



METRICS DIRECT INCOME FUND

**UPDATED AND REISSUED
PRODUCT DISCLOSURE STATEMENT**

Metrics Direct Income Fund
(ARSN 641 620 331; APIR CODE EVO2608AU; ISIN AU60EVO26084)

30 October 2020

ISSUER AND RESPONSIBLE ENTITY

Evolution Trustees Limited
(ACN 611 839 519; AFSL 486 217)

MANAGER

Metrics Credit Partners Pty Ltd
(ACN 150 646 996; AFSL 416 146)

IMPORTANT NOTICE

IMPORTANT NOTICES

The Metrics Direct Income Fund ARSN 641 620 331 (**Trust**) is an Australian registered managed investment scheme.

This document is a product disclosure statement (**PDS**) for the purposes of Part 7.9 of the Corporations Act.

This PDS is issued by the responsible entity of the Trust. The responsible entity of the Trust is Evolution Trustees Limited ACN 611 839 519, AFSL 486 217 (**Responsible Entity, Us, or We**).

The Responsible Entity has engaged Metrics Credit Partners Pty Ltd ACN 150 646 996; AFSL 416 146 (**Manager or Metrics**) to provide investment and other services to the Trust, pursuant to an Investment Management Agreement entered into between the Responsible Entity and the Manager.

The Corporations Act allows us to provide certain information to you separately to this PDS. Where you see references to "Additional information is incorporated by reference" additional information concerning this topic has been incorporated by reference and forms part of the PDS. This information can be found in the Additional Information Booklet, available at the Trust Website. You should read this information before making an important decision. This material may change between the time when you read this PDS and when you acquire the product. This information is available to you free of charge upon request in paper format by contacting Pinnacle Investment Management Limited ACN 109 659 109 (**Distribution Partner**).

Units issued under this PDS will be issued by the Responsible Entity on the terms and conditions set out in the Constitution and this PDS.

NOT INVESTMENT ADVICE

The information contained in this PDS is not financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs.

Before deciding to invest in the Trust, you should read this PDS including the Additional Information Booklet in its entirety. You should take into account all risk factors referred to in this PDS and the AIB and consider whether acquiring Units represents an appropriate investment in view of your personal circumstances. You should carefully consider your particular investment objectives, financial circumstances and investment needs (including financial and taxation issues) and you should seek advice from your professional adviser before deciding whether to invest. You should consider the risk factors that could affect the financial performance of the Trust. There is no guarantee that the Units offered under this PDS will provide a return on capital, lead to payment of distributions or that there will be any increase in the value of the Units. If you wish to apply for Units you must do so using the Application Form.

NO OFFER WHERE OFFER WOULD BE ILLEGAL

The Offer pursuant to this PDS is available to persons receiving an electronic version of this PDS within Australia and New Zealand. The Responsible Entity is entitled to refuse an Application if it believes the Applicant did not receive the Offer in Australia or New Zealand. The Offer under this PDS is only available to persons receiving this PDS in Australia and New Zealand and does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Units in any jurisdiction outside Australia and

New Zealand. The distribution of this PDS outside Australia and New Zealand may be restricted by law and persons who come into possession of this PDS outside Australia and New Zealand should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities law.

WARNING STATEMENTS FOR NEW ZEALAND INVESTORS

This Offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the *Corporations Act 2001* (Aust) and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the *Financial Markets Conduct Act 2013* and Part 9 of the *Financial Markets Conduct Regulations 2014*.

This Offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the *Corporations Act 2001* (Aust) and the regulations made under that Act set out how the offer must be made.

There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this Offer. If you need to make a complaint about this Offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

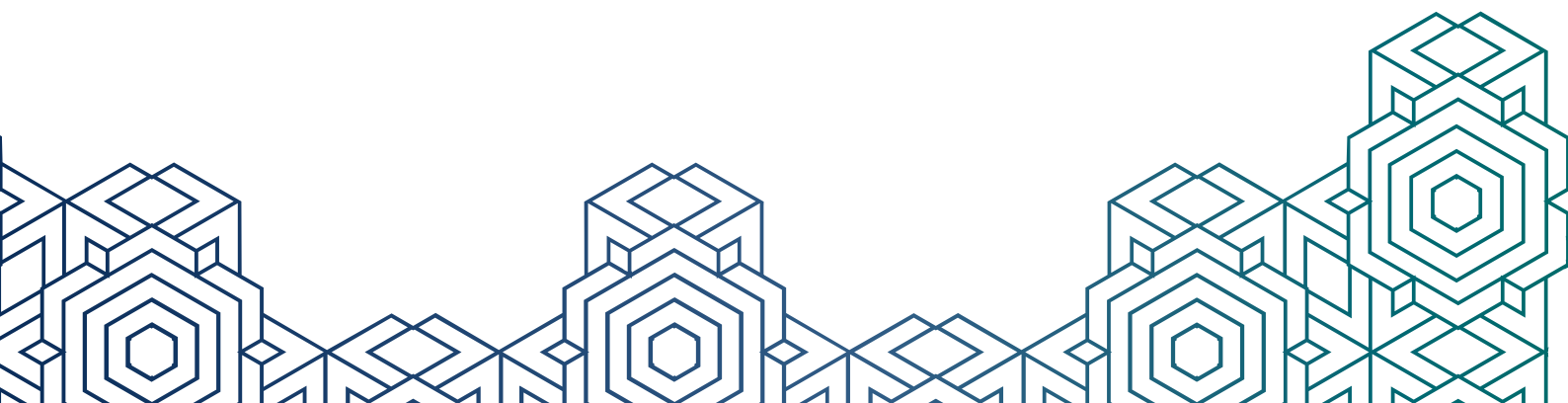
Currency exchange risk

The Offer may involve currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

Trading on financial product market

If the financial products are able to be traded on a financial product market and you wish to trade the financial products through that market, you will have to make arrangements for a participant in that market to sell the financial products on your behalf. If the financial product market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the financial products and trading may differ from financial product markets that operate in New Zealand.



Dispute resolution process

The dispute resolution process described in this offer document is available only in Australia and is not available in New Zealand.

RIGHTS AND OBLIGATIONS ATTACHED TO THE UNITS

Units issued under the Offer will be fully paid and rank equally with existing Units from allotment, including in respect of distributions.

ELECTRONIC PDS

This PDS will be available and may be viewed online at www.metrics.com.au/funding-solutions/metrics-direct-income-fund. The information on the website, other than the Additional Information Booklet, does not form part of this PDS.

Any person accessing the electronic version of this PDS for the purpose of making an investment in the Trust must only access the PDS from within Australia and New Zealand. Applications for Units can only be made using the procedure outlined in section 11 of this PDS.

PAY BY BPAY®

Applicants should be aware of their financial institution's cut-off time, noting that payments must be made to be processed overnight. Any BPAY® payment must be received by the Unit Registry by 5:00pm (Sydney time) on the Application Day for Units to be issued on the relevant Issue Date.

DISCLAIMER

No person is authorised by the Responsible Entity, the Manager or the Distribution Partner to give any information or make any representation in connection with the Offer that is not contained in this PDS. Any information or representation that is not contained in this PDS may not be relied on as having been authorised by the Responsible Entity, the Manager, or the Distribution Partner, their directors or any other person in connection with the Offer. The Trust's business, financial condition, operations and prospects may have changed since the date of this PDS.

Certain statements in this PDS constitute forward looking statements. These forward-looking statements are identified by words such as 'aim', 'anticipate', 'assume', 'believes', 'could', 'expects', 'intends', 'may', 'plan', 'predict', 'potential', 'positioned', 'should', 'target', 'will', 'would', and other similar words that involve risks and uncertainties. Investors should note that these statements are inherently subject to uncertainties in that they may be affected by a variety of known and unknown risks, variables and other factors which could cause actual values or results, performance or achievements to differ materially from anticipated results, implied values, performance or achievements expressed, projected or implied in the statements.

These forward-looking statements are based on current expectations, estimates, and projections about the Trust's business and the industry in which the Trust invests and the beliefs and assumptions of the Manager and the Responsible Entity. These forward-looking statements are not guarantees of future performance or development and involve known and unknown risks, uncertainties and other factors that are in some cases beyond the Responsible Entity's and Manager's control. As a result, any or all of the forward-looking statements in this PDS may turn out to be inaccurate. Factors that may cause such differences or make such statements inaccurate include, but are not limited to, the risk factors described in section 8.

Potential investors and other readers are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on the forward-looking statements. The Responsible Entity and Manager do not make any assurance, express or implied, in relation to whether any forward-looking statements will actually eventuate.

These forward-looking statements speak only as at the date of this PDS. Unless required by law, the Responsible Entity or Manager does not intend to publicly update or revise any forward-looking statements to reflect new information, future events or otherwise. They are provided as a general guide only and should not be relied on as an indication or guarantee of future performance.

Some numerical figures in this PDS have been subject to rounding adjustments. Accordingly, numerical figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that preceded them.

UPDATED INFORMATION

Information in this PDS may need to be updated from time to time. Any updated information that is considered not materially adverse to investors will be made available on the Trust Website and a copy of the updated information will be provided free of charge to any investor who requests a copy by contacting the Distribution Partner on:

Tel: 1300 010 311 (between 9:00am to 5:00pm Sydney time Monday to Friday).

In accordance with its obligations under the Corporations Act, the Responsible Entity may issue a supplementary PDS to supplement any relevant information not disclosed in this PDS. You should read any supplementary disclosures made in conjunction with this PDS prior to making any investment decision.

PRIVACY

> Additional information is incorporated by reference

You should read the important information about privacy in section 11 of the AIB available at the Trust Website before making a decision.

MISCELLANEOUS

Photographs and diagrams used in this PDS that do not have descriptions are for illustration only and should not be interpreted to mean that any person in them endorses this PDS or its contents or that the assets shown in them are owned by the Trust.

