

For personal use only

# **MCP INCOME OPPORTUNITIES TRUST**

---

## **CONDENSED INTERIM FINANCIAL STATEMENTS**

**For the half-year ended 31 December 2020**

ARSN 631 320 628



**METRICS**

## **CONTENTS**

<b>MCP Income Opportunities Trust Appendix 4D</b>	<b>1</b>
<b>Directors' Report</b>	<b>3</b>
<b>Lead Auditor's Independence Declaration</b>	<b>6</b>
<b>Condensed Interim Statement of Comprehensive Income</b>	<b>7</b>
<b>Condensed Interim Statement of Financial Position</b>	<b>8</b>
<b>Condensed Interim Statement of Changes in Equity</b>	<b>9</b>
<b>Condensed Interim Statement of Cash Flows</b>	<b>10</b>
<b>Notes to the Condensed Interim Financial Statements</b>	<b>11</b>
<b>Directors' Declaration</b>	<b>19</b>
<b>Independent Auditor's Review Report</b>	<b>20</b>

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

The Responsible Entity of the 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 4D

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

### DETAILS OF REPORTING PERIOD

**Current:** Half-year ended 31 December 2020

**Previous:** Half-year ended 31 December 2019

The Directors of The Trust Company (RE Services) Limited, the Responsible Entity of the MCP Income Opportunities Trust (the "Fund") announce the reviewed results of the Fund for the half-year ended 31 December 2020 as follows:

### RESULTS FOR ANNOUNCEMENT TO THE MARKET

Extracted from Condensed Interim Financial Statements for the half-year ended 31 December 2020:

	INCREASE/(DECREASE) OVER CORRESPONDING PERIOD			
	2020 \$'000	2019 \$'000	%	\$'000
Revenue from ordinary activities	16,182	14,405	12.34%	1,777
Profit/(loss) from the half-year	13,687	12,023	13.84%	1,664
Total comprehensive income/(loss) for the half-year	13,687	12,023	13.84%	1,664

### DETAILS OF DISTRIBUTIONS

Distributions for the half-year ended 31 December 2020 were \$10,168,962 (5.87 cents per ordinary unit).

Subsequent to the period end on 25 January 2021, the Directors declared a distribution of 1.64 cents per ordinary unit which amounted to \$2,842,745 and was paid on 8 February 2021.

### DETAILS OF DISTRIBUTION REINVESTMENT PLAN

The Responsible Entity established a Distribution Reinvestment Plan ("DRP") on 13 May 2019.

The Responsible Entity expects to make distributions on a monthly basis. For such distributions, it is expected that the record date will be the first ASX trading day of each month and the last day for electing into the DRP will be 5.00pm (Sydney time) on the first business day after the record date.

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

## MCP INCOME OPPORTUNITIES TRUST APPENDIX 4D (CONTINUED)

### NET TANGIBLE ASSETS

	AS AT 31 DEC 2020	AS AT 31 DEC 2019
Total Net Tangible Assets attributable to unitholders (\$'000)	<b>351,283</b>	347,087
Units on issue ('000)	<b>173,300</b>	172,863
Net Tangible Assets attributable to unit holders per unit (cents)	<b>2.03</b>	2.01

### CONTROL GAINED OR LOST OVER ENTITIES DURING THE PERIOD

There were no entities over which control was gained or lost during the half-year ended 31 December 2020.

NAME OF ENTITIES	DATE OF GAIN OF CONTROL	DATE OF LOSS OF CONTROL	CONTRIBUTION TO PROFIT 31 DEC 2020 (\$'000)
MCP Wholesale Income Opportunities Trust	23/04/2019	N/A	<b>15,950</b>

### DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

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

### OTHER INFORMATION

The Fund is not a foreign entity.

### INDEPENDENT REVIEW REPORT

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

## DIRECTORS' REPORT

The Directors of The Trust Company (RE Services) Limited (ABN 45 003 278 831, AFSL 235 150), the Responsible Entity of the MCP Income Opportunities Trust ("the Fund"), present their report together with the condensed interim financial statements of the Fund for the half-year ended 31 December 2020 and the auditor's report thereon.

### 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 monthly 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 30 January 2019, registered with the Australian Securities and Investments Commission on 7 February 2019, and 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 half-year.

