MCP INCOME OPPORTUNITIES TRUST

ANNUAL REPORT

For the year ended 30 June 2020

ARSN 631 320 628

METRICS

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These financial statements cover MCP Income Opportunities Trust as an individual entity.

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

The Responsible Entity's registered office is:

Level 18 Angel Place
123 Pitt Street
Sydney NSW 2000

MCP INCOME OPPORTUNITIES TRUST APPENDIX 4E

FOR THE YEAR ENDED 30 JUNE 2020

DETAILS OF REPORTING PERIOD

Current: Year ended 30 June 2020

Previous corresponding: Period 7 February 2019 to 30 June 2019

The Directors of The Trust Company (RE Services) Limited, the Responsible Entity of the MCP Income Opportunities Trust (the "**Fund**") announce the audited results of the Fund for year ended 30 June 2020 as follows:

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Extracted from Financial Statements for the year ended 30 June 2020.

	2020 $'000	2019 $'000	% INCREASE/ (DECREASE)
Revenue from ordinary activities	**29,470**	4,074	623.37%
Profit/(loss) from the year	**24,678**	3,286	650.99%
Total comprehensive income/(loss) for the period	**24,678**	3,286	650.99%

DETAILS OF DISTRIBUTIONS

	YEAR ENDED 30 JUNE 2020		PERIOD 7 FEBRUARY 2019 30 JUNE 2019	
	$'000	CPU	$'000	CPU
The distributions for the year were as follows	**23,758**	**14.34**	3,049	2.0324

Subsequent to year end, on 28 July 2020, the Directors declared a distribution of 1.03 cents per ordinary unit which amounted to $1,783,606 and was paid on 10 August 2020.

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 Fund's constitution on the record date.

NET TANGIBLE ASSETS

	AS AT 30 JUNE 2020	AS AT 30 JUNE 2019
Total Net Tangible Assets attributable to unitholders ($'000)	**347,384**	300,237
Units on issue ('000)	**173,111**	150,000
Net Tangible Assets attributable to unit holders per unit ($)	**2.01**	2.00

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 2020 other than the MCP Credit Trust, detailed as follows. On 1 October 2019 Wholesale subscriptions to the MCP Credit Trust increased such that the interests in equity controlled by the Fund reduced below 50%.

NAME OF ENTITIES	GAIN OF CONTROL	LOSS OF CONTROL	CONTRIBUTION TO PROFIT ($'000)
MCP Wholesale Income Opportunities Trust	23 April 2019	N/a	**28,956**
MCP Credit Trust	23 April 2019	1 October 2019	**14,999**

DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

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

INDEPENDENT AUDIT REPORT

Additional disclosure requirements can be found in the notes to the MCP Income Opportunities Trust financial statements for the year ended 30 June 2020.

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.

INVESTMENT MANAGER'S REPORT

At the end of the June 2020 financial year, the MCP Income Opportunities Trust ("**Fund**") has a net asset value ("**NAV**") of $347 million, compared to $300 million in June 2019. During the year, the Fund has continued to deliver monthly cash income and generated a one-year net return of 7.6%, exceeding the Fund's target cash return of 7% p.a. with no losses. In a market environment where investors are looking for investments generating an attractive income and can deliver lower market volatility, the Fund has sought to provide this investment choice, particularly for investors seeking to lower their exposure to public market equity investments.

By raising additional investor capital of $45 million in November 2019, the Investment Manager ("**Metrics**") has delivered on its commitments to increase the Fund's participation in the Australian corporate lending market, develop greater portfolio diversification and promote additional market liquidity for the Fund through an expanded investor base.

As at 30 June 2020, the Fund has been deployed across 69 individual assets including Australian midmarket corporates, commercial real estate, and structured finance transactions at different levels of the capital structure. Risks have been appropriately managed and underlying asset quality is sound. The Fund has delivered annualised cash distributions of 7.1% p.a. and a total net annualised return of 7.3% p.a. since inception.

The performance of the Fund has been strong and delivered in excess of the minimum target cash return of 7% p.a. (net of fees) despite the significant reduction of 1.25% to the RBA cash rate since the launch of the fund in April 2019.

Metrics continues its commitment to provide investors in the Fund 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. Metrics believes that access to a diversified portfolio of private credit assets with exposure to equity upside gains provides enhanced risk adjusted returns and is a highly unique investment option for investors. The ability to trade units on the ASX provides investors with a means of managing liquidity in this otherwise less liquid asset class..

The Fund 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.

As part of its continued growth, Metrics has opened new origination offices in Melbourne (September 2019) and Auckland, New Zealand (March 2020) and increased staff numbers to a current total of close to 60, bringing onboard a wealth of experience and direct lending relationships.

In addition, while existing policies and procedures already embedded an approach to Environmental, Social and Governance criteria ("ESG") reflective of the United Nations Principles for Responsible Investment ("UNPRI"), Metrics also took the formal step of becoming a signatory to UNPRI in October 2019. This is an acknowledgement of the importance of ESG and Metrics' role in ensuring ESG is embedded across all its investment activities.

COVID-19 IMPACT

From February 2020, the spread of COVID-19 quickly evolved into an event that created substantial public market volatility and resulted in a significant working capital liquidity squeeze for companies globally. The volatility evident in public equity, fixed income and offshore credit markets was absent in Australia's bank-dominated Corporate Loan Market, reflecting a private market where borrowers and lenders engage directly and where credit risk is the primary focus. While new-money primary lending transactions slowed, Metrics has noted that loan transactions negotiated pre-COVID-19 were successfully closed and has selectively invested in several new loans.