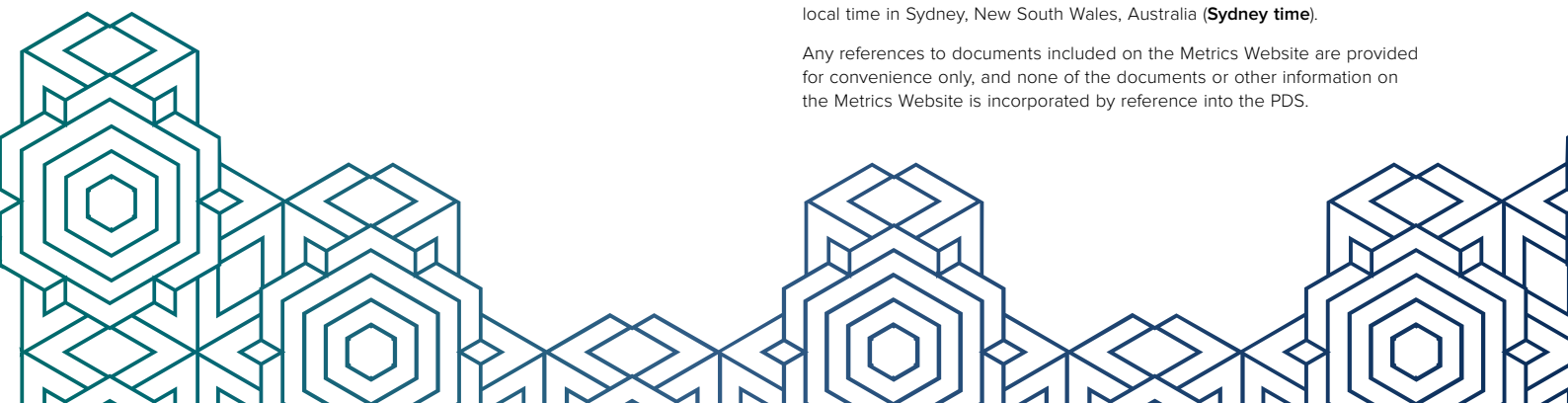
References in this PDS to currency are to Australian dollars unless otherwise indicated. All data contained in charts, graphs and tables within this PDS are based on information available as at the date of this PDS unless otherwise stated.

Certain terms and abbreviations in this PDS have defined meanings that are set out in the Glossary to this PDS.

TIME

Unless otherwise stated or implied, references to time in this PDS are to the local time in Sydney, New South Wales, Australia (**Sydney time**).

Any references to documents included on the Metrics Website are provided for convenience only, and none of the documents or other information on the Metrics Website is incorporated by reference into the PDS.



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1. KEY TERMS

IMPORTANT NOTE: THE TABLE BELOW PROVIDES A SUMMARY ONLY OF THE KEY TERMS OF THE TRUST AND DOES NOT SET OUT FULL DETAILS OF THE TRUST'S TERMS. YOU SHOULD READ THIS PRODUCT DISCLOSURE STATEMENT (INCLUDING THE AIB) AND THE CONSTITUTION IN FULL PRIOR TO MAKING A DECISION TO INVEST IN THE TRUST.

| KEY TERM | DESCRIPTION | FOR MORE INFORMATION |
|-----------------------------|---|----------------------|
| Trust | Metrics Direct Income Fund ARSN 641 620 331. The Trust is an Australian unit trust, registered under the Corporations Act as a managed investment scheme. | Section 3.1 |
| Manager | Metrics Credit Partners Pty Ltd ACN 150 646 996, AFSL 416146. | Section 2 |
| Responsible Entity | Evolution Trustees Limited ACN 611 839 519, AFSL 486 217. | Section 4 |
| Investment Objective | The Trust's Investment Objective is to provide monthly cash income, low risk of capital loss and portfolio diversification, through its exposure to the MCP Wholesale Investments Trust (Sub-Trust) and the Wholesale Funds, by gaining exposure to managed diversified loan portfolios and participating in Australia's bank-dominated loan market. The Trust may not be successful in reaching its objective. Whilst the Manager believes the Trust will be liquid, there may be periods where an investment in the Trust cannot be redeemed. | Section 3.4 |
| Investment Horizon | An investment in the Trust should be considered a medium to long-term investment. | Section 3.17 |
| Investment Strategy | The Trust will invest as a wholesale investor in the Sub-Trust. The Sub-Trust invests in the Wholesale Funds managed by Metrics and may invest directly in investment assets itself to best achieve the Investment Objective. The Wholesale Funds that the Sub-Trust has invested in at the time of this PDS are Metrics Credit Partners Diversified Australian Senior Loan Fund (DASLF), MCP Secured Private Debt Fund II (SPDF II) and MCP Real Estate Debt Fund (REDF). From time to time the Trust may, subject to the Listing Rules, hold units in the MCP Master Income Trust (Listed Trust) which are traded on the ASX. | Section 3.8 |
| Target Return | RBA Cash Rate plus 3.25% per annum net of fees through the economic cycle. Based on the RBA Cash Rate as at the date of this PDS of 0.25%, the Target Return is 3.50% per annum (net of fees). The total return may rise or fall based on, among other things, the performance and the value of the Wholesale Funds' assets, movements in the RBA Cash Rate and the traded price of units in the Listed Trust | |

| KEY TERM | DESCRIPTION | FOR MORE INFORMATION |
|-----------------------------------|---|--|
| Target Return continued | The Target Return is only a target and may not be achieved. Please refer to the ‘Target Return Assumptions’ in section 3.7. | Section 3.7 |
| Issue Price | For Units issued on the First Closing Date, Units will be issued at \$1.00 per Unit and thereafter at the Net Unit Value plus Transaction Costs. | Section 3.15 |
| Capital structure of Units | The Offer is for ordinary, fully paid Units. As at the date of this PDS, there are no other classes of Units in the Trust. | |
| Issue of Units | Applications can be submitted daily and Units will be issued monthly on each Issue Date. The Trust will retain any interest earned on Application Monies. | Section 3.15(a) |
| Redemptions | <p>The Responsible Entity expects that the Trust will typically be liquid although the Trust’s ability to meet redemptions may, due to a variety of factors from time to time, be adversely affected.</p> <p>Situations may arise where you may not be able to redeem your investment in the Trust.</p> <p>Where the Trust is liquid, the Responsible Entity will typically accept redemption requests monthly, at the end of each month, where a redeeming Investor has provided 15 Business Days’ prior written notice. In certain circumstances redemptions may be restricted. Please refer to Section 3.19 for more information.</p> <p>Dependent on changing market conditions, future issues of Units may be issued on the basis that they will not be able to be redeemed until the first anniversary of their issue other than with the Responsible Entity’s consent in accordance with the Constitution. Under these circumstances, those Units will be issued under a replacement, supplementary or updated product disclosure statement.</p> | <p>Sections 3.15(b) and 3.19</p> <div style="border: 1px solid black; padding: 5px; margin-top: 10px;"> <p>> Additional information is incorporated by reference</p> <p>You should read the important information about matters that can affect the Trust’s liquidity in section 6 of the AIB available at the Trust Website before making a decision.</p> </div> <p>Section 3.9</p> |

| KEY TERM | DESCRIPTION | FOR MORE INFORMATION |
|-----------------------------|--|---|
| <p>Distributions</p> | <p>The Responsible Entity intends to pay distributions to Investors monthly, subject to the Trust receiving distributions from the Sub-Trust (and the Listed Trust to the extent the Trust holds units in the Listed Trust). Distributions will be paid at the discretion of the Responsible Entity and may depend on a number of factors, including future earnings, capital requirements, financial conditions, future prospects and other factors that the Responsible Entity deems relevant.</p> <p>Please refer to section 3.10 below.</p> <p>It is expected that the Trust will establish a Distribution Reinvestment Plan (DRP). Where a DRP has been established, Investors may elect to participate in the DRP or alternatively receive cash distributions. Where Investors make no election they will be deemed to have requested to receive cash distributions.</p> | <p>> Additional information is incorporated by reference</p> <p>You should read the important information about the distributions from the Trust in section 2 of the AIB available at the Trust Website before making a decision.</p> |
| <p>Key Risks</p> | <p>All investments are subject to risk, which means the value of your investment may rise or fall. Before making an investment decision, it is important to understand the risks that can affect the value of your investment. Key risks of an investment in the Trust include but are not limited to:</p> <ul style="list-style-type: none"> > the replacement of Metrics as the manager of the Trust; > the replacement of the Responsible Entity as responsible entity of the Trust; > the inability of the Trust to fund Redemption Requests; > the risk that the Trust will not be successful in achieving the Investment Objective; > the risk that Investors may lose all of the capital invested in the Trust. <p>Please refer to section 8 below.</p> | <p>Section 8</p> <p>> Additional information is incorporated by reference</p> <p>You should read the important information about the risks of an investment in the Trust in section 6 of the AIB available at the Trust Website before making a decision.</p> |

| KEY TERM | DESCRIPTION | FOR MORE INFORMATION |
|------------------------------------|--|---|
| Investor Reporting | <p>The Trust's NAV will be disclosed daily on the Trust Website.</p> <p>Transaction confirmations and monthly holding statements will be available to investors online.</p> <p>Monthly performance reporting.</p> <p>Audited annual accounts within 3 months of financial year end.</p> <p>Annual regulatory reporting (such as income tax and distribution statements).</p> | Section 3.13 |
| Minimum Application Amount | \$1,000 or such lesser amount as determined by the Responsible Entity in its absolute discretion. | Section 11 |
| Fees and costs | <p>The Responsible Entity will be paid fees out of assets of the Trust in aggregate equal to 0.015% of the Trust's NAV per annum. Metrics will receive a management fee out of the assets of the Trust equal to 0.21% of the Trust's NAV per annum. In addition Metrics will receive management and performance fees in respect of the Sub-Trust (where the Sub-Trust makes direct investments) and the Wholesale Funds.</p> <p>The total management costs of the Trust borne by Investors are estimated to be 0.69% per annum of the Trust's NAV.</p> | Section 6 |
| Trust Entry & Exit Fees | Nil, however Transaction Costs in relation to the issue or redemption of Units may apply (see "Issue, Redemptions and Transfer of Units" section 3.15). | Sections 3.15 and 6. |
| Unit Registry | Automic Pty Ltd ACN 152 260 814 trading as Automic Group has been appointed to provide registry services to the Trust under a Registry Services Agreement. | <div style="border: 1px solid black; padding: 5px;"> <p>> Additional information is incorporated by reference</p> <p>You should read the information about the Registry Services Agreement in section 5.5 of the AIB available at the Trust Website before making a decision.</p> </div> |
| Trust Administrator | MCH Fund Administration Services Pty Ltd ACN 636 286 970 has been appointed by the Responsible Entity to provide fund administration and accounting services to the Trust under the Administration Services Deed. The Trust Administrator is related to the Manager. | <div style="border: 1px solid black; padding: 5px;"> <p>> Additional information is incorporated by reference</p> <p>You should read the important information about the Administration Services Deed in section 5.5 of the AIB available at the Trust Website before making a decision.</p> </div> |

| KEY TERM | DESCRIPTION | FOR MORE INFORMATION |
|----------------------|--|--|
| Custodian | Sandhurst Trustees Limited ACN 004 030 737 has been appointed by the Responsible Entity to hold the assets of the Trust under the Custody Agreement. The Custodian has no supervisory role in relation to the operations of the Trust and is not responsible for protecting the Trust's interests. Fees payable to the Custodian will be borne by the Responsible Entity, however, expenses incurred by the Custodian in the proper performance of its duties may be borne by the Trust. | <div style="border: 1px solid black; padding: 5px;"> <p>> Additional information is incorporated by reference</p> <p>You should read the important information about the Custody Agreement in section 5.5 of the AIB available at the Trust Website before making a decision.</p> </div> |
| Trust Auditor | KPMG. | |

2. ABOUT THE MANAGER

The Responsible Entity has appointed Metrics to be the manager of the Trust under the Investment Management Agreement. Metrics' role under the Investment Management Agreement includes but is not limited to managing the Trust's investments and administrative affairs. The Sub-Trustee has appointed Metrics to be the manager of the Sub-Trust under the Sub-Trust Investment Management Agreement. The Manager can be terminated as manager of the Trust and the Sub-Trust in certain circumstances.