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

### DIRECTORS

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

NAME	DATE OF APPOINTMENT/RESIGNATION
<b>Richard McCarthy</b>	
<b>Vicki Riggio</b>	
<b>Simone Mosse</b>	
<b>Phillip Blackmore</b>	Alternate for Vicki Riggio
<b>Glenn Foster</b>	Resigned 23 October 2020 Appointed as Non-Executive Director on 1 February 2021

### CHANGE TO UNITS IN THE FUND

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

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

	AS AT 31 DECEMBER 2020 UNITS ('000)	AS AT 30 JUNE 2020 UNITS ('000)
Units on issue	173,300	173,111

## DIRECTORS' REPORT (CONTINUED)

### REVIEW OF OPERATIONS

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

#### Results

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

	HALF-YEAR ENDED 31 DECEMBER 2020	HALF-YEAR ENDED 31 DECEMBER 2019
Operating profit/(loss) (\$'000)	13,687	12,023
Distribution paid and payable (\$'000)	10,169	10,901
Distribution (cents per unit)	5.87	6.91

### SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

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

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

### EVENTS SUBSEQUENT TO REPORTING DATE

On 25 January 2021, the Directors declared a distribution of 1.64 cents per ordinary unit which amounted to \$2,842,745 and was paid on 8 February 2021.

On 1 February 2021, Glenn Foster was appointed as a Non-Executive Director of The Trust Company (RE Services) Limited.

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

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

## DIRECTORS' REPORT (CONTINUED)

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

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

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

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

### ENVIRONMENTAL REGULATION

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

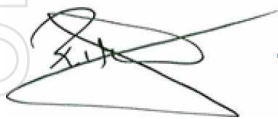
### ROUNDING OF AMOUNTS

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

### AUDITOR'S INDEPENDENCE DECLARATION

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

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



Director  
The Trust Company (RE Services) Limited

Sydney  
19 February 2021

## LEAD AUDITOR'S INDEPENDENCE DECLARATION



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

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

I declare that, to the best of my knowledge and belief, in relation to the review of MCP Income Opportunities Trust for the period from 1 July 2020 to 31 December 2020 there have been:

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

KPMG

KPMG

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

Andrew Reeves  
Partner  
Sydney  
19 February 2021



**CONDENSED INTERIM STATEMENT OF  
COMPREHENSIVE INCOME**

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

		HALF-YEAR ENDED 31 DECEMBER 2020	HALF-YEAR ENDED 31 DECEMBER 2019
	NOTES	\$'000	\$'000
<b>Investment income</b>			
Interest income		232	278
Net gains/(losses) on financial instruments at fair value through profit or loss		3,544	1,178
Distribution income		12,406	12,949
<b>Total investment income</b>		<b>16,182</b>	<b>14,405</b>
<b>Expenses</b>			
Responsible Entity's fees	8	72	71
Management fee expense		1,811	1,638
Performance fee expense		32	—
Investor equalisation expense		453	412
Administrative expenses		127	261
<b>Total expenses</b>		<b>2,495</b>	<b>2,382</b>
<b>Profit/(loss)</b>		<b>13,687</b>	<b>12,023</b>
Other comprehensive income		—	—
<b>Total comprehensive income/(loss) for the half-year</b>		<b>13,687</b>	<b>12,023</b>
<b>Earnings per unit for profit attributable to unitholders of the Fund</b>			
Basic and diluted gain/(loss) per unit (cents)	7	7.90	7.67

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

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

		AS AT 31 DECEMBER 2020 \$'000	AS AT 30 JUNE 2020 \$'000
	NOTES		
<b>Assets</b>			
Cash and cash equivalents		912	1,083
Distributions receivable		2,526	3,703
GST and other receivables		91	86
Financial assets	4	350,490	346,356
<b>Total assets</b>		<b>354,019</b>	<b>351,228</b>
<b>Liabilities</b>			
Distributions payable	6	2,149	3,341
Responsible Entity's fees payable		178	106
Management fees payable		307	314
Performance fees payable		32	—
Administrative fees payable		70	83
<b>Total liabilities</b>		<b>2,736</b>	<b>3,844</b>
<b>Net assets attributable to unitholders – equity</b>	5	<b>351,283</b>	<b>347,384</b>