Despite material economic headwinds and public market volatility, the Fund's portfolio has continued to deliver capital stability, reflected in the daily published NAV, as well as pay monthly cash distributions and meet its Target Return. The Fund's underlying portfolio is appropriately diversified and while some borrowers experienced the demand, supply and/or liquidity impacts of COVID-19, loans to which the Fund is exposed have covenants, controls, security and equity buffer which enabled Metrics, as investment manager of these underlying funds, to actively manage risk to protect investor capital. Metrics has also avoided lending to some of the most affected industries, such as consumer discretionary, travel and tourism and student accommodation.

Metrics has continued to be actively engaged with borrowers and undertook a thorough risk analysis of each borrower to assess the impact of the cashflow/liquidity squeeze both during and after the pandemic. In all cases, Metrics is satisfied that the valuation risk remained firmly with equity and was able to reconfirm the stated, and independently verified, NAV. In the Fund's underlying investments there have been no borrowers in default, no bad debts and no arrears of either principal or interest.

As a result of the extreme equity market volatility, the Fund's Unit Price traded below NAV for the first time in March 2020, however with investors and funds associated with Metrics acquiring the Fund units, the gap has reduced. The discount of the Fund's unit price to NAV is not easily explained by reference to the fundamental values of the performing instruments which it is exposed. The loans to which the Fund is exposed are mostly short dated mitigating credit and market risk, and have been originated over time resulting in regular repayments at par. The weighted average tenor of the Fund's loan investments is 1.5 years (excluding equity and equitylike instruments), with a staggered repayment profile.

As a result of market conditions, debt structures are likely to become more conservative and loan pricing has begun to increase and may continue further. It is expected that this is likely to provide attractive lending opportunities for the Fund.

DIRECTORS' REPORT

The Trust Company (RE Services) Limited (ABN 45 003 278 831) is the responsible entity (the "**Responsible Entity**") of MCP 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 period ended 30 June 2020.

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 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.

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 period.

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

DIRECTORS

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

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

UNITS ON ISSUE

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

	AS AT	
	30 JUNE 2020 UNITS ('000)	30 JUNE 2019 UNITS ('000)
Units on issue	**173,111**	150,000

REVIEW AND RESULTS OF OPERATIONS

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

RESULTS

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

	YEAR ENDED 30 JUNE 2020	FOR THE PERIOD 7 FEBRUARY 2019 TO 30 JUNE 2019
Profit/(loss) for the period ($'000)	**24,678**	3,286
Distributions paid and payable ($'000)	**23,758**	3,049
Distributions (cents per unit)	**14.34**	2.03

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

On 4 October 2019 the Responsible Entity announced that the Fund would change the distribution frequency from quarterly to monthly, effective from 31 October 2019.

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

On 21 January 2020, the Responsible Entity announced that Metrics had voluntarily agreed to waive Performance Fees to prevent investor returns being impacted by record low interest rates. The Fund Hurdle is equal to the RBA Cash Rate plus 600 basis points per annum. As at 21 January 2020 Performance Fees were payable on returns in excess of 6.75% per annum, which is lower than the Fund's target cash return to investors of 7.00% per annum (net of fees and costs). Metrics intends that the Performance Fee will only apply on the Fund's returns which exceed 7.50% per annum. The Performance Fee Waiver will continue until such time as:

> 90 days notice is provided to the Responsible Entity;

> Metrics is no longer the manager of the Fund; or

> The RBA cash rate is equal to or exceeds 1.50% p.a.

Other than the impact of COVID-19 described below, the Directors are of the opinion that there are no other significant changes in the state of affairs of the Fund that occurred during the year.

COVID-19

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 year.

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

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

As noted above, the impacts of COVID-19 are still unfolding, and there may be further impacts on the Fund. Other than COVID-19 impacts, no other matter or circumstance has arisen since 30 June 2020 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 period 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 period.

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

UNITS IN THE FUND

The movement in units on issue in the Fund during the period 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. 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 13.

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
25 August 2020

CORPORATE GOVERNANCE STATEMENT

AS AT 30 JUNE 2020

BACKGROUND

The Trust Company (RE Services) Limited ("**Responsible Entity**") is the responsible entity for the MCP Income Trust Opportunities ("**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 3rd 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 acting 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.

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

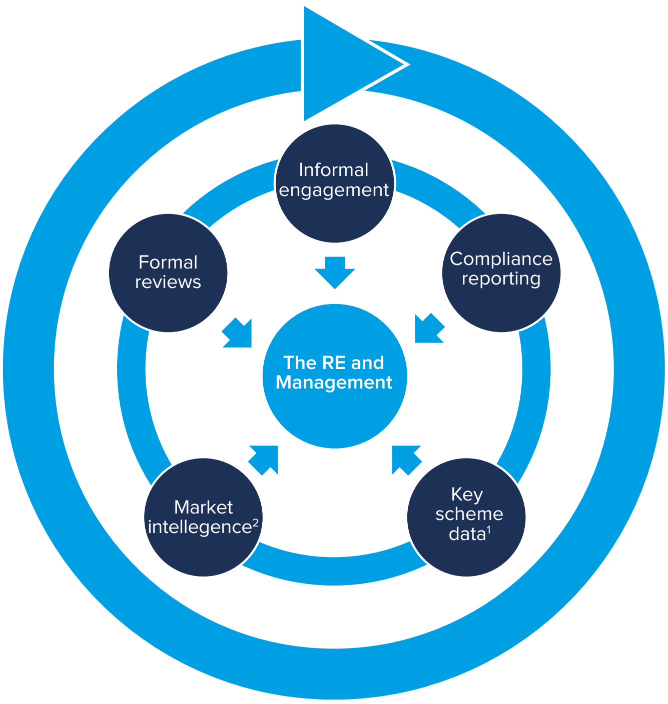
The Responsible Entity has appointed agents ("Service Providers") to provide investment management, administration, custody and other specialist services and functions in relation to the Trust.