> **Additional information is incorporated by reference**

You should read the important information about the Manager term and Manager termination rights with respect to the Trust and the Sub-Trust in sections 5.2 and 5.3 of the AIB available at the Trust Website before making a decision.

Metrics is an Australian based alternative asset management firm specialising in direct lending to Australian companies and is an active participant in the Australian private credit market. Metrics launched its first wholesale fund in 2013 and is the appointed manager of a number of wholesale investment trusts in addition to two ASX listed funds. The ASX listed funds managed by Metrics are the MCP Master Income Trust (ASX:MXT) and the MCP Income Opportunities Trust (ASX:MOT). As at the date of this PDS Metrics manages in excess of A\$5 billion in assets.

Metrics has established a range of unique and innovative investment products that are designed to provide investors with access to portfolios of private credit investments that have regular income potential and would not normally be available to retail investors. Metrics' investment activities cover a broad range of private credit investments from lower yielding and lower risk private credit to higher yielding and higher risk private credit. Lending activities cover a range of industries and borrowers as well as structures including (but not limited to) loans, Notes, Bonds, Warrants, Options, Preference Shares and Equity.

Metrics' Investment Team is experienced in the direct origination and management of corporate debt investments and seeks to manage risk through detailed initial and ongoing due diligence and portfolio risk management strategies. Refer to section 3 for more details.

Metrics is a wholly owned subsidiary of Metrics Credit Holdings Pty Ltd (ACN 150 647 091) which in turn is 65% owned by the Investment Team and 35% by Pinnacle Investment Management Limited (ACN 109 659 109) (**Pinnacle**). Pinnacle is a subsidiary of ASX listed Pinnacle Investment Management Group Limited (ASX:PNI).

3. INVESTMENT OVERVIEW

3.1 ABOUT THE TRUST

The Trust is a registered managed investment scheme under the Corporations Act.

Evolution Trustees Limited is the responsible entity of the Trust.

The Trust invests in the Sub-Trust, the Listed Trust, cash and other trusts from time to time established for the Trust's investments. The Sub-Trust is an unregistered wholesale Australian unit trust. The Trust Company Limited ACN 004 027 749 (**Sub-Trustee**) is the trustee of the Sub-Trust and is a 100% owned subsidiary of Perpetual. The Listed Trust is an Australian registered managed investment scheme. The Trust Company (RE Services) Limited ACN 003 278 831 is the responsible entity of the Listed Trust.

The Manager's Investment Objective for the Trust is, through its investment in the Sub-Trust, to provide monthly cash income, low risk of capital loss and portfolio diversification by actively managing diversified loan portfolios and participating in Australia's bank-dominated corporate loan market. The corporate loan market includes lending for businesses, commercial real estate and projects (e.g. infrastructure).

The Trust may not be successful in achieving its objective.

The Sub-Trust may make direct investments or invest in Wholesale Funds which are managed by the Manager. The Wholesale Funds invest directly in portfolios of corporate fixed income via direct lending to predominantly Australian companies. Metrics is the manager of various underlying Wholesale Funds which themselves have different terms and investment management agreements.

External wholesale investors may invest in the Sub-Trust and Wholesale Funds from time to time. This may help the Trust to generate liquidity and assist it in participating in the corporate loan market in a scalable manner.

The Manager intends to manage the Trust with a focus on capital preservation. The Manager (as manager of the Sub-Trust and the Wholesale Funds) implements pro-active risk management strategies within a robust risk management framework and culture. The Manager will implement active strategies designed to balance the Trust's objective in delivering the Target Return while actively managing risk and seeking to preserve investor capital.

The Trust may not be successful in achieving the Target Return.

3.2 MARKET OPPORTUNITY

The Trust seeks to provide investors, via the Trust's investment in the Sub-Trust, with exposure to the Australian corporate loan market. The Australian corporate loan market is the primary source of debt finance for Australian companies. This market demonstrates many features which make it an attractive use of bank capital.

In addition, Australia's corporate lending market is characterised by high barriers to entry which limit participation by non-bank investors and lenders. These barriers to entry include:

- > the market dominance of the Australian major banks which have extensive relationships and operate full service business models that increase the cost and risk of asset origination for new entrants;
- > the high fixed cost base incurred by a new entrant at start up prior to its portfolio achieving a profitable scale;
- > the requirement for significant levels of capital to build a diversified portfolio to mitigate individual borrower and sector risk; and
- > borrowers' desire to deal with established lenders with significant capital and expertise.

A number of circumstances have resulted in an opportunity in the corporate lending market for a non-bank lender to be able to overcome market barriers to entry and to exploit advantageous market conditions. These external factors include:

- > increased bank regulation which is increasing the cost of lending which, in turn, is passed on to borrowers; and
- > capital adequacy requirements for banks increasing in line with regulation making it more expensive for banks to lend, which in turn is passed through to borrowers.

The Trust is designed to be an accessible means for investors to capitalise on this market opportunity and to enable investment (via the Sub-Trust and the Wholesale Funds) in a directly originated, actively managed and diversified portfolio of corporate loan assets.

3.3 INVESTMENT PHILOSOPHY

The Australian corporate loan market represents a large and active segment of Australia’s corporate fixed income market and provides attractive risk-adjusted returns compared with most other classes of fixed income investment opportunities available to investors in Australia.

The Manager’s belief is that an experienced investment team that understands the various sources of income available from, and risks associated with, corporate loans, is best able to implement investment strategies and processes to maximise returns from this asset class.

3.4 INVESTMENT OBJECTIVE

The Trust’s Investment Objective is to provide, through its investments in the Sub-Trust, monthly cash income, low risk of capital loss and indirect portfolio diversification by gaining exposure to actively managed diversified loan portfolios and participating in Australia’s bank-dominated corporate loan market. **The Trust may not be successful in achieving its objective.**

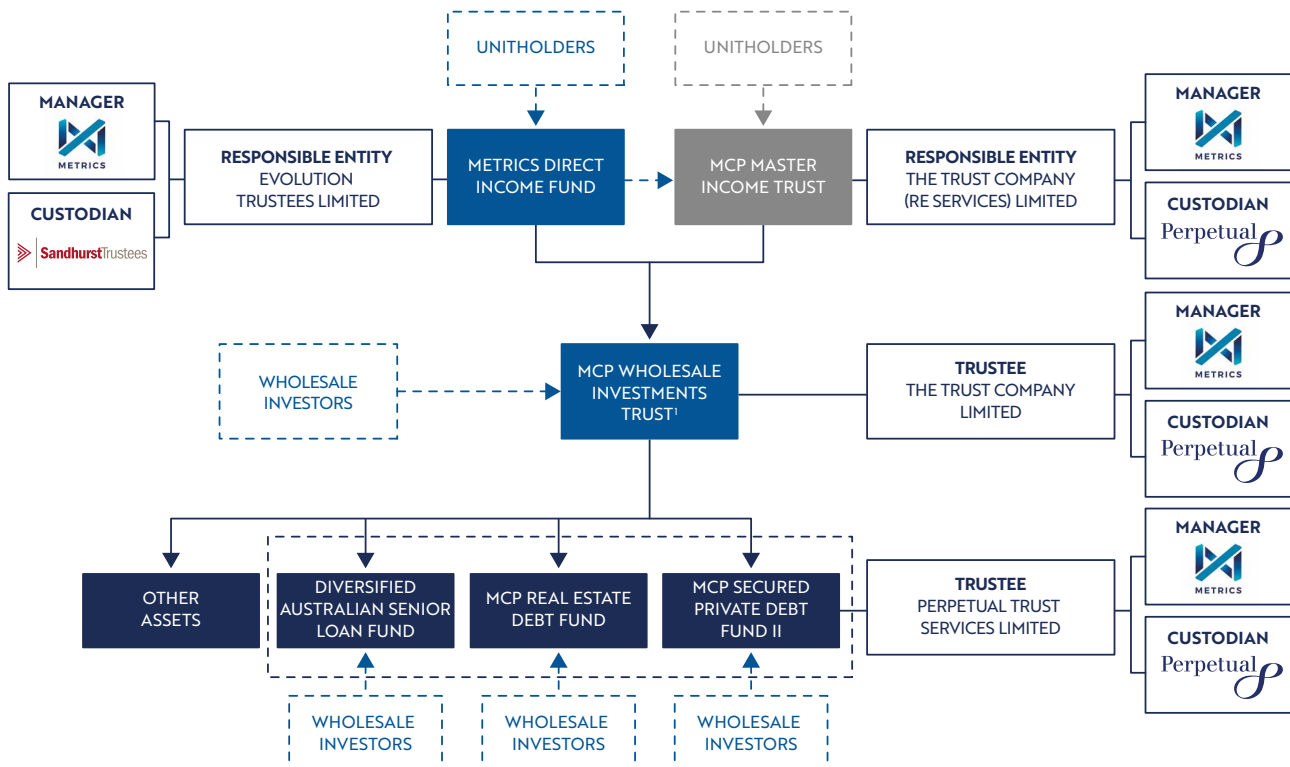
3.5 WHOLESALE FUNDS

The Trust will be exposed to investments, through its exposure to the Sub-Trust, in loans and in certain Wholesale Funds that are managed by Metrics. Generally, the Wholesale Funds invest directly in a diversified portfolio of lending products via direct lending to Australian companies.