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

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

		HALF-YEAR ENDED 31 DECEMBER 2020	HALF-YEAR ENDED 31 DECEMBER 2019
	NOTES	\$'000	\$'000
<b>Total Equity at the beginning of the period</b>		<b>347,384</b>	300,237
<b>Comprehensive income for the period</b>			
Profit/(loss)		<b>13,687</b>	12,023
<b>Total comprehensive income for the period</b>		<b>13,687</b>	12,023
<b>Transactions with unitholders</b>			
Capital raising	5	–	45,000
Units issued upon reinvestment of distributions	5	<b>381</b>	728
Distributions paid and payable	5	<b>(10,169)</b>	(10,901)
<b>Total transactions with unitholders</b>		<b>(9,788)</b>	34,827
<b>Total net assets attributable to unitholders – equity at the end of the period</b>		<b>351,283</b>	347,087

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

## CONDENSED INTERIM STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	HALF-YEAR ENDED 31 DECEMBER 2020 \$'000	HALF-YEAR ENDED 31 DECEMBER 2019 \$'000
<b>Cash flows from operating activities</b>		
Interest received	1	165
Net investor equalisation expense paid	(44)	(40)
Distribution income received	13,583	14,016
Responsible Entity's fees paid	–	(36)
Management fees paid	(1,818)	(1,637)
Administrative expenses paid	(114)	(265)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>11,608</b>	<b>12,203</b>
<b>Cash flows from investing activities</b>		
Purchase of financial assets	(800)	(73,500)
Loan drawdown	–	(570)
<b>Net cash inflow/(outflow) from investing activities</b>	<b>(800)</b>	<b>(74,070)</b>
<b>Cash flows from financing activities</b>		
Proceeds from application by unitholders	–	45,000
Distributions paid to unitholders	(10,979)	(11,289)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>(10,979)</b>	<b>33,711</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(171)</b>	<b>(28,156)</b>
Cash and cash equivalents at the beginning of the half-year	1,083	28,488
<b>Cash and cash equivalents at the end of the half-year</b>	<b>912</b>	<b>332</b>

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

# NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

## 1 GENERAL INFORMATION

The condensed interim financial statements covers the MCP Income Opportunities Trust (the "Fund") as an individual entity. The Fund was constituted on 30 January 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 is domiciled in Australia and is a for-profit entity.

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

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

The Custodian of the Fund is Perpetual Corporate Trust Limited (ABN 99 000 341 533).

The Fund's investment strategy is to create a diversified exposure to 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 monthly 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 condensed interim financial statements were authorised for issue by the Directors on 19 February 2021. The Directors of the Responsible Entity have the power to amend and reissue the condensed interim financial statements.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

### (a) Basis of preparation

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

These condensed interim financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these condensed interim financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2020 and any public announcements made in respect of the Fund during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies applied in the condensed interim financial statements are the same as those applied in the Fund's financial report for the year ended 30 June 2020.

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

### (b) Significant accounting policies

#### *Use of estimates*

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

#### *New accounting standards and interpretations*

Except as disclosed in the financial report for the year ended 30 June 2020, there are no new accounting standards, amendments and interpretations that are expected to have a material impact on the condensed interim financial statements.

### (c) Rounding of amounts

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

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

### 3 FAIR VALUE MEASUREMENTS

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

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

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

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

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

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

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

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

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

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

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

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

The following table presents the Fund's financial assets and liabilities measured and recognised at fair value as at 31 December 2020 and 30 June 2020.

AT 31 DECEMBER 2020	LEVEL 1 \$'000	LEVEL 2 \$'000	LEVEL 3 \$'000	TOTAL \$'000
<b>Financials assets</b>				
MCP Wholesale Income Opportunities Trust	–	342,984	–	342,984
Investment manager loan asset	–	–	7,506	7,506
<b>Total financial assets</b>	–	342,984	7,506	350,490

AT 30 JUNE 2020	LEVEL 1 \$'000	LEVEL 2 \$'000	LEVEL 3 \$'000	TOTAL \$'000
<b>Financials assets</b>				
MCP Wholesale Income Opportunities Trust	–	338,640	–	338,640
Investment manager loan asset	–	–	7,716	7,716
<b>Total financial assets</b>	–	338,640	7,716	346,356

### (iii) Transfers between levels

The Fund's policy is to recognise transfers into and transfers out of fair value hierarchy as at the end of the reporting year. There were no transfers between the level in the fair value hierarchy for the period ended 31 December 2020 and 30 June 2020.