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 annual review.

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.

Principle 2 – Structure the Board to be Effective and Add Value

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

Name of Director	Year of Appointment
Glenn Foster	2015
Richard McCarthy	2018
Vicki Riggio	2018
Phillip Blackmore (alternate for Vicki Riggio)	2018
Simone Mosse	2019

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

Principle 3 –Acting Ethically and Responsibly

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

> 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);

> "The Way We Work" behaviour framework, and risk ratings that are intertwined into its annual performance, remuneration and hiring processes; and

> employee engagement surveys and action planning conducted to address any gaps or concerns in culture.

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 impact the Scheme 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, contractors and suppliers 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; 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 Perpetual employees 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.

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 and the Gifts, Political Donations, Bribery and Corrupt Practices 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 which sets out the processes to review and authorise market announcements and which is periodically reviewed to ensure that it is operating effectively. The policy requires timely disclosure of information to be reported to the Responsible Entity's management and/or directors to ensure that, information that a reasonable person would expect to have a material effect on the unit price or would influence an investment decision in relation to any of the Trust, is disclosed to the market. The Responsible Entity's Company Secretary may assist management and/or the directors in making disclosures to the ASX after appropriate Responsible Entity's Board consultation for material market announcements. 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's Company Secretary is the Continuous Disclosure Officer for the Trust in accordance with the ASX Listing Rules.

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: www.metrics.com.au. 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 Responsible Entity has an active program for effective communication with the unitholders and other stakeholders in relation to Trust.

The Responsible Entity handles any complaints received from unitholders in accordance with Perpetual's Complaints Handling Policy. The Responsible Entity is a member of the Australian Financial Complaints Authority (**AFCA**), an independent dispute resolution body, which is available to unitholders in the event that any complaints cannot be satisfactorily resolved by the Responsible Entity.

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

Principle 7 – Recognise and Manage Risk

The Responsible Entity values the importance of robust risk and compliance management systems and maintains a current risk register as part of its formal risk management program. The systems supporting the business have been designed to ensure our risks are managed within the boundaries of the Perpetual Risk Appetite Statement and consistent with our core values built on integrity, partnership and excellence.

The Responsible Entity has established a Compliance Committee, comprised of Johanna Turner (Chair), Virginia Malley and Simone Mosse.

The Compliance Committee meets at least quarterly. The Compliance Committee Terms of Reference sets out its role and responsibilities, which is available on request. The Compliance Committee is responsible for compliance matters regarding the Responsible Entity's Compliance Plan, Constitution and the Corporations Act.

The declarations under section 295A of the Act provide assurance regarding sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks. The Responsible Entity also receives appropriate declarations from the service providers involved in financial reporting.

The Responsible Entity manages the engagement and monitoring of independent external auditors for the Trust. The Responsible Entity's board receives periodic reports in relation to financial reporting and the compliance plan audit outcomes for the Trust.

The Perpetual Board has the responsibility and commitment to monitor that the organisation has a framework in place to manage risk. 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. The Chief Risk Officer has the mandate to design and implement this Risk Management Framework (RMF).

Perpetual's Audit, Risk and Compliance Committee (ARCC) is responsible for oversight and monitoring of the Perpetual's risk appetite statement, 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 RMF was reviewed, updated and approved by the Audit, Risk and Compliance Committee during the 2020 financial year. The RMF consists of programs and policies which are designed to address specific risk categories – strategic, financial, operational, outsourcing, investment, reputation, people and compliance, legal and conduct risk. Programs supporting the RMF are regularly reviewed to confirm their appropriateness. The Audit, Risk and Compliance Committee is comprised of Ian Hammond (Chair), Nancy Fox, Craig Ueland and Gregory Cooper. The Audit, Risk and Compliance Committee Terms of Reference sets out its role and responsibilities. This can be obtained on the Perpetual website. All members of the Perpetual Audit, Risk and Compliance Committee members are independent non-executive directors of Perpetual Limited. A majority of the Responsible Entity Compliance Committee is comprised of external members, including an external Chair.

All Perpetual Group Executives are accountable for managing risk within their area of responsibility, including the extent to which the Responsible Entity is effectively applying and acting in accordance with the RMF. They are also required to manage risk as part of their business objectives with risk management integrated across business processes.

The RMF is underpinned by the "Three Lines of Defence" model. This model sees the first line, being business unit management, accountable for the day to day identification and management of risks. The Risk and Compliance function represents the second line and consists of risk management professionals who provide the framework, tools, advice and assistance to enable management to effectively identify, assess and manage risk and is responsible for overseeing first line activities. Internal Audit provides independent assurance, representing the third line, and reports to the ARCC.

In respect of economic, environmental and social sustainability risks, the Investment Manager has policies and procedures in place to assess the Environmental, Social and Governance ("ESG") impacts of the Fund's investment activities. These policies and procedures have been developed in accordance with the United Nations Principals for Responsible Investment ("UNPRI"). In October 2019 the Investment Manager took the formal step of becoming a signatory to UNPRI as an acknowledgement of the important of ESG and the Investment Manager's responsibility to ensure that ESG is embedded across all its investing activities.