The Wholesale Funds may also have investment mandates that enable them to make investments in other funds managed by Metrics. The Wholesale Funds may also invest in Equity or other financial instruments and may enter into restructuring and recapitalisation agreements with certain borrowers in the event a corporate restructuring or recapitalisation of a corporate borrower is required. For further information on how the Trust will invest in the Sub-Trust and Wholesale Funds please see section 5.

The Wholesale Funds that the Sub-Trust has invested in as at the date of this PDS are:

- > DASLF;
- > SPDF II; and
- > REDF.



1 The Sub-Trust may gain exposure to the Wholesale Trust by way of Convertible Notes or units in the Wholesale Funds.

3.6 DISTRIBUTION PARTNER

Pinnacle has been appointed by the Manager as Distribution Partner for the Trust.

3.7 TARGET RETURN AND ASSUMPTIONS

The Trust's Target Return is the RBA Cash Rate plus 3.25% per annum net of fees and costs, through the economic cycle. Based on the RBA Cash Rate as at the date of this PDS of 0.25%, the current Target Return is 3.50% per annum (net of fees and costs). The Trust's total return may rise or fall based on, amongst other things, performance in the underlying corporate loan assets and on movements in the RBA Cash Rate and the traded price of units in the Listed Trust.

The Trust's Target Return is only a target and the actual return of the Trust may be lower than the Trust's Target Return.

> Additional information is incorporated by reference

You should read the important information about risks of investing in the Trust in section 6 of the AIB available at the Trust Website before making a decision.

In calculating the Target Return, the Manager has relied on a number of assumptions in respect of the portfolio of the Sub-Trust and the portfolio construction of the Wholesale Funds. These include (but are not limited to):

- > the Trust, the Sub-Trust and the Wholesale Funds will operate in markets where market or economic shocks that could have a material impact on Australian or international financial markets are within Metrics' expected tolerances;
- > the Sub-Trust will invest in each of the Wholesale Funds according to how the Manager believes the Investment Objective can be best achieved;
- > 60-70% of the Sub-Trust's assets will be invested in DASLF, 20-30% of the Sub-Trust's assets will be invested in SPDF II and 10-20% of the Sub-Trust's assets will be invested in REDF; and
- > the Trust and the Sub-Trust may from time to time invest in the Listed Trust.

Any or all of the above assumptions may be incorrect or subject to change. In these circumstances the Manager may not be successful in achieving the Target Return. The Wholesale Funds have different liquidity provisions and the assets they hold may not all be realisable in the same time frame. Where the Responsible Entity receives Redemption Requests it may

request to redeem a portion of its units in the Sub-Trust. In these circumstances, to meet the Responsible Entity's redemption request, the Sub-Trustee may need to dispose of its investments in one or more of the Wholesale Funds, which may alter the Sub-Trust's portfolio composition.

3.8 INVESTMENT STRATEGY

The Trust's Investment Strategy is (through its investment in the Sub-Trust) to create a diversified exposure to Australian corporate loans generally reflecting activity in the corporate loan market and with the resultant diversity by borrower, industry and credit quality. Through active portfolio risk management, the Manager (as manager of the Sub-Trust and Wholesale Funds) will seek to preserve investor capital. The Trust may, subject to the Listing Rules, also hold units in the Listed Trust. There is no determined strategy as to the proportion of the Trust's assets will be invested in the Listed Trust and this amount may vary from time to time. The Trust may hold units in the Listed Trust in order to be able to satisfy Redemption Requests.

Amounts raised by the Trust will be invested in the Sub-Trust and (subject to the Listing Rules) potentially in the Listed Trust. The Sub-Trust will then invest directly in the Wholesale Funds or directly in investment assets so as to achieve the following Target Portfolio Construction which as at the date of this PDS the Manager expects will achieve the Investment Objective:

(a) Diversified by Borrowers

- > Lending to public and private companies and projects (over 150 individual investments as at the date of this PDS).
- > No more than 5% of the Trust's assets are to be invested in a single borrower.²

(b) Diversified by Industries

- > Lending across industry sectors.
- > It is not intended that the Trust will invest in the banking sector (i.e. regulated banks that otherwise issue public debt securities and hybrids).

(c) Diversified by Credit Quality and investment type

- > Lending across the credit spectrum reflective of the corporate loan market.
- > Borrowers will mainly be Australian domiciled (>80%).

² Measured at the time of investment. This limit may be exceeded in some situations such as revaluations, redemptions from the Sub-Trust or Wholesale Funds or workouts as a result of a corporate restructure or active risk management during a workout where considered necessary to best achieve the investment objective.

- > Investments will be in debt products typical in the Australian corporate loan market, including being Secured or unsecured, Senior or Subordinated, Investment Grade or Sub-Investment Grade, with such investments undertaken by the Manager to best achieve the Investment Objective.

This provides only an indication of the intended exposures of the Trust through its investment in the Sub-Trust.

> Additional information is incorporated by reference

You should read the important information on the products typical in the Australian corporate loan market in section 4.4 of the AIB available at the Trust Website before making a decision.

> Additional information is incorporated by reference

You should read the important information on subordinated loans, Investment Grade and Sub-Investment Grade loans in section 4.1 of the AIB available at the Trust Website before making a decision.

3.9 CHANGES TO INVESTMENT STRATEGY

The Manager intends to implement the Trust's Investment Strategy as detailed in this PDS.

Whilst it is not expected that the Manager will change the investment objective and investment strategy of the Trust, Listed Trust, Sub-Trust and Wholesale Funds, such changes may be made to address issues such as changing economic conditions.

However, any such changes to the Trust's Investment Strategy or Investment Objective would require Responsible Entity approval, after consultation with the Manager, before they could be implemented. Investors will receive advice of any material changes via the Trust Website and, where necessary, a supplementary or replacement product disclosure statement.

Subject to compliance with this PDS, the Investment Management Agreement and the Corporations Act, the Manager has absolute discretion to recommend investments as it sees fit to achieve the Trust's Investment Objective.

3.10 DISTRIBUTIONS POLICY

The Trust intends to pay cash distributions to Investors monthly, subject to receiving distributions from each of the Sub-Trust and the Listed Trust and the Responsible Entity's discretion to set different distribution periods. Annual distributions are expected to match the annual income (net of fees and expenses) achieved by the Trust but will be paid at the discretion of the Responsible Entity and may depend on a number of factors, including future earnings, capital requirements, financial conditions, future prospects and other factors that the Responsible Entity deems relevant. Distributions from the Trust will be paid to the nominated bank account on an Investor's Application Form. There is a risk that the Trust may be unable to pay distributions.

3.11 VALUATION OF ASSETS

> Additional information is incorporated by reference

You should read the important information about the valuation of assets in section 3 of the AIB available at the Trust Website before making a decision.

3.12 LEVERAGE

As at the date of this PDS, because the Trust is newly established, it has not incurred, nor is it anticipated that it will incur any debt. However the Trust may incur debt from time to time, including, where necessary to fund Redemption Requests. The Sub-Trust and the Wholesale Funds may borrow for purposes including:

- > to enable the Sub-Trust or relevant Wholesale Fund to undertake its investment activities; and
- > working capital requirements of the Sub-Trust or relevant Wholesale Fund.

Additionally, the Wholesale Funds may utilise core leverage, depending on the underlying strategy and investment objectives of the individual Wholesale Fund. As at the date of this PDS, the Wholesale Funds do not have substantial core debt. DASLF has a \$850 million facility, which may be used to enable it to undertake investment activities. Subject to portfolio diversity, credit quality, performance and the availability of debt finance on terms acceptable to the Manager, the maximum level of permitted leverage of SPDF II and REDF is restricted to not greater than 50% of gross asset value and for DASLF no greater than 30% of gross asset value. DASLF has also established a senior unsecured

Australian dollar medium term Note programme. There has been no issuance under this programme as at the date of this PDS. Any issuance under this programme will be included in the calculation of maximum permitted leverage.

3.13 REPORTS TO INVESTORS

> **Additional information is incorporated by reference**

You should read the important information about the Trust's reporting obligations in section 7 of the AIB available at the Trust Website before making a decision.

It is intended that the Manager will assist the Responsible Entity in the preparation of reports on a monthly basis to keep Investors informed about the current activities of the Trust, the performance of the Trust's investments and the investment outlook.

The annual financial report for the Trust will be audited. The Trust's annual report most recently lodged with ASIC, any half-yearly report lodged with ASIC after the lodgement of the annual financial report, continuous disclosure notices and other information about the Trust are accessible on the Trust Website. The Responsible Entity will also provide a copy of any of the above free of charge on request. Please call the Unit Registry on 1300 816 157 (within Australia) or +61 2 8072 1417 (International). Copies of documents set out above that are lodged by the Trust with ASIC may also be obtained from ASIC.

Note, investments in corporate loans are private and confidential transactions and as such individual investments will not be disclosed.

3.14 UNIT INFORMATION

Each Unit comprises an equal and undivided interest in the assets of the Trust as a whole. Units do not confer an interest in particular Trust assets. The Trust may issue different classes of Units and on different terms.

All Units are issued to fractions of two decimal places of a Unit. A Unit has no nominal or par value. Units are uncertificated and maintained solely by entries on the Unit register maintained by the Unit Registry on behalf of the Responsible Entity.

3.15 ISSUE, REDEMPTION AND TRANSFER OF UNITS

(a) Issue of Units

When an Investor delivers all required documents and pays Application Monies, and the Responsible Entity has accepted that Investor's Application, the Responsible Entity will (subject to rounding) issue Units to the Investor with an aggregate Issue Price equal to the relevant Application Monies.

Application Monies received pending the issue of Units will be held by the Responsible Entity in an application account administered by the Unit Registry.

Any interest earned on the application account will not be attributed to any particular applicant, but will be paid into the Trust for the benefit of the Investors. The Responsible Entity must either issue Units or return the Application Monies (but not any interest earned) to the relevant applicants.

Issue Price calculation details are set out below in respect of:

- > the issue of Units (other than in a distribution reinvestment); and
- > a distribution reinvestment.

Please refer to section 3.15(e) below.

(b) Redemption of Units

Where the Trust is liquid, Investors may redeem their Units in the Trust on a monthly basis at the end of each month (**Redemption Date**) by providing a written redemption request to the Responsible Entity at least 15 Business Days prior to the last Business Day of the month (**Redemption Request**). It is expected that the Responsible Entity will satisfy Redemption Requests within 15 days of the relevant Redemption Date however, under the Constitution the Responsible Entity has up to 180 days from the relevant Redemption Date to pay redeeming Investors their redemption proceeds.