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

The following tables present the movement in level 3 instruments, by class of financial instruments, for the half-year ended 31 December 2020 and 31 December 2019.

	INVESTMENT MANAGER LOAN ASSETS \$'000	TOTAL \$'000
<b>HALF-YEAR ENDED 31 DECEMBER 2020</b>		
Opening balance	7,716	7,716
Drawdown	–	–
Repayment	231	231
Capitalised Interest expense	(441)	(441)
Closing balance	7,506	7,506

	INVESTMENT MANAGER LOAN ASSETS \$'000	TOTAL \$'000
<b>HALF-YEAR ENDED 31 DECEMBER 2019</b>		
Opening balance	7,519	7,519
Drawdown	570	570
Repayment	(398)	(398)
Capitalised Interest expense	228	228
Closing balance	7,919	7,919

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

### (v) Valuation processes

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

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

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

### 4 FINANCIAL ASSETS

	AS AT 31 DECEMBER 2020 \$'000	AS AT 30 JUNE 2020 \$'000
MCP Wholesale Income Opportunities Trust	342,984	338,640
Investment manager loan asset	7,506	7,716
	<b>350,490</b>	<b>346,356</b>

#### > Investment manager loan asset

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

#### > Investor equalisation expense (IEE)

In consideration for the Investment Manager providing advisory and management services to the Fund under the Investment Management Agreement, the Investment Manager is paid an IEE. The IEE is a monthly expense to the Fund calculated based on Net Asset Value ("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 of the Fund's annual financial statements for the year ended 30 June 2020.

### 5 NET ASSETS ATTRIBUTABLE TO UNITHOLDERS – EQUITY

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

As stipulated within the Fund's Constitution, each unit represents a right to an individual 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.



## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

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

	HALF-YEAR ENDED 31 DECEMBER 2020		HALF-YEAR ENDED 31 DECEMBER 2019	
	UNITS ('000)	\$'000	UNITS ('000)	\$'000
<b>Net assets attributable to unitholders</b>				
Opening balance	173,111	347,384	150,000	300,237
Capital raising	–	–	22,500	45,000
Units issued upon reinvestment of distributions	189	381	363	728
Distributions paid and payable	–	(10,169)	–	(10,901)
Profit/(Loss)	–	13,687	–	12,023
<b>Closing balance</b>	<b>173,300</b>	<b>351,283</b>	<b>172,863</b>	<b>347,087</b>

### 6 DISTRIBUTIONS TO UNITHOLDERS

The distributions were paid/payable as follows:

	HALF-YEAR ENDED 31 DECEMBER 2020		HALF-YEAR ENDED 31 DECEMBER 2019	
	\$'000	CENTS PER UNIT	\$'000	CENTS PER UNIT
<b>Distributions</b>				
31 July	1,784	1.03	–	–
31 August	1,472	0.85	–	–
30 September	1,594	0.92	5,354	3.57
31 October	1,524	0.88	1,503	1.00
30 November	1,646	0.95	2,160	1.25
31 December (payable)*	2,149	1.24	1,884	1.09
	<b>10,169</b>	<b>5.87</b>	<b>10,901</b>	<b>6.91</b>

\* The distribution for the period ending 31 December 2020 was paid on 11 January 2021.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

### 7 EARNINGS PER UNIT

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

	HALF-YEAR ENDED 31 DECEMBER 2020	HALF-YEAR ENDED 31 DECEMBER 2019
Operating profit/(loss) attributable to unitholders (\$'000)	13,687	12,023
Weighted average number of units on issue ('000)	173,224	156,670
<b>Basic and diluted earnings per unit (cents)</b>	<b>7.90</b>	<b>7.67</b>

### 8 RELATED PARTY TRANSACTIONS

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

#### Responsible Entity

The Responsible Entity of the 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 Limited.

#### (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
Richard McCarthy	
Vicki Riggio	
Simone Mosse	
Phillip Blackmore	Alternate for Vicki Riggio
Glenn Foster	Resigned 23 October 2020 Appointed as Non-Executive Director on 1 February 2021

#### (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 31 December 2020.

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.

