 2(i), income not distributed is included in net assets attributable to unitholders. The change in this amount each year (as reported in (a) above) represents a non-cash financing cost as it is not settled in cash until such time as it becomes distributable.

## 11 AUDITOR'S REMUNERATION

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

	YEAR ENDED 30 JUNE 2022	YEAR ENDED 30 JUNE 2021
	\$	\$
<b>KPMG</b>		
<b>Audit and other assurance services</b>		
Audit and review of financial statements	31,500	29,000
<b>Total remuneration of KPMG</b>	<b>31,500</b>	<b>29,000</b>
<b>PwC</b>		
<b>Audit and other assurance services</b>		
Audit and review of the annual compliance plan	2,585	2,585
<b>Total remuneration of PwC</b>	<b>2,585</b>	<b>2,585</b>
<b>Total auditor remuneration</b>	<b>34,085</b>	<b>31,585</b>

## 12 RELATED PARTY TRANSACTIONS

For the purpose of these 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 Income Opportunities Trust is The Trust Company (RE Services) Limited (ABN 45 003 278 831, AFSL 235150). The Responsible Entity is a wholly owned subsidiary in the Perpetual Limited Group (ASX: PPT).

### Custodian

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.

### Investment Manager

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 financial year and are shown below. Directors were in office for this entire year except where stated otherwise:

NAME	POSITION
Glenn Foster	Director
Simone Mosse	Director
Vicki Riggio	Director
Phillip Blackmore	Alternate Director 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 financial year.

### Key management personnel unit holdings

During or since the end of the year, 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 30 June 2022 (2021: nil).

### 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.

### 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 year.

### 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 30 June 2022 (2021: nil).

### 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. Fees payable to the Responsible Entity are calculated on the 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) Investment Manager fee

This fee is charged by the Investment Manager for services provided under the Investment Management Agreement. 1.03% per annum of the Fund's net asset value is calculated and accrued daily and paid monthly in arrears from the Fund's assets.

#### (iii) Performance fee

Metrics is entitled to receive a performance fees of 15.38% per annum of the total return above the performance hurdle (being RBA Cash Rate plus 6.00% per annum).

Notwithstanding Metrics' rights under the Investment Management Agreement, Metrics determined, on

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

	YEAR ENDED 30 JUNE 2022	YEAR ENDED 30 JUNE 2021
	\$	\$
Management fees for the period paid and payable by the Fund to the Investment Manager	4,737,862	3,602,731
Accrued Performance fees for the period payable to the Investment Manager	2,504,466	–
Aggregate amounts payable to the Investment Manager at reporting date	2,979,485	297,839
Responsible Entity's fees for the period paid and payable by the Fund to the Responsible Entity	143,401	145,218
Aggregate amounts payable to the Responsible Entity at reporting date	35,776	107,330

21 January 2020, to waive such portion of the performance fee as required to give effect to the intended hurdle such that Metrics will only be paid a performance fee to the extent returns exceed 7.50% per annum, net of fees and costs ("Performance Fee Waiver"). The Performance Fee Waiver will continue until:

- > Metrics terminates the Performance Fee Waiver by 90 days' written notice to the Responsible Entity;
- > Metrics is no longer the manager of the Trust; or
- > the RBA Cash Rate is equal to or exceeds 1.50% per annum.

In addition, as at 27 January 2022, Metrics in its discretion directed the Responsible Entity to defer payment of portions of the performance fee to Metrics to the extent referable to the increase in value of certain investments in Equity and Equity-like investment where those investments have not yet been realised for cash. Whilst the performance fee referable to these investments is accrued and reflected in the Net Asset Value attributable to unitholders (and therefore borne by Unitholders), Metrics has elected for these amounts to not be paid by the Fund until such time as those investments are realised for cash at the value at which the relevant Performance Fee was incurred.

#### (iv) 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 Metrics Wholesale Income Opportunities Trust or wholesale funds) in which the Fund may invest.

## Investments

The Fund held investments in the following Fund which is managed by The Trust Company (RE Services) Limited or its related parties:

	FAIR VALUE OF INVESTMENT \$	INTEREST HELD (%)	DISTRIBUTIONS RECEIVED/ RECEIVABLE \$	UNITS ACQUIRED DURING THE PERIOD	UNITS DISPOSED DURING THE PERIOD
<b>AT 30 JUNE 2022</b>					
Metrics Wholesale Income Opportunities Trust	550,677,267	100	35,800,821	177,586,958	–
<b>AT 30 JUNE 2021</b>					
Metrics Wholesale Income Opportunities Trust	342,949,940	100	26,733,425	783,853	–

## 13 SEGMENT INFORMATION

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

## 14 SIGNIFICANT EVENTS DURING THE YEAR

In September 2021, the Investment Manager completed a Wholesale Placement for the Fund, which was well supported and raised the maximum 15% of NAV, or \$52.8 million. The new units were issued on 3 September 2021, and commenced trading on the ASX on 6 September 2021.

Following the Wholesale Placement, a Unit Purchase Plan was offered to existing unitholders in the Fund, which raised a further \$22.8 million. The new units were issued on 5 October 2021 and commenced trading on the ASX on 6 October 2021.