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 (RE Services) Limited (the Responsible Entity) of MCP Income Opportunities Trust

I declare that, to the best of my knowledge and belief, in relation to the audit of MCP Income Opportunities Trust for the financial year ended 30 June 2020 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
25 August 2020

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

	NOTES	YEAR ENDED 30 JUNE 2020 $'000	FOR THE PERIOD 7 FEBRUARY 2019 TO 30 JUNE 2019 $'000
Investment income			
Interest income		**514**	489
Net gains/(losses) on financial instruments at fair value through profit or loss		**944**	243
Distribution income		**28,012**	3,342
Total investment income/(loss)		**29,470**	4,074
Expenses			
Responsible Entity's fees	12	**142**	26
Management fees	12	**3,374**	576
Investor equalisation expense		**857**	144
Administrative and other expenses		**419**	42
Total expenses		**4,792**	788
Profit/(loss) for the period		**24,678**	3,286
Other comprehensive income		**–**	–
Total comprehensive income/(loss) for the period		**24,678**	3,286
Earnings per unit for profit attributable to unitholders of the Fund			
Basic and diluted gain/(loss) per unit (cents)	9	**14.94**	2.19

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

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	NOTES	AS AT 30 JUNE 2020 $'000	AS AT 30 JUNE 2019 $'000
Assets			
Cash and cash equivalents	10	**1,083**	28,488
Interest receivable		**–**	90
Distributions receivable		**3,703**	3,342
GST receivable		**86**	53
Financial assets	5	**346,356**	271,715
Total assets		**351,228**	303,688
Liabilities			
Distributions payable	8	**3,341**	3,049
Responsible Entity's fees payable	12	**106**	26
Management fees payable	12	**314**	344
Other payables		**83**	32
Total liabilities		**3,844**	3,451
Net assets attributable to unitholders – equity	7	**347,384**	300,237

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

	NOTES	YEAR ENDED 30 JUNE 2020 $'000	FOR THE PERIOD 7 FEBRUARY 2019 TO 30 JUNE 2019 $'000
Total equity at the beginning of the period		**300,237**	–
Comprehensive income for the period			
Profit/(loss) for the period		**24,678**	3,286
Total comprehensive income for the period		**24,678**	3,286
Transactions with unitholders			
Capital raising – Initial Public Offering (IPO)	7	**–**	300,000
Capital raising		**45,000**	
Units issued upon reinvestment of distributions	7	**1,227**	–
Distributions paid and payable	7, 8	**(23,758)**	(3,049)
Total transactions with unitholders		**22,469**	296,951
Total equity at the end of the period		**347,384**	300,237

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2020

	NOTES	YEAR ENDED 30 JUNE 2020 $'000	FOR THE PERIOD 7 FEBRUARY 2019 TO 30 JUNE 2019 $'000
Cash flows from operating activities			
Interest received		**141**	325
Net investor equalisation expense paid		**(48)**	–
Distribution income received		**27,652**	–
Management fees paid		**(3,405)**	(232)
Responsible Entity's fees paid		**(62)**	–
Administration and other expenses paid*		**(408)**	(73)
Net cash inflow/(outflow) from operating activities	10	**23,870**	20
Cash flows from investing activities			
Purchase of financial assets		**(73,500)**	(270,435)
Investment manager loan drawdown		**(570)**	(1,097)
Net cash inflow/(outflow) from investing activities		**(74,070)**	(271,532)
Cash flows from financing activities			
Proceeds from application by unitholders		**45,000**	300,000
Distributions paid to unitholders		**(22,205)**	–
Net cash inflow/(outflow) from financing activities		**22,795**	300,000
Net increase/(decrease) in cash and cash equivalents		**(27,405)**	28,488
Cash and cash equivalents at the beginning of the period		**28,488**	–
Cash and cash equivalents at the end of the period	10	**1,083**	28,488

* Administration expenses line item has been removed and merged in Other expenses in current year as compared to prior year.

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 2020

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1 GENERAL INFORMATION

These financial statements covers the MCP Income Opportunities Trust (the "**Fund**") as an individual entity. 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.

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.

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

The Custodian of the Fund is Perpetual Corporate Trust Limited.

The 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 25 August 2020. The Directors of the Responsible Entity have the power to amend and reissue the financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(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 MCP Wholesale Income Opportunities Trust are held at fair value.

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 6 for further details.

The MCP Income Opportunities Trust and the MCP 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:

(a) the Fund indirectly holds more than one investment because the wholesale funds holds a portfolio of investments;

(b) the MCP Wholesale Income Opportunities Trust is largely wholly capitalised by the Fund, the Fund is funded by more than one investor who are related to the Fund; and

(c) ownership in the Fund and the MCP 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 2019 that have a material impact on the amounts recognised in the prior period or will affect the current or future periods.

(iii) New accounting standards and interpretations not yet adopted.

A number of new standards, amendments to standards and interpretations are effective for annual reporting periods beginning after 1 July 2020. 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 derivative contracts that have a negative fair value are presented as liabilities at fair value through profit or loss. 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 period the asset is derecognised as realised gains or losses on financial instruments.

(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 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 amortised cost. 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 – equity

Units in the Fund are listed on the ASX and traded by unitholder's 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. In addition to units being traded on the ASX, under the Constitution, request for redemption to the Responsible Entity may be made, however redemption is dependent on the Responsible Entity's discretion (see note 2 (m)).