The Constitution provides that Units may not be redeemed until the first anniversary of their date of issue other than with the consent of the Responsible Entity (**Lock Up**). Where the Trust is liquid, the Responsible Entity does not anticipate withholding such consent in respect of Units issued under this PDS. If the Responsible Entity proposes to withhold its consent in respect of future issues of Units, prospective Investors will be notified by way of a replacement or updated product disclosure statement. In those circumstances, the application of the Lock Up will not apply to Units issued under this PDS.

In certain circumstances the Responsible Entity may suspend or stagger redemptions in accordance with the Constitution. Please refer to section 3.19 below.

Metrics anticipates that Redemption Requests accepted by the Responsible Entity may be satisfied from the following sources:

- > sale of units in the Listed Trust that are held by the Trust;
- > funds received by the Trust as distributions from the Sub-Trust where the Sub-Trust has received proceeds from the sale of assets or from uninvested cash from the Wholesale Funds;
- > the proceeds of newly issued Units in the Trust; or
- > funds received by the Trust from realising its investments in the Sub-Trust.

Where the Trust is not liquid withdrawals can only be made pursuant to a withdrawal offer issued by the Responsible Entity in accordance with the Corporations Act. From time to time the Trust may acquire units in the Listed Trust by purchasing units on-market (as they are publicly traded on the ASX) where those units trade at a discount to their net asset value, as well as by way of a placement of units in the Listed Trust. The Trust may subscribe for units in the Listed Trust at the net asset value of those units. At times, where the Trust acquires units in the Listed Trust by way of wholesale placement, this may be at a premium to the price at which such units are traded. In such circumstances, where such units in the Listed Trust are required to be sold in order to fund Redemption Requests, the Trust may crystallise a loss in respect of those Listed Trust units.

(c) Transfer of Units

Investors may only transfer their Units in accordance with the Constitution (including the transferee executing such documents required under the Constitution whereby the transferee agrees to abide by the terms of the Constitution) and the Corporations Act and with the consent of the Responsible Entity and the Manager which may be withheld in their absolute discretion. Such consent is generally not necessary where the transfer is to certain persons such as an Investor's custodian, trustee or a person who controls or is under common control with that Investor. Transfers are not effective until entered into the Trust register by the Unit Registry, and all amounts payable in relation to a Unit will be paid to the registered Investor from the time a transfer is recorded in the Trust register.

There is unlikely to be a secondary market in Units.

(d) Transaction Costs

The Responsible Entity may determine an amount of Transaction Costs as appropriate to Applications and/or Redemptions for the purposes of ensuring that Investors are not actually or potentially adversely impacted as a result of a Redemption of or Application for Units.

Transaction Costs are costs incurred when assets are bought and sold. These amounts could include stamp duty, legal expenses, lost interest or reduction in asset values from carrying values (including loss of value when an asset is sold). Transaction Costs may be charged to ensure fair treatment of Investors. Transaction Costs also include costs incurred by the trustee of the Sub-Trust that would be Transaction Costs if incurred by the Responsible Entity in respect of the Trust.

Transaction Costs are not fixed and may vary. Where assets are required to be sold to fund Redemption Requests, a redeeming Investor may be paid such proceeds less Transaction Costs in full satisfaction of their Redemption Request, which may not equal the Net Unit Value of that person's Units prior to the Redemption Date.

(e) Unit Issue Price

Units are issued monthly following payment of the prior month's distribution. Units will be issued on a fully paid basis.

The Issue Price for Units will be calculated at the Net Unit Value plus the Transaction Costs (if any) as follows:

$$\frac{\text{Net Asset Value} + \text{Transaction Costs}}{\text{Number of Units in issue}}$$

The Issue Price in the case of a distribution reinvestment will, for the avoidance of doubt, be calculated post income distribution.

(f) Redemption Price of Units

The Redemption Price for a Unit is calculated as follows:

$$\frac{\text{Net Asset Value} - \text{Transaction Costs}}{\text{Number of Units in issue}}$$

Where the Responsible Entity determines that assets of the Trust must be realised to satisfy redemptions, the Responsible Entity may:

- > delay the calculation of the Redemption Price applying to the relevant Redemption Request until such time as it is aware of the realisation price of those assets; and
- > calculate the Redemption Price by adjusting the Net Unit Value and the Transaction Costs so that the Redemption Price reflects the actual or estimated realisation values of the assets of the Trust to be realised in order to satisfy the relevant redemption.

This means that the amount paid to a redeeming Investor may be less than the Net Unit Value of that Investor's Units as at the Redemption Date.

3.16 REALISATION OF INVESTMENTS IN THE WHOLESALE FUNDS

The Trust invests mostly in the Sub-Trust, which invests in and alongside the Wholesale Funds. The Manager anticipates that the Sub-Trust's direct investments and investments in the Wholesale Funds will typically involve long term commitments of 5 to 10 years given the nature of the investments of the Wholesale Funds which can have terms of up to 15 years. The ability of the Trust to withdraw its investment in the Sub-Trust will be dependent on a number of factors, which include:

- > the terms of the Sub-Trust and the Wholesale Funds;
- > the ability of the Wholesale Funds to liquidate their investments to pay any withdrawal request by the Sub-Trust and whether liquidating those investments is in the best interests of investors as a whole in those funds;
- > to the extent the Sub-Trust holds any direct investments, the Sub-Trust's ability to liquidate such investments to pay the relevant withdrawal by the Trust and whether liquidating those investments is in the best interests of investors of the Sub-Trust as a whole; and
- > the volume of other withdrawing investors in the Wholesale Funds and the Sub-Trust.

> Additional information is incorporated by reference

You should read the important information about the terms of the Wholesale Funds in section 9 of the AIB available at the Trust Website before making a decision.

3.17 REMOVAL AS MANAGER OF THE LISTED TRUST

If Metrics' appointment as manager of the Listed Trust is terminated by ordinary resolution of unitholders in the Listed Trust, the Sub-Trustee may at its discretion compulsorily redeem units in the Sub-Trust held by the Listed Trust within three months of the resolution.

> Additional information is incorporated by reference

You should read the important information about the removal of Metrics as manager of the Listed Trust in section 5.3 of the AIB available at the Trust Website before making a decision.

The timing and funding of such redemptions will be dependent on a number of factors. This situation would greatly reduce liquidity in the Trust and may impact the Trust's performance.

> Additional information is incorporated by reference

You should read the important information about the redemptions from the Wholesale Funds in section 5.4 of the AIB available at the Trust Website before making a decision.

If such redemption does not occur in the three months, then Metrics must retire as manager of the Sub-Trust. If this occurs, Metrics will no longer be responsible for making investment decisions in respect of the Sub-Trust and may not be in a position to carry out the Trust's Investment Strategy.

3.18 SUSPENSION AND STAGGERING OF REDEMPTION OR ISSUE OF UNITS

The Responsible Entity may at any time suspend the redemption or issue of Units in the Trust for up to 365 days at a time, if:

- > it is impracticable for the Responsible Entity to calculate the NAV of the Trust;
- > the Trust's investments suspend, delay or restrict the redemption, issue or payment of redemption proceeds (as applicable), or are unable to provide a withdrawal price;
- > the Responsible Entity receives Redemption Requests of an aggregate value that in its reasonable estimate exceeds 5% (by value) of all Trust property;

- > there have been, or the Responsible Entity anticipates that there will be, Redemption Requests that involve realising a significant amount of the Trust property and the Responsible Entity considers that if those Redemption Requests are all met immediately, other Investors may bear a disproportionate burden of capital gains tax or other expenses, or experience some disadvantage including by way of a material diminution in the value of the Trust property or departure from the Investment Strategy of the Trust;
- > the Responsible Entity reasonably considers that it is in the interests of Investors; or
- > it is otherwise legally permitted.

A Redemption Request lodged during any period when the redemption of Units is suspended, is taken to be lodged the day after the end of the relevant suspension period.

Where Investors over a month make Redemption Requests representing more than 10% of the Units on issue over that period, the Responsible Entity may stagger each such redemption requests over the successive 5 months in accordance with the Constitution.

3.19 DEFAULTING INVESTORS

In certain circumstances under the Constitution an Investor may be classified as a 'Defaulting Holder' by the Responsible Entity. These circumstances include:

- > where that Investor is insolvent;
- > where the Investor has made a material misrepresentation in acquiring its Units; or
- > where the Responsible Entity reasonably believes the Units are held in circumstances which have or will result in a violation of law by the Responsible Entity, the Manager, Trust or another Investor, or which will subject the Trust to taxation or otherwise adversely affect the Trust, the Responsible Entity, the Manager or the Investors in a material respect.

If the relevant Investor fails, within 10 Business Days of being notified by the Responsible Entity, to remedy the event that has caused them to be a Defaulting Holder, that person's Units may be forfeited and cancelled under the Constitution. An Investor may be liable to the Responsible Entity for any costs incurred by the Responsible Entity or the Trust in respect of the Investor being a Defaulting Holder. During such time as an Investor is a Defaulting Holder, that person's rights in respect of the Trust and any rights attaching to that person's Units, including the right to vote and receive distributions, are suspended until reinstated by the Responsible Entity in accordance with the Constitution.

4. ABOUT THE RESPONSIBLE ENTITY

Evolution Trustees Limited (**Evolution**) is the Trust's responsible entity and issuer of this PDS. Evolution is a trustee business servicing Australian and offshore asset managers and institutions with a range of fiduciary services including corporate trustee, 'MIT' trustee and acting as a responsible entity for registered schemes. Evolution is focused on advancing the best interests of the investors whose money it takes care of.

The Responsible Entity holds AFSL number 486 217 issued by ASIC, which authorises it to operate the Trust.

The Responsible Entity is bound by the Constitution and the Corporations Act. The Responsible Entity has lodged a compliance plan with ASIC which sets out the key measures which the Responsible Entity will apply to comply with the Constitution and the Corporations Act.

The Responsible Entity has the power to delegate certain aspects of its duties.