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

### Key management personnel loan disclosures

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

### Other transactions within the Fund

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the Fund since the end of the previous financial year and there were no material contracts involving Director's interests existing at 31 December 2020.

### Responsible Entity's fees/Investment Manager's fees and other transactions

#### (i) Responsible Entity fee

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

#### (ii) Indirect costs

Indirect costs are any amounts that the Responsible Entity knows or where required, reasonably estimates, will reduce the Fund's returns that are paid from the Fund's assets (other than the Responsible Entity fee, recoverable expenses and transactional and operational costs) or that are paid from the assets of any interposed vehicle (such as the MCP Wholesale 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 half-year and amounts payable at half-year end between the Fund and the Responsible Entity were as follows:

	HALF-YEAR ENDED 31 DECEMBER 2020 \$	HALF-YEAR ENDED 31 DECEMBER 2019 \$
Management and Performance fees for the period paid and payable by the Fund to the Investment Manager	1,842,365	1,638,520
Responsible Entity's fees for the period paid and payable by the Fund to the Responsible Entity	72,340	70,575
Aggregate amounts payable to the Investment Manager at reporting date	338,198	325,938
Aggregate amounts payable to the Responsible Entity at reporting date	178,050	60,684

## **NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)**

### **9 SEGMENT INFORMATION**

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

### **10 CONTINGENT ASSETS AND LIABILITIES AND COMMITMENTS**

There are no other outstanding contingent assets and liabilities or commitments as at 31 December 2020 and 30 June 2020.

### **11 SIGNIFICANT CHANGES IN STATE OF AFFAIRS**

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

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

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

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

On 25 January 2021, the Directors declared a distribution of 1.64 cents per ordinary unit which amounted to \$2,842,745 and was paid on 8 February 2021.

On 1 February 2021, Glenn Foster was appointed as a Non-Executive Director of The Trust Company (RE Services) Limited.

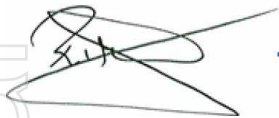
As noted above, the impacts of COVID 19 are still unfolding, and there may be further impacts on the Fund. No other matter or circumstance since 31 December 2020 that has affected or may significantly affect the operations of the Fund, the results of those operations or the state of affairs of the Fund in subsequent years. The Fund continues to operate as a going concern.

## DIRECTORS' DECLARATION

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

- (a) the condensed interim financial statements and notes set out on pages 7 to 18 are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Fund's financial position as at 31 December 2020 and of its performance for the half-year to 31 December 2020;
  - (ii) complying with Australian Accounting Standards AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

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



Director  
The Trust Company (RE Services) Limited

Sydney  
19 February 2021

## INDEPENDENT AUDITOR'S REVIEW REPORT



### Independent Auditor's Review Report

To the unitholders of MCP Income Opportunities Trust

#### Conclusion

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

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

- giving a true and fair view of the Fund's financial position as at 31 December 2020 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Condensed Interim Financial Statements** comprises:

- Condensed interim statement of financial position as at 31 December 2020;
- Condensed interim statement of comprehensive income, Condensed interim statement of changes in equity and Condensed interim statement of cash flows for the Interim Period from 1 July 2020 to 31 December 2020;
- Notes 1 to 12 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration made by the Directors of The Trust Company (RE Services) Limited (the Responsible Entity).

#### Basis for Conclusion

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

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of The Trust Company (RE Services) Limited, would be in the same terms if given to the Directors as at the time of this Auditor's Review Report.

## INDEPENDENT AUDITOR'S REVIEW REPORT (CONTINUED)



### Responsibilities of the Directors for the Condensed Interim Financial Statements

The Directors of the Responsible Entity are responsible for:

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

### Auditor's Responsibilities for the Review of the Condensed Interim Financial Statements

Our responsibility is to express a conclusion on the Condensed Interim Financial Statements based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Condensed Interim Financial Statements does not comply with the *Corporations Act 2001* including giving a true and fair view of the Fund's financial position as at 31 December 2020 and its performance for the Half-Year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

The KPMG logo, consisting of the letters 'KPMG' in a bold, blue, sans-serif font, with a small graphic of four vertical bars of increasing height to the left of the letters.

KPMG

A handwritten signature in black ink, appearing to read 'A.R.', followed by a horizontal line.

Andrew Reeves  
Partner

Sydney  
19 February 2021

For personal use only