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 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.

(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) Foreign currency translation

(i) Functional and presentation currency

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.

(k) 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.

(l) Payables

Payables include liabilities and accrued expenses owed by the Fund which are unpaid as at the end of the reporting period.

Payables may include amounts for redemptions of units in the Fund where settlement has not yet occurred. These amounts are unsecured and are usually paid within 30 days of recognition.

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 Responsible Entity in accordance to the Fund's Constitution.

(m) Applications and redemptions

Applications received for units in the Fund are recorded net of any transaction costs payable prior to the issuance of units in the Fund.

In accordance with the Constitution, the Responsible Entity may determine to reject a redemption request in its absolute discretion. The Responsible Entity is not obliged under any circumstances to pay any part of the redemption price out of its own funds.

The redemption transaction costs are an estimate by the Responsible Entity of the total transaction cost the Fund would incur selling the Trust Property/Units. If appropriate, the Responsible Entity may apply estimate redemption transaction costs in regard to the actual cost incurred from the redemption. If the Responsible Entity makes no estimate, the redemption transaction costs are zero.

(n) 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.

(o) 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 statement of financial position, including amounts due from/to brokers, accounts payable and accrued expenses, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

(p) 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 ("RE") under an Investment Management Agreement to manage the Fund's assets in accordance with the Investment Objective and Strategy.

The RE has in place a framework which includes:

> The Investment Manager providing the RE 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 managers 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.

(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 MCP 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 period end, the overall market exposures were as follows:

	AS AT 30 JUNE 2020 FAIR VALUE $'000	AS AT 30 JUNE 2019 FAIR VALUE $'000
Financial assets		
MCP Wholesale Income Opportunities Trust	**338,640**	264,196
Investment manager loan asset	**7,716**	7,519

(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.

AT 30 JUNE 2020	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	FLOATING INTEREST RATE $'000	FIXED INTEREST RATE $'000	NON-INTEREST BEARING $'000	TOTAL $'000
Financial assets					
Cash and cash equivalents	**0.66%**	**1,083**	**–**	**–**	**1,083**
Interest receivable		**–**	**–**	**0**	**0**
Distributions receivable		**–**	**–**	**3,703**	**3,703**
GST receivable		**–**	**–**	**86**	**86**
Financial assets	**6%***	**–**	**7,716**	**338,640**	**346,356**
Total financial assets		**1,083**	**7,716**	**342,429**	**351,228**
Financial liabilities					
Distributions payable		**–**	**–**	**3,341**	**3,341**
Responsible Entity's fees payable		**–**	**–**	**106**	**106**
Management fees payable				**314**	**314**
Other payables				**83**	**83**
Total financial liabilities		**–**	**–**	**3,844**	**3,844**
Net exposure		**1,083**	**7,716**	**338,585**	**347,384**
AT 30 JUNE 2019					
Financial assets					
Cash and cash equivalents	1.25%	28,488	–	–	28,488
Interest receivable		–	–	90	90
Distributions receivable		–	–	3,342	3,342
GST receivable		–	–	53	53
Financial assets	6%*	–	7,519	264,196	271,715
Total financial assets		28,488	7,519	267,681	303,688
Financial liabilities					
Distributions payable		–	–	3,049	3,049
Responsible Entity's fees payable		–	–	26	26
Management fees payable		–	–	344	344
Other payables		–	–	32	32
Total financial liabilities		–	–	3,451	3,451
Net exposure		28,488	7,519	264,230	300,237

*Weighted effective interest rate only applies to loan assets.

At 30 June 2020, should interest rates have increased/decreased by 25 basis points (2019: 75 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 $21,682 (2019: $211,000).

(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 2020, 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.

(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 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 owned 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.

The Investment Manager monitors the Fund's cash flow requirements and undertakes cash flow forecasts including capital budgeting on a daily basis. Cash flow reconciliations are undertaken daily to ensure all income and expenses are managed in accordance with contracted obligations.

The table below analyses the Fund's non-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.

AT 30 JUNE 2020	LESS THAN 1 MONTH $'000	1–6 MONTHS $'000	6–12 MONTHS $'000	OVER 12 MONTHS $'000	NO STATED MATURITY $'000
Distributions payable	**3,341**	**–**	**–**	**–**	**–**
Responsible Entity's fees payable	**106**	**–**	**–**	**–**	**–**
Management fees payable	**314**	**–**	**–**	**–**	**–**
Other payables	**83**				
Total financial liabilities	**3,844**	**–**	**–**	**–**	**–**
AT 30 JUNE 2019					
Distributions payable	3,049	–	–	–	–
Responsible Entity's fees payable	26	–	–	–	–
Management fees payable	344	–	–	–	–
Other payables	32	–	–	–	–
Total financial liabilities	3,451	–	–	–	–

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 period.

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

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and

(c) 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 period 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 period applicable for an instrument with similar terms and conditions.

For other pricing models, inputs are based on market data at the end of the reporting period.

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

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

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 consider 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 measured and recognised at fair value as at 30 June 2020 and 30 June 2019.

30 JUNE 2020	LEVEL 1 $'000	LEVEL 2 $'000	LEVEL 3 $'000	TOTAL $'000
Financials assets				
MCP Wholesale Income Opportunities Trust	**–**	**338,640**	**–**	**338,640**
Investment manager loan asset	**–**	**–**	**7,716**	**7,716**
Total	**–**	**338,640**	**7,716**	**346,356**
JUNE 30,2019				
Financials assets				
MCP Wholesale Income Opportunities Trust	–	264,196	–	264,196
Investment manager loan asset	–	–	7,519	7,519
Total	–	264,196	7,519	271,715

(i) 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 period.