The Responsible Entity has appointed the Manager as investment manager of the Trust. The Manager has been delegated full day-to-day decision making with respect to investments. All investment decisions are made by the Manager's investment committee. The Investment Management Agreement, under which the Manager is appointed as investment manager of the Trust, has been entered into at arm's length. There is also a segregation in the decision making process with the Responsible Entity and the Manager each having their own boards of directors and executive team. Under the Investment Management Agreement, the Manager is to provide the Responsible Entity with regular reports on the Trust's investments and the performance of the Trust. These reporting requirements also include the Manager providing regular compliance certificates confirming that for the applicable reporting period it had adequate compliance measures in place, including conflicts of interest policies and risk management systems. This information will enable the Responsible Entity to determine whether the Manager has followed all appropriate processes and controls in assessing and reviewing the investments of the Trust and whether any conflicts of interest or related party aspects of these investments have been adequately identified and assessed in accordance with the Responsible Entity's conflicts policies and other applicable procedures and processes.

> **Additional information is incorporated by reference**

You should read the important information about the functions of the Manager under the Investment Management Agreement in section 5.2 of the AIB available at the Trust Website before making a decision.

The Manager may at any time request the Responsible Entity to retire. If the Responsible Entity receives this request it will facilitate its retirement and replacement, each in accordance with the relevant provisions of the Corporations Act. Investors will be entitled to vote on the appointment of the new responsible entity in those circumstances.

The Responsible Entity regularly reviews the Trust's performance and monitors the Manager's performance. The Responsible Entity is ultimately accountable to the Investors, not the Manager.

The Responsible Entity has conducted due diligence on the Manager to assess its ability to carry out the Investment Strategy for the Trust.

The Responsible Entity has appointed Sandhurst Trustees ACN 004 030 737 AFSL 237 906 (**Custodian**) to hold the assets of the Trust. The assets of the Trust are held by the Custodian in accordance with usual market practice. Fees payable to the Custodian are borne by the Responsible Entity, however expenses incurred by the Custodian in properly performing its duties will be borne by the Trust. The Custodian has no supervisory role in relation to the operations of the Trust and is not responsible for protecting its interests. The Custodian has no liability or responsibility for an act done or omission made in accordance with the terms of its appointment. To the extent that this PDS includes statements by the Custodian or includes statements based on any statement of, or information provided by, the Custodian, the Custodian consents to each such statement being included in the PDS in the form and context in which it is included and has not withdrawn that consent at any time prior to the lodgement of this PDS. The assets held by the Custodian are not investments of the Custodian. The Custodian does not guarantee the performance of the investment or the underlying assets of the Trust, or provide a guarantee or assurance in respect of the obligations of the Trust.

> **Additional information is incorporated by reference**

You should read the important information about the functions of the Custodian under the Custody Agreement in section 5.5 of the AIB available at the Trust Website before making a decision.

5. SUB-TRUST AND WHOLESALE FUNDS

The Sub-Trust is an open-ended (which means it can continue to issue and redeem units), unregistered unit trust which accepts applications from wholesale investors only. The Trust will hold fully paid units in the Sub-Trust, however, the Sub-Trustee may issue partly paid units or other investments in the future to other investors who will have the same voting rights as the Trust. In the event that partly paid units in the Sub-Trust are issued, holders of partly paid units are entitled to the same voting rights as the holders of fully paid units, notwithstanding that their units are not fully paid.

5.1 SUB-TRUST PORTFOLIO CONSTRUCTION

> **Additional information is incorporated by reference**

You should read the important information about the portfolio construction of the Sub-Trust in section 9.1 of the AIB available at the Trust Website before making a decision.

> **Additional information is incorporated by reference**

You should read the important information about Valuation of assets and investments of the Sub-Trust in sections 9.3 and 9.4 of the AIB available at the Trust Website before making a decision. Historical returns of the Sub-Trust can be found on the Trust Website.

Past performance is not a reliable indicator of future performance.

5.2 INVESTMENTS OF THE SUB-TRUST

The Sub-Trust may invest in the Wholesale Funds from time to time and this may be through a variety of different financial instruments in order to obtain an investment exposure.

This may include investing in the Wholesale Funds by way of units, Convertible Notes, debt facilities and other financial instruments from time to time.

Whilst it is intended, as set out below, that the Sub-Trust will primarily invest in the Wholesale Funds by way of Convertible Notes, the proportion of Convertible Notes versus units in the Wholesale Funds may change over time.

The Convertible Notes do not carry the right to vote unless required by law, such as for DASLF. Any loss in the underlying portfolio of the Wholesale Funds will reduce the value of the Convertible Notes.

The Sub-Trust may borrow and may invest directly in loans with other investors to the extent that the Manager and the Sub-Trustee deem appropriate.

The Sub-Trust may also make investments in the Listed Trust by acquiring units in the Listed Trust where the Manager believes it is financially beneficial (such as where units in the Listed Trust are trading below their net asset value).

> **Additional information is incorporated by reference**

You should read the important information about investments of the Sub-Trust and redemption of the Sub-Trust and Wholesale Funds in sections 9.4 and 9.6 of the AIB available at the Trust Website before making a decision.

> **Additional information is incorporated by reference**

You should read the important information summarising the key features of the Wholesale Funds including retirement of the trustee and manager, termination of the fund, voting rights, indemnity and Convertible Notes in section 5 of the AIB available at the Trust Website before making a decision.

6. FEES AND OTHER COSTS

6.1 CONSUMER ADVISORY WARNING

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns.

For example, total annual fees and costs of 2% of your account balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example reduce it from \$100 000 to \$80 000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website (www.moneysmart.gov.au) has a managed funds fee calculator to help you check out different fee options.

6.2 FEES AND OTHER COSTS

This section shows the fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the managed investment scheme as a whole.

Tax information is set out in section 7 of this PDS and section 10 of the AIB.

You should read all of the information about fees and costs because it is important to understand their impact on your investment.

| TYPE OF FEE OR COST | AMOUNT | HOW AND WHEN PAID |
|---|--------|-------------------|
| Fees when your money moves in or out of the managed investment product | | |
| Establishment fee The fee to open your investment. | Nil | Not Applicable |
| Contribution fee The fee on each amount contributed to your investment. | Nil | Not Applicable |
| Withdrawal fee The fee on each amount you take out of your investment. | Nil | Not Applicable |
| Exit fee The fee to close your investment. | Nil | Not Applicable |

| TYPE OF FEE OR COST | AMOUNT | HOW AND WHEN PAID |
|--|--|---|
| Management costs^{1, 2, 3} | | |
| The fees and costs for managing your investment. | Estimated to be 0.69% per annum of the Trust's NAV, depending on the assets of the Trust and Sub-Trust | <p>Management costs are comprised of:</p> <ul style="list-style-type: none"> > Responsible Entity fee¹ – 0.015% per annum of the Trust's NAV, calculated and accrued daily and paid monthly in arrears to the Responsible Entity from the Trust's assets. > Management fee¹ – 0.21% per annum of the Trust's NAV, subject to a minimum fee of \$25,080 per annum, calculated and accrued daily and paid monthly in arrears to the Manager from the Trust's assets. > Recoverable expenses of the Trust – 0.06% per annum of the Trust's NAV paid out of the Trust's assets once the cost is incurred.² > Indirect costs³ – 0.41% per annum of the Trust's NAV paid from the Trust's assets once the cost is incurred, including any performance related fees. |
| Service fees | | |
| Switching fee | Nil | Not applicable |
| The fee for changing investment options. | | |

1 This amount comprises of the management fee, recoverable expenses, and indirect costs. The estimates are based on an allocation of 20% of Trust's capital in the Listed Trust and 80% of the Trust's capital in the Sub-Trust which allocates 60% of its capital to DASLF, 20% of its capital to SPDF II and 20% of its capital to REDF and average fund sizes in the next 12 months of circa \$3,000 million DASLF, \$600 million SPDF II and circa \$700 million for REDF. The management costs and the components of the management costs set out in the table above are inclusive of GST and net of RITCs.

Certain additional costs apply, such as transactional and operational costs. See 'Additional Explanation of Fees and Costs' section below for more information. The fees in this table can be negotiated with wholesale clients. For more information, refer to 'Can fees be different for different investors?' in section 6.4 below.

2 As the Trust is newly established, this figure reflects the Responsible Entity's reasonable estimate at the date of this PDS of those costs that will apply for the current financial year (adjusted to reflect a 12 month period), assuming a raise of \$500 million. For further information please see section 6.4 below.

3 As the Trust is newly established, this figure reflects the Responsible Entity's reasonable estimate at the date of this PDS of those indirect costs that will apply for the current financial year (adjusted to reflect a 12 month period), assuming a raise of \$500 million. This figure includes any indirect costs borne by the Trust through its investment in the Sub-Trust or Wholesale Funds, including management fees but excluding performance related fees.

6.3 EXAMPLES OF ANNUAL FEES AND COSTS FOR THE TRUST

Table 5 gives an example of how the fees and costs in the Trust can affect your investment over a one year period. You should use this table to compare this product with other managed investment products.

Table 5: Example of annual fees and costs

| EXAMPLE – METRICS DIRECT INCOME FUND | AMOUNT | BALANCE OF \$50,000 WITH A CONTRIBUTION OF \$5,000 DURING THE YEAR ³ |
|---|---------------------------------------|---|
| Contribution fees | Nil | For every additional \$5,000 you put in you will be charged \$0. |
| PLUS Management costs | 0.69% per annum of the Trust's NAV | And, for every \$50,000 you have in the Trust, you will be charged \$346.14 each year. |
| EQUALS Cost of Trust | | If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees of: \$346.14 What it costs you will depend on the fees you negotiate. |

6.4 ADDITIONAL EXPLANATION OF FEES AND COSTS

Management costs

Management costs are expressed as a percentage of the Trust's NAV. Management costs are comprised of the management fee (comprising of fees payable to the Manager and those payable to the Responsible Entity), recoverable expenses and indirect costs. Management costs do not include transactional and operational costs. For more information please see the 'Transactional and operational costs' below.

Responsible Entity fee

This fee is charged by the Responsible Entity for managing the Trust and making it available to investors and includes amounts payable to the Custodian for its services in holding the assets of the Trust. It is calculated based on the Trust's NAV accrued daily and paid monthly in arrears from the Trust's assets.

Management fee

This fee is charged by the Manager for providing investment management services to the Trust. It is calculated and accrued daily and paid monthly in arrears from the Trust's assets.

Recoverable expenses

These are the ordinary and everyday expenses incurred in operating the Trust and are deducted from the assets of the Trust as and when they are incurred. The expenses normally incurred in the day-to-day operation of the Trust include Unit Registry, administration and audit costs (other than 'transactional and operational' costs described below).