In March 2022 an entitlement offer for \$27.7 million and a shortfall offer for \$85.4 million (Total \$113.1 million) were finalised. The new units were issued and commenced trading on the ASX on 3 March 2022 and 8 March 2022 respectively.

The Fund (via its investment in the MCP Credit Trust) holds an investment in the MCP Financial Services Trust, which invests in privately held Financial Services Businesses. In accordance with the valuation and unit pricing policy of MCP Financial Services Trust an independent assessment of the carrying value of equity investments is undertaken each half year. The MCP Financial Services Trust received independent assessments of two investments in December and it was determined that revaluations were required to reflect the current fair value of the assets, resulting in the

uplift reflected in the published Net Asset Value on 16 December 2021 and 23 December 2021.

In line with the Fund's accounting policy, these financial assets are held at fair value and the revaluations of approximately \$18.5 million were recognized in profit or loss. This revaluation also resulted in the accrual of a \$2.5 million Performance fee for the benefit of the Investment Manager. Ordinarily this fee would be payable at the end of the current financial year, however, given the Fund has not crystallized the gain on these investments, the Investment Manager will defer the required payment any accrued performance fees referable to an increase in the value of unrealized equity investments.

On 1 February 2022, Richard McCarthy resigned as Director.

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 management will continue to monitor this situation.

There were no other significant events during the year.

## **15 EVENTS OCCURRING AFTER THE REPORTING PERIOD**

On 29 July 2022, the Directors declared a distribution of 0.98 cents per ordinary unit which amounted to \$2,597,636\* and was paid on 8 August 2022.

On 24 August, the Directors announced to the ASX that a distribution of 1.28 cents per ordinary unit amounting \$3,393,583\* will be paid on 8 September 2022.

There are no other matters or circumstances which have arisen since 30 June 2022 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.

## **16 CONTINGENT ASSETS AND LIABILITIES AND COMMITMENTS**

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2022 (2021: Nil).

---

\* Amounts have not been rounded.

## DIRECTORS' DECLARATION

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

- (a) the financial statements and notes set out on pages 15 to 38 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Fund's financial position as at 30 June 2022 and of its performance, for the financial year ended on that date,
- (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; and
- (c) note 2(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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  
29 August 2022

## AUDIT REPORT



### Independent Auditor's Report

To the Unitholders of Metrics Income Opportunities Trust

#### Opinion

We have audited the **Financial Report** of Metrics Income Opportunities Trust (the Fund).

In our opinion, the accompanying Financial Report of the Fund is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Fund's financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Statement of financial position as at 30 June 2022;
- Statement of comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

#### Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Fund in accordance with 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 Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

#### Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

This matter was addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

For personal use only



Valuation and existence of financial assets at fair value through profit or loss (\$550.7m)	
Refer to Note 5 to the Financial Report	
The key audit matter	How the matter was addressed in our audit
<p>Financial assets at fair value through profit or loss comprise investments in an unlisted unit trust (MCP Wholesale Income Opportunities Trust).</p> <p>The Fund outsources certain processes and controls relevant to maintaining custody and underlying records of investments to the custodian.</p> <p>Valuation and existence of investments in the unlisted trust is a key audit matter due to the:</p> <ul style="list-style-type: none"> <li>• Size of the Fund's investment which are significant to its financial position. The investment in MCP Wholesale Income Opportunities Trust represent 97.27% of the Fund's total assets at year end;</li> <li>• Importance of the performance of these investments in driving the Fund's investment income and capital performance, as reported in the Financial Report; and</li> </ul> <p>As a result, this was the area with greatest effect on our overall audit strategy and allocation of resources in planning and performing our audit.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• Assessing the appropriateness of the accounting policies applied by the Fund, including those relevant to the fair value of investments, against the requirements of the accounting standards;</li> <li>• Obtaining and reading the Fund's service provider's GS007 (<i>Guidance Statement 007 Audit Implications of the Use of Service Organisations for Investment Management Services</i>) assurance reports to understand the processes and assess the controls relevant to the: <ul style="list-style-type: none"> <li>- Fund administrator – to record the Fund's investments;</li> <li>- Custodian – to maintain custody and underlying records of the Fund's investments; and</li> <li>- Unit Registry – to record changes in the ownership of MCP Wholesale Income Opportunities Trust.</li> </ul> </li> <li>• Assessing the reputation, professional competence and independence of the auditors of the GS007 assurance report;</li> <li>• Checking the ownership and quantity of the unit holding to the MCP Wholesale Income Opportunities Trust's unit registry;</li> <li>• Checking the valuation of the unit holdings in MCP Wholesale Income Opportunities Trust, as recorded in the general ledger, to net assets of the MCP Wholesale Income Opportunities Trust as at 30 June 2022;</li> <li>• Evaluating the valuation of underlying assets held by MCP Wholesale Income Opportunities Trust and its investees, which primarily comprised of corporate loans, using independently sourced market data for observable inputs, such as, published credit spreads and margins; and</li> <li>• Evaluating the Fund's disclosures of investments, using our understanding obtained from our testing, against the requirements of the accounting standards.</li> </ul>

For personal use only

For personal use only



#### Other Information

Other Information is financial and non-financial information in Metrics Income Opportunities Trust's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors of The Trust Company (RE Services) Limited (the Responsible Entity) are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audits of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

#### Responsibilities of the Directors for the Financial Report

The Directors of The Trust Company (RE Services) Limited (the Responsible Entity) are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Fund's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

#### Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

For personal use only



A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at [https://www.auasb.gov.au/admin/file/content102/c3/ar2\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf) This description forms part of our Auditor's Report.