There were no transfers between the levels in the fair value hierarchy for the period ended 30 June 2019.

(ii) Fair value measurements using significant unobservable inputs (level 3)

The following table present the movement in level 3 instruments, by class of financial instruments, for the period ended 30 June 2019.

YEAR ENDED 30 JUNE 2020	INVESTMENT MANAGER LOAN ASSETS $'000	TOTAL $'000
Opening balance	**7,519**	**7,519**
Drawdown by Investment Manager	**570**	**570**
IEE	**(835)**	**(835)**
Interest accrued	**462**	**462**
Closing balance	**7,716**	**7,716**
PERIOD 7 FEBRUARY 2019 TO 30 JUNE 2019		
Opening balance	–	–
Loan provided to Investment Manager	6,482	6,482
Drawdown by Investment Manager	1,097	1,097
IEE	(134)	(134)
Interest accrued	74	74
Closing balance	7,519	7,519

(iii) Valuation processes

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

(iv) Fair values of other financial instruments

The Fund did not hold any 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 period.

5 FINANCIAL ASSETS

	AS AT 30 JUNE 2020 $'000	AS AT 30 JUNE 2019 $'000
MCP Wholesale Income Opportunities Trust	**338,640**	264,196
Investment manager loan asset	**7,716**	7,519
	346,356	271,715

> *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 25 February 2019.

An overview of the risk exposure relating to financial assets at fair value through profit or loss is included in note 3.

6 STRUCTURED ENTITIES

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 schemes (the "**Schemes**") to be structured entities. The Fund invests in Schemes for the purpose of capital appreciation and/or earning investment income.

The exposure to investments in related Schemes 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 Schemes 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 2020 $'000	30 JUNE 2019 $'000	30 JUNE 2020 %	30 JUNE 2019 %
MCP Wholesale Income Opportunities Trust	**338,640**	264,196	**100**	100

The Fund has exposures to structured entities through its trading activities. The Fund typically has no other involvement with the structured entity 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 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).

During the year ended 30 June 2020, total gains/(losses) incurred on investments in the Schemes were $944,063 (2019: $243,078). The Fund also earned distribution income of $28,012,400 (2019: $3,341,729) as a result of its interests in the Schemes.

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 period were as follows:

	YEAR ENDED 30 JUNE 2020		FOR THE PERIOD 7 FEBRUARY 2019 TO 30 JUNE 2019	
	NO. '000	$'000	NO. '000	$'000
Opening balance	**150,000**	**300,237**	–	–
Capital raising – Initial Public Offering (IPO)	**–**	**–**	150,000	300,000
Capital raising	**22,500**	**45,000**	–	–
Units issued upon reinvestment of distributions	**611**	**1,227**	–	–
Distributions paid and payable	**–**	**(23,758)**	–	(3,049)
Profit/(loss) for the period	**–**	**24,678**	150,000	3,286
Closing balance	**173,111**	**347,384**	150,000	300,237

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 Trust is listed, unitholders who wish to exit their investments 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 classifies its net assets attributable to unitholders as equity.

8 DISTRIBUTIONS TO UNITHOLDERS

Distributions are determined by reference to the net taxable income of the Fund. On 31 October 2019 the responsible entity announced that the Fund intended to pay distributions on a monthly basis instead of quarterly. The first monthly payment was made in respect to the period ending 31 October 2019.

The distributions for the period were as follows:

	YEAR ENDED 30 JUNE 2020		7 FEBRUARY 2019 TO 30 JUNE 2019 NO. '000	
	$'000	CPU*	$'000	CPU*
Distributions				
30 September	**5,355**	**3.57**		
31 October	**1,503**	**1.00**		
30 November	**2,160**	**1.25**		
31 December	**1,884**	**1.09**		
31 January	**1,781**	**1.03**		
28 February	**1,833**	**1.06**		
31 March	**2,318**	**1.34**		
30 April	**1,852**	**1.07**		
31 May	**1,731**	**1.00**		
30 June (payable)	**3,341**	**1.93**	3,049	2.03
Total	**23,758**	**14.34**	3,049	2.03

* Distribution is expressed as cents per unit amount in Australian Dollar.

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 period.

	YEAR ENDED 30 JUNE 2020	FOR THE PERIOD 7 FEBRUARY 2019 TO 30 JUNE 2019
Operating profit/(loss) attributable to unitholders ($'000)	**24,678**	3,286
Weighted average number of units on issue ('000)	**165,124**	150,000
Basic and diluted earnings per unit (cents)	**14.94**	2.19

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 2020 $'000	FOR THE PERIOD 7 FEBRUARY 2019 TO 30 JUNE 2019 $'000
Profit/(loss) for the period	**24,678**	3,286
Net change in financial assets	**(944)**	(183)
Net change in receivables	**(271)**	(3,485)
Net change in payables	**407**	402
Net cash inflow/(outflow) from operating activities	**23,870**	20

(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 2020 $'000	FOR THE PERIOD 7 FEBRUARY 2019 TO 30 JUNE 2019 $'000
Cash and cash equivalents	**1,083**	28,488
	1,083	28,488