³ Additional fees may apply. This example assumes the \$5,000 contribution occurs at the end of the year, therefore management costs are calculated using the \$50,000 balance only. In practice, an investor's actual investment amount will vary daily and the actual fees and costs we charge are based on the value of the Trust which also fluctuates daily. As the Trust is newly established, the figure used for the management costs in the example above is based on the current Trust size (assuming a nil raise) and is the Responsible Entity's reasonable estimate (inclusive of GST less RITCs) of the typical ongoing amounts for the current financial year (adjusted to reflect a 12 month period). Certain additional costs may apply, such as transactional and operational costs. For more information, refer to section 6.4.

Indirect costs

Indirect costs are any amounts that the Responsible Entity knows or where required, reasonably estimates, will reduce whether directly or indirectly the Trust's returns or the amount or value of the income of, or assets attributable to the Trust (other than the Responsible Entity fee, Manager's fee, recoverable expenses and transactional and operational costs) including the assets of any interposed vehicle (such as the Sub-Trust or Wholesale Funds) which the Trust may be invested in.

Indirect costs include (where applicable):

- > indirect management fees such as management fees charged in respect of the Sub-Trust and Wholesale Funds);
- > indirect performance related fees.

Management fees in respect of the Sub-Trust and Wholesale Funds

As Metrics is the manager of the Sub-Trust and Wholesale Funds it is entitled to receive management fees pursuant to the terms of the trust deeds and management agreements in respect of those funds. These fees are generally payable out of the assets of the Sub-Trust and Wholesale Funds (as applicable).

However, Metrics has agreed that no management fees will be incurred by the Trust in respect of the Sub-Trust (except to the extent that the Sub-Trust invests directly in the assets itself). Management fees charged by Metrics as manager of the Wholesale Funds are generally calculated daily and payable monthly to Metrics.

At the date of the PDS the management fees of the Sub-Trust and Wholesale Funds that will apply for the current financial year are in aggregate estimated to be 0.32% per annum of the Trust's NAV (adjusted to reflect a 12 month period), assuming a raise of \$500 million and excludes performance related fees.

Performance related fees

Metrics as manager of REDF and SPDF II will be entitled to a performance related fee pursuant to the terms of the trust deeds and management agreements in respect of those funds.

Metrics is entitled to a performance related fee of an amount equal to 15.375% of the difference between the return on each unit in the relevant fund and the hurdle applicable to that fund (**Hurdle**) (where this difference is determined by subtracting the Hurdle from the return on each unit).

For REDF, the Hurdle is an amount equal to BBSW + 500bps net of fees multiplied by the net unit value (or in the first performance related fee calculation period, the issue price of the unit).

For SPDF II the Hurdle is an amount equal to BBSW + 400bps net of fees multiplied by the net unit value (or in the first performance related fee calculation period, the issue price of the unit).

BBSW refers to the average mid-rate for bills of exchange having a tenor of three months displayed on the 'BBSW' page of the Reuters Monitor System on the first day of the period for which the rate is to be determined.

The performance related fee is calculated and accrued daily and payable in arrears as at the end of the last Business Day of the financial year, when a unit is redeemed or the date of termination of Metrics as the manager of the relevant fund. Generally, the greater the investment performance of the relevant Wholesale Fund, the greater the performance related fee and therefore the greater the overall management costs for the relevant Wholesale Fund and the Trust.

While performance related fees are payable annually in arrears, if there is a period of underperformance, Metrics will not be entitled to any performance related fees until investors in REDF or SPDF II (as applicable) recover any underperformance. For as long as Metrics is the manager of the Trust, any performance related fees borne by the Trust that may be earned in respect of the Sub-Trust's investment in the Wholesale Funds will be waived or refunded by the Manager in periods where the Target Return of the Trust has not first been achieved.

Total fees (including management and performance fees) for each of REDF and SPDF II are subject to an overall total management fee cap of 0.75% of gross asset value (excluding undrawn loan commitments).

At the date of the PDS, the Responsible Entity reasonably estimates performance related fees attributable to the investments of the Trust that will apply for the current financial year to be in the range of nil to 0.09% per annum (adjusted to reflect a 12 month period). This performance related fee estimate is based upon the Sub-Trust's and Wholesale Funds past performance periods. Future performance related fees may vary from year to year and will depend on the future performance of the Sub-Trust and Wholesale Funds. **Past performance is not a reliable indicator of future performance.**

Transactional and operational costs

Transactional and operational costs are costs related typically to transactions of the Trust and include transactional brokerage, clearing costs and stamp duty. These costs will differ according to the type of assets in the Trust and will be paid out of the Trust's assets. Transactional and operational costs are an additional cost that is not included in management costs.

The Responsible Entity estimates the Trust's transactional and operational costs to be approximately nil or 0% of the Trust's NAV for the current financial year (adjusted to reflect a 12 month period). This is because such costs are borne by borrowers. This estimate includes an estimate of any transactional and operational costs that may be incurred indirectly in the Sub-Trust or any Wholesale Fund in which the Trust may invest.

Borrower fees

Metrics may receive additional fees from the borrowers of the relevant loans of the Sub-Trust and Wholesale Funds. These fees will not be paid from the assets of the Trust but will be paid by the borrower to Metrics. These fees will not be a cost to the Trust and do not affect the returns of the Trust.

Borrowing costs

The Trust, Sub-Trust and Wholesale Funds may from time to time borrow funds. The costs and interest for borrowing these amounts will vary. Interest costs will typically be based on the RBA Cash Rate plus a margin of 150bps up to 500bps. Costs of the debt facilities can include legal costs, fees (such as for making the facility available) and other amounts which vary in amount from 0 bps to 50 bps of the debt facility value.

Government charges and taxation

Government taxes such as GST will be applied to your account as appropriate. Please refer to section 7 for more information. In addition to the fees and costs described in this section 6, standard government fees, duties and bank charges may also apply such as stamp duties. Some of these charges may include additional GST and will apply to your investments and withdrawals as appropriate. The fees outlined in this section 6 take into account any RITCs which may be available.

Adviser remuneration

No commissions will be paid by the Responsible Entity to financial advisers in relation to the offer of Units in the Trust. You may incur a fee for the advice provided to you by your adviser, but this does not represent a fee that the Responsible Entity has charged you for investing in the Trust and is not an amount paid out of the assets of the Trust. The Responsible Entity recommends that you check with your adviser if you will be charged a fee for the provision of their advice.

Can fees be different for different Investors?

The Manager and the Responsible Entity may from time to time negotiate a different fee arrangement (by way of a rebate of fees or reduced fees) with certain 'wholesale' investors or otherwise in accordance with ASIC requirements. Any fee rebates will be paid out of the assets of the Manager and will not be paid from the assets of the Trust. The size of the investment and other relevant factors may be taken into account. The terms of these arrangements are at the discretion of the Manager and the Responsible Entity (as applicable).

Can the fees change?

All fees in this PDS can change. Reasons might include changing economic conditions and changes in regulation. Fees may also change due to an increase in GST payable or a change to RITCs entitled to be claimed by the Trust. Any estimates of fees and costs in this PDS are based on information available as at the date of this PDS. As such, the actual fees and costs may differ and are subject to change from time to time. The Constitution sets the maximum amount the Responsible Entity can charge for all fees. If the Responsible Entity wishes to raise fees above the amounts allowed for in the Constitution, the Responsible Entity would need to amend the Constitution in accordance with the Corporations Act and the relevant provisions in the Constitution. The Responsible Entity will give Investors at least 30 days' advanced notice of any proposed change to these fees.

Maximum fees

The maximum fees payable to the Responsible Entity that can be charged under the Trust's Constitution (exclusive of GST) are 3% per annum of the gross value of the assets of the Trust. This maximum fee is increased on 1 July each year by the greater of 2% and the 'Consumer Price Index (All Groups)' for the city of Sydney, or such other index determined under the Constitution reflective of the fluctuations in the cost of living in Sydney.

7. TAXATION

The information in this PDS and AIB summarises some of the Australian and New Zealand taxation issues you may wish to consider before making an investment in the Trust and assumes that you hold your investment in the Trust on capital account and are not considered to be carrying on a business of investing, trading in investments, or investing for the purpose of profit making by sale. The information should be used as a guide only and does not constitute professional tax advice as individual circumstances may differ. Potential Investors should seek their own professional advice specific to their own circumstances in respect of any taxation implications of an investment in the Trust.

This summary is based on the taxation laws as at the date of this PDS. Investing in a registered managed investment scheme is likely to have tax consequences. However, it is noted that taxation laws can change at any time, which may have adverse taxation consequences for Investors concerned. It is recommended that Investors seek their own professional advice, specific to their own circumstances, of the taxation implications of investing in the Trust.

> Additional information is incorporated by reference

You should read the important information about Taxation of the Trust in section 10 of the AIB available at the Trust Website before making a decision.

8. INVESTMENT RISKS ASSOCIATED WITH INVESTING

> Additional information is incorporated by reference

You should read the important information about risks of investing in the Trust in section 6 of the AIB available at the Trust Website before making a decision.

Investing in the Trust has risks and performance of the Trust is not guaranteed by any party including the Responsible Entity or Metrics.

You should consider the risks set out below and in the AIB carefully and obtain your own advice in deciding whether or not to invest in the Trust.

LIQUIDITY RISK

The investments of the Wholesale Funds and accordingly the Trust and Sub-Trust are generally less liquid investments than other investments (such as exchange traded investments) as the investments that the Trust is exposed to via the Sub-Trust and Wholesale Funds are long dated (up to 10-year terms). The ability of the Trust, the Sub-Trust and Wholesale Funds to dispose of an investment may depend on market liquidity, the terms agreed with the relevant borrower and the maturity date of the loans. The liquidity of the investments to which the Trust (via the Sub-Trust and Wholesale Funds) is exposed will also be dependent on a borrower's ability to repay a loan. The ability of the Trust to provide liquidity to Investors is ultimately dependent upon the liquidity of investments in the Wholesale Funds.

Where the Sub-Trust is unable to redeem or withdraw its holdings in the Wholesale Funds, due to the illiquidity of the Wholesale Funds, the ability of Investors to withdraw from the Trust may be impeded. Where it is necessary for the Wholesale Funds to sell assets in order to meet redemption requests of the Sub-Trust and accordingly, the Trust, the Manager may not be able to sell investments at an attractive valuation. This may impact the redemption price of Units.