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  
29 August 2022

## ASX ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is as follows. The information is current as at 29 July 2022 unless otherwise indicated.

### A. DISTRIBUTION OF UNITS

Analysis of numbers of unitholders by size of holding:

HOLDING RANGES	NO. OF HOLDERS	TOTAL UNITS	% ISSUED SHARE CAPITAL
above 0 up to and including 1,000	463	200,650	0.08%
above 1,000 up to and including 5,000	1,440	4,637,480	1.75%
above 5,000 up to and including 10,000	1,258	9,954,673	3.76%
above 10,000 up to and including 100,000	4,087	127,710,186	48.18%
above 100,000	266	122,561,873	46.24%
<b>Totals</b>	<b>7,514</b>	<b>265,064,862</b>	<b>100.00%</b>

The number of unitholders holding less than a marketable parcel of \$500 worth of units is 129 and they hold a total of 7,442 units.

### B. LARGEST UNITHOLDERS

The names of the twenty largest holders of quoted units are listed below:

POSITION	HOLDER NAME	HOLDING	% IC
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	22,329,640	8.42%
2	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	15,957,507	6.02%
3	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	14,635,933	5.52%
4	PERPETUAL CORPORATE TRUST LTD	5,421,457	2.05%
5	MCH INVESTMENT MANAGEMENT SERVICES PTY LTD	3,453,151	1.30%
6	NETWEALTH INVESTMENTS LIMITED <SUPER SERVICES A/C>	2,854,852	1.08%
7	BALMORAL FINANCIAL INVESTMENTS PTY LTD <NO 2 A/C>	1,757,115	0.66%
8	CITICORP NOMINEES PTY LIMITED	1,655,088	0.62%
9	CHARANDA NOMINEE COMPANY PTY LTD <GREYCLIFFE SUPER FUND A/C>	1,588,751	0.60%
10	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	1,494,704	0.56%
11	TONYWAYS NOMINEES PTY LTD <AWC FAMILY 2 A/C>	1,182,265	0.45%
12	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	1,018,600	0.38%
13	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 2	979,872	0.37%
14	NATIONAL NOMINEES LIMITED	971,715	0.37%
15	BRIXTON CAPITAL PTY LTD	927,212	0.35%
16	M J DWYER PTY LIMITED	881,756	0.33%
17	DEMETA PTY LTD	845,000	0.32%
18	BOND STREET CUSTODIANS LIMITED <WILLIM – D44004 A/C>	780,000	0.29%
19	AUSTRALIAN EXECUTOR TRUSTEES LIMITED <NO 1 ACCOUNT>	724,307	0.27%
20	GEAT INCORPORATED <GEAT-PRESERVATION FUND A/C>	720,405	0.27%
<b>Totals</b>		<b>80,179,330</b>	<b>30.25%</b>
<b>Total issued capital</b>		<b>265,064,862</b>	<b>100.00%</b>

### **C. SUBSTANTIAL UNITHOLDERS**

The Fund had three substantial unitholders;

- > HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED, holding 8.42% of units on issue
- > NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>, holding 6.02% of units on issue
- > BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C> holding 5.52% of units on issue

### **D. VOTING RIGHTS**

Voting rights which may attach to or be imposed on any unit or class of units is as follows:

- (a) on a show of hands each unitholder has one vote; and
- (b) on a poll, each unitholder has one vote for each dollar of the value of the total interests they have in the Fund.

### **E. SECURITIES EXCHANGE LISTING**

The Fund's units are listed on the Australian Securities Exchange and are traded under the code "MOT".

### **F. UNQUOTED UNITS**

There are no unquoted units on issue.

### **G. VOLUNTARY ESCROW**

There are no restricted units in the Fund or units subject to voluntary escrow.

### **H. ON-MARKET BUY-BACK**

There is no current on-market buy-back.

### **I. REGISTERED OFFICE OF THE RESPONSIBLE ENTITY**

The Trust Company (RE Services) Limited  
Level 18, Angel Place, 123 Pitt Street  
Sydney NSW 2000

Telephone: 02 9229 9000

### **J. UNIT REGISTRY**

Automic Pty Ltd trading as Automic Group  
Level 15, 126 Phillip Street  
Sydney NSW 2000

Telephone: 1300 816 157

metrics@automicgroup.com.au  
www.automicgroup.com.au

### **K. RESPONSIBLE ENTITY COMPANY SECRETARIES**

Sylvie Dimarco  
Gananatha Minithantri