(c) Non-cash financing activities

	YEAR ENDED 30 JUNE 2020 $'000	FOR THE PERIOD 7 FEBRUARY 2019 TO 30 JUNE 2019 $'000
During the period, the following distribution payments were satisfied by the issue of units under the distribution reinvestment plan	**1,227**	–
	1,227	–

As described in note 2(i), income not distributed is included in net assets attributable to unitholders. The change in this amount each period (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 period the following fees were paid or payable for audit services provided to the Fund:

	YEAR ENDED 30 JUNE 2020 $	FOR THE PERIOD 7 FEBRUARY 2019 TO 30 JUNE 2019 $
KPMG		
Audit and other assurance services		
Audit and review of financial statements	**30,000**	28,000
Total remuneration for audit and other assurance services	**30,000**	28,000
Total remuneration of KPMG	**30,000**	28,000

	YEAR ENDED 30 JUNE 2020 $	FOR THE PERIOD 7 FEBRUARY 2019 TO 30 JUNE 2019 $
PWC		
Audit and other assurance services		
Audit and review of the annual compliance plan	**2,585**	–
Total remuneration for audit and other assurance services	**2,585**	–
Total remuneration of PWC	**2,585**	

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 MCP Income Opportunities Trust is The Trust Company (RE Services) Limited. The Responsible Entity is a wholly owned subsidiary in the Perpetual Limited Group (ASX: PPT). Perpetual Corporate Trust Limited, a related party of the Responsible Entity, provides custody services to the Fund. Amounts presented under the Responsible Entity fees include fees paid for Responsible Entity services and custody services.

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

(a) Directors

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

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

(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 period.

Key management personnel unit holdings

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

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

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 period.

Other transactions within the Fund

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

(i) Responsible Entity

This fee is charged by the Responsible Entity for managing the Fund and making it available to investors. The fee charged by the Custodian is for services performed in accordance with the Custodian Agreement. Fees payable to the Responsible Entity and Custodian are calculated on the adjusted net asset value of the Fund and accrued daily and paid quarterly in arrears from the assets of the Fund and reflected in the daily unit price.

(ii) Management 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.

The performance fee for any period is equal to 15.38% of the amount (if any) by which the Fund's Total Return exceeds the Fund's Hurdle. The performance fee is calculated and accrued daily and paid monthly in arrears from the Fund's assets. Different fees may be negotiated with wholesale clients.

(iii) Indirect costs

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

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

	YEAR ENDED 30 JUNE 2020 $	FOR THE PERIOD 7 FEBRUARY 2019 TO 30 JUNE 2019 $
Management fees for the period paid and payable by the Fund to the Investment Manager	**3,374,401**	575,905
Responsible Entity and Custodian fees for the period paid and payable by the Fund	**141,772**	26,082
Aggregate amounts payable to the Investment Manager at reporting date	**313,630**	344,503
Aggregate amounts payable to the Responsible Entity and Custodian at reporting date	**105,711**	26,082

Investments

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

AT 30 JUNE 2020	FAIR VALUE OF INVESTMENT $	INTEREST HELD (%)	DISTRIBUTIONS RECEIVED/ RECEIVABLE $	UNITS ACQUIRED DURING PERIOD	UNITS DISPOSED DURING THE PERIOD
MCP Wholesale Income Opportunities Trust	**338,639,724**	**100**	**28,012,400**	**72,268,827**	**–**
AT 30 JUNE 2019					
MCP Wholesale Income Opportunities Trust	264,195,661	100	3,341,729	261,761,281	–

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 CHANGES IN STATE OF AFFAIRS

On 4 October 2019 the Responsible Entity announced that the Fund would change the distribution frequency from quarterly to monthly, effective from 31 October 2019.

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

On 21 January 2020, the Responsible Entity announced that Metrics had voluntarily agreed to waive Performance Fees to prevent investor returns being impacted by record low interest rates. The Fund Hurdle is equal to the RBA Cash Rate plus 600 basis points per annum. As at 21 January 2020 Performance Fees were payable on returns in excess of 6.75% per annum, which is lower than the Fund's target cash return to investors of 7.00% per annum (net of fees and costs).

Metrics intends that the Performance Fee will only apply on the Fund's returns which exceed 7.50% per annum. The Performance Fee Waiver will continue until such time as:

> 90 days notice is provided to the Responsible Entity;

> Metrics is no longer the manager of the Fund; or

> The RBA cash rate is equal to or exceeds 1.50% p.a.

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 year.

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

15 EVENTS OCCURRING AFTER THE REPORTING PERIOD

Subsequent to year end, on 28 July 2020, the Directors declared a distribution of 1.03 cents per ordinary unit which amounted to $1,783,606 and was paid on 10 August 2020.

As noted above, the impacts of COVID-19 are still unfolding, and there may be further impacts on the Fund. Other than COVID-19 impacts, no other matter or circumstance since the end of the financial year not otherwise addressed within this report that has affected or may significantly affect the operations of the Fund, the results of those operations or the state of affairs of the Fund in subsequent years. The Fund continues to operate as a going concern.

16 CONTINGENT ASSETS AND LIABILITIES AND COMMITMENTS

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2020 or 30 June 2019.

DIRECTORS' DECLARATION

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

(a) the financial statements and notes set out on pages 14 to 37 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 2020 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
25 August 2020

AUDIT REPORT

KPMG

Independent Auditor's Report

To the unitholders of MCP Income Opportunities Trust

Opinion

We have audited the ***Financial Report*** of MCP 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 2020 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 2020
- Statement of profit or loss and other 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
- 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 the Code.