In certain instances the Responsible Entity may be required to dispose of assets of the Trust to satisfy Redemption Requests. In these instances Transaction Costs may be indirectly incurred by investors and the Trust may bear similar costs due to redeeming units in the Sub-Trust. This may reduce the amounts payable to Investors on redemption of their Units. Subject to its duties under the Corporations Act, the Responsible Entity may determine that, where assets of

the Trust need to be sold to satisfy Redemption Requests, the redemption price of the relevant Units will be equal to the proceeds of those assets being sold. This may cause a loss for redeeming Investors in certain circumstances.

LISTED TRUST PRICING

The trading price of any listed security may change, related to performance and matters inherent to the investment performance of the securities, but also due to external factors such as market sentiment, or a range of other factors including the presence of larger buying or selling interest in the Units. Accordingly, units in the Listed Trust may trade at a discount or premium to their net asset value.

CREDIT AND DEFAULT RISK

Credit risk is the risk that one or more assets to which the Trust is exposed may decline in price or fail to pay interest or principal when due because the credit counterparty or borrower experiences a decline in its financial status. Losses may occur because the value of the asset is affected by the creditworthiness of the borrower or by general economic and specific industry conditions.

While all debt assets are subject to credit risk, to the extent the Trust is exposed to Sub-Investment Grade debt, it will be exposed to a greater amount of credit risk than a fund that is exposed to Investment Grade rated credit assets. The prices of lower grade debt instruments are more sensitive to negative developments, such as a decline in the borrower's cash earnings or a general economic downturn, than are the prices of higher-grade debt instruments. Debt instruments of Sub-Investment Grade quality are higher risk with respect to the counterparty's capacity to pay interest and repay principal when due and therefore involve a greater risk of default.

Default risk is the risk that a borrower defaults on their obligations, for instance by failing to make a payment due or to return the principal.

LEVERAGE RISK

To the extent that the Trust, Sub-Trust or the Wholesale Funds use leverage to fund investments, and the counterparty to an investment was to fail to pay interest or principal when due (a payment default), the Trust, Sub-Trust or the Wholesale Funds are still obliged to service their interest and principal

payment obligations. The inability to do so may give rise to the Trust's, Sub-Trust's or underlying Wholesale Fund's loan provider taking action under the relevant facility terms to recover amounts owed. The provider would be Senior to investors from a repayment perspective, and have a first claim over the loans (and associated assets) and cash flows of the Trust, Sub-Trust or the Wholesale Funds.

INVESTMENT STRATEGY RISK

The Trust will invest in the Sub-Trust and the Sub-Trust will invest in and alongside the Wholesale Funds. As such, the Trust may be exposed to the risks that are specific to the Sub-Trust and the Wholesale Funds. This may include operational risks, distribution risks, valuation risks, liquidity risks and tax risks that are specific to the Sub-Trust and the Wholesale Funds.

The Manager may not manage the Trust in a manner that consistently meets the Trust's Investment Objective over time. In addition, either the Manager, or a key employee of the Manager, may cease to manage the Trust, requiring the Responsible Entity to find an alternative replacement manager, which may affect the Trust's success and profitability.

> Additional information is incorporated by reference

You should read the important information about ASX risks associated with investing in the Trust in section 6 of the AIB available at the Trust Website before making a decision.

UTILISATION RISK

The Trust will be exposed to (through the Sub-Trust and the Wholesale Funds) both drawn and undrawn loans that may be drawn up and down by the borrower over time. Borrowers will typically pay a margin over a floating benchmark on drawn amounts, and a percentage of that margin on the undrawn amount. Alternatively, a borrower might pay a flat fee based on total availability in advance, and then a margin over a floating benchmark on drawn amounts. Returns will vary depending on the utilisation of such revolving loan facilities.

CONFLICTS OF INTEREST / RELATED PARTY TRANSACTIONS

The Sub-Trustee and its related entities are trustees of each of the funds that the Trust is exposed to. Metrics is also the manager of each of those funds. Situations may arise where Metrics, the Sub-Trustee and the Sub-Trustee's related entities have interests that conflict with those of the Investors. For example, the trustee of a Wholesale Fund may take action that is inconsistent with the interests of the Sub-Trust and the Sub-Trustee has a conflict of interest between pursuing the interests of members of the Sub-Trust versus the Sub-Trustee and the trustee of the relevant Wholesale Fund.

The Manager is also the manager to other funds and accounts not described in the PDS. While the Manager has implemented policies and procedures to identify and mitigate conflicts of interest, it is possible that the Manager may, in the course of its business, have potential conflicts of interest which may not be managed effectively and may be detrimental to the Trust and its Investors.

These conflicts could include the Manager having to decide which clients and funds it allocates investment opportunities. In order to manage this conflict, the Manager has a policy of allocating opportunities between those funds and clients for which the opportunity is considered appropriate and among such clients and funds proportional to their available capital for that opportunity.

> Additional information is incorporated by reference

You should read the important information about Multiple Exposures Risk in section 6 of the AIB available at the Trust Website before making a decision.

The Trust will only be exposed to investments managed by Metrics and as such Metrics benefits from such investments. Other parties and investors (including investors in the Sub-Trust or Wholesale Funds) may have interests that diverge from that of Metrics, the Trust and Investors, which may have an adverse effect on Investors. The votes of those investors could outweigh the votes referable to the Trust's investment in those funds. Where the Manager is not meeting the Target Return, the Responsible Entity may not be able to remove the Manager from the Sub-Trust and Wholesale Funds.

From time to time the Manager may engage entities related to the Manager. The Manager is a related party of the Trust Administrator. The Trust Administrator is responsible for checking the prices of the Units and the Trust's NAV. The Trust Administrator also acts as the administrator for the Sub-Trust and each of the Wholesale Funds. The prices of Units are dependent on the unit prices of the Sub-Trust which in turn depends on the unit prices in the respective Wholesale Funds. The prices of the investments of the Wholesale Funds are reviewed monthly by one international accounting firm and semi-annually as well as annually by an accounting firm.

GENERAL RISKS

The performance and profitability of the Trust may be affected by many factors including the fact that the value of the portfolio in which the Trust invests may vary over time. This may result in either an increase or decrease in the value of Units and ultimately the value of your investment, which may result in the loss of income and the principal you initially invested.

Other factors which may impact on the value of the Units include asset risk, concentration risk, credit risk, counterparty risk, Manager risk, risks pertaining to the engagement of the Manager, the ability of the Manager to invest in well-managed companies which have the ability to service and repay their loans and retention of key personnel of the Manager risk.

The Responsible Entity, the Manager and Distribution Partner do not guarantee the return of capital, any rate of return in terms of income or capital or the investment performance of the Trust.

MARKET AND ECONOMIC RISK

Certain events may have a negative effect on the price of all types of investments within a particular market in which the Sub-Trust or the Wholesale Funds hold investments. These events may include (but are not limited to) changes in legal, tax, economic, social, technological or political conditions, laws as well as general market sentiment. Industry specific shocks relevant to underlying loan assets and general market disruption can adversely impact the value of Trust assets.

There can be no guarantee given in respect of the future earnings of the Trust or the earnings or any capital appreciation of the Trust's investments.

CORONAVIRUS RISKS

On 30 January 2020 the World Health Organisation declared a global emergency and pandemic with respect to a strain of the coronavirus which is the cause of the COVID-19 virus (**Virus**) following its emergence in Wuhan, China and its subsequent global spread including to the United States, Europe, the United Kingdom, Japan and Australia. Travel between most countries is largely suspended and the timing of any resumption of large scale international travel is unknown. Many businesses, including some to which the Trust may have exposure, may rely on third parties in China and other countries as customers or suppliers. In order to combat the continued spread of the Virus many national governments have instituted social distancing measures which have and continue to cause widespread disruption to business and economic operations. The continued spread of, or inability to combat, the Virus may have significant adverse impact to the global economy which may impact the investees of the Trust. The future of any economic impact caused directly or indirectly by the Virus is uncertain and may affect the ability of borrowers to repay debts, companies to pay dividends and the ability of the Trust, Sub-Trust or Wholesale Funds to exit investments. Accordingly, the Trust's returns and its ability to pay redemptions may be negatively impacted by the spread or the inability to definitively combat the Virus.

TIMEFRAME FOR INVESTMENT

Investors are strongly advised to regard any investment in the Trust as a medium-term to long-term proposition (one year or more) and to be aware that, as with any investment, substantial fluctuations in the value of their investment may occur over that period and beyond.

REDEMPTION RISK

Where the Trust's investments in the Sub-Trust are required to be realised to fund redemptions of Units the Redemption Price investors receive in respect of such Units may be derived from the actual sale proceeds from those assets rather than the net asset value of the trust at the time of the redemption.

9. CONFLICTS OF INTEREST

> Additional information is incorporated by reference

You should read the important information about conflicts of interest and related party interests in section 8.1 and 8.2 of the AIB available at the Trust Website before making a decision.

10. MATERIAL CONTRACTS

> **Additional information is incorporated by reference**

You should read the important information about the Trust's material contracts in section 5 of the AIB available at the Trust Website before making a decision.

11. APPLICATIONS AND WITHDRAWALS

11.1 APPLICATIONS FOR UNITS

Applications for Units may be completed via paper-based Application Forms and emailed to the Unit Registry at metricsapplications@automicgroup.com.au or made via the electronic Application Form accompanying the electronic version of this PDS, available at <https://investor.automic.com.au/#/w/MDIF>.

Units to which this PDS relates will only be issued on receipt of cleared funds and a completed Application Form in a form acceptable to the Responsible Entity, whether it will be by a printed copy or an electronic Application Form. The Responsible Entity may accept or reject Applications for Units in its absolute discretion.

Should your Application be accepted, Units will be issued to you at the Issue Price on the relevant Issue Date. Your Application Form and Application Monies must be received by the Unit Registry by 5:00pm (Sydney time) on an Application Day for Units to be issued on the relevant Issue Date. Applicants should be aware of their financial institution's cut-off time noting that payments must be made to be processed overnight. Any BPAY® payment must be received by the Unit Registry by 5:00pm (Sydney time) on the Application Day for Units to be issued on the relevant Issue Date.

A minimum initial Application of A\$1,000 applies (which may be reduced at the Responsible Entity's discretion).

Investors must provide certain information as required by the Responsible Entity as part of its Know Your Customer (KYC) obligations. An Investor's interest in Units cannot be registered without having provided this information and it having been reviewed and accepted by the Responsible Entity (also see Transfer of Units in section 3.15).

The Responsible Entity, Unit Registry, Trust Administrator and Metrics may provide to the Australian Taxation Office, or any other government department or agency, information regarding