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.

These matters were 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 these matters.

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Valuation of the financial assets held at fair through profit or loss ($338.6m)	
Refer to Note 5 to the Financial Report	
The key audit matter	**How the matter was addressed in our audit**
Financial assets held at fair value through profit or loss comprise of units held in the MCP Wholesale Income Opportunities Trust (100% owned by the Fund). Valuation of the units in the MCP Wholesale Income Opportunities Trust is a key audit matter owing to: • The assets representing 96.4% of the Fund's total assets; • The degree of audit effort and resources involved in assessing the underlying transaction records; and • The importance of the performance of this asset in driving the Fund's investment income and capital performance, as reported in the Financial Report.	Our procedures included: • For the period 1 July 2019 to 17 January 2020, obtained and read the Fund's former Investment Administrator's GS007 (Guidance Statement 007 Audit Implications of the Use of Service Organisations for Investment Management Services) assurance report to assess the Investment Administrator's processes to record the Fund's investments; • Obtained and read the Fund's custodian's GS007 assurance report to assess the custodian's processes to record the Fund's investments; • Checked the ownership of the investments to custody reports to test existence of investments being valued; • Obtained and read the registrar's GS007 assurance report of the units into which the Fund invests to assess the Registry's processes to record the Fund's unit holdings; • Checking the ownership of the unit holdings to the unit registry to test the existence of unit holdings being valued; and • Checking the valuation of unit holdings, as recorded in the general ledger, to the latest available audited financial statements of MCP Income Opportunities Trust; and • Evaluating the procedures by us in relation to the audit of MCP Wholesale Income Opportunities Trust as evidence of the underlying valuation of the assets held by the Fund.

Other Information

Other Information is financial and non-financial information in MCP 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 audit 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.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our Auditor's Report.

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Andrew Reeves
Partner

Sydney
25 August 2020

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report is as follows. The information is current as at 31 July 2020 unless otherwise indicated.

A. DISTRIBUTION OF UNITS

Analysis of numbers of unitholders by size of holding:

SIZE OF HOLDING RANGES:		NO. OF HOLDERS	TOTAL UNITS	PERCENTAGE
5	1 – 1,000	260	139,218	0.08%
4	1,001 – 5,000	1,667	5,126,898	2.96%
3	5,001 – 10,000	1,194	9,422,243	5.44%
2	10,001 – 100,000	2,638	78,391,164	45.27%
1	100,001 and over	133	80,086,081	46.25%
		5,892	**173,165,604**	**100.00%**

The number of unitholders holding less than a marketable parcel of $500 worth of units is 45 and they hold a total of 1,789 units.

B. LARGEST UNITHOLDER

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

UNITHOLDER		NO. OF UNITS	PERCENTAGE
1	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	23,010,497	13.3%
2	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	8,388,310	4.8%
3	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	5,863,497	3.4%
4	NATIONAL NOMINEES LIMITED	3,561,612	2.1%
5	PERPETUAL CORPORATE TRUST LTD <MCP WIOT AC>	3,169,784	1.8%
6	MCH INVESTMENT MANAGEMENT SERVICES PTY LTD <MCP CREDIT 1 A/C>	2,966,675	1.7%
7	IRAL PTY LTD <IRAL A/C>	2,425,000	1.4%
8	NETWEALTH INVESTMENTS LIMITED <SUPER SERVICES A/C>	2,179,455	1.3%
9	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	1,591,084	0.9%
10	BALMORAL FINANCIAL INVESTMENTS PTY LTD	1,000,000	0.6%
11	JOHN SHEARER (HOLDINGS) PTY LIMITED	750,000	0.4%
12	CITICORP NOMINEES PTY LIMITED	703,243	0.4%
13	AUSTRALIAN EXECUTOR TRUSTEES LIMITED <NO 1 ACCOUNT>	653,500	0.4%
14	A J MESSER PTY LTD <A J MESSER FAMILY A/C>	650,423	0.4%
15	CHARANDA NOMINEE COMPANY PTY LTD <GREYCLIFFE SUPER FUND A/C>	640,000	0.4%
16	MISS KAREN MICHELLE PHILLIPS <PORCELLINO A/C>	608,127	0.4%
17	BOND STREET CUSTODIANS LIMITED <WILLIM – V01303 A/C>	516,119	0.3%
18	KUZEN PTY LTD <GUNLUK A/C>	500,000	0.3%
19	JT & M (VIC) PTY LTD <THE MACFARLANE FAM TR A/C>	500,000	0.3%
20	OBFT PTY LTD <O'BRIEN FAMILIES A/C>	500,000	0.3%

C. SUBSTANTIAL UNITHOLDERS

There are no substantial unitholders.

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. INVESTMENT TRANSACTIONS

The total number of contract notes that were issued for transactions in securities during the financial year was 2. Each investment transaction may involve multiple contract notes. The total brokerage paid on these contract notes was $Nil.

F. STOCK EXCHANGE LISTING

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

G. UNQUOTED UNITS

There are no unquoted units on issue.

H. VOLUNTARY ESCROW

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

I. ON-MARKET BUY-BACK

There is no current on-market buy-back.

J. REGISTERED OFFICE OF THE RESPONSIBLE ENTITY

The Trust Company (RE Services) Limited
Level 18, 123 Pitt Street
Sydney NSW 2000
Telephone: 02 8295 8100

K. 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

L. RESPONSIBLE ENTITY COMPANY SECRETARIES

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Sylvie Dimarco

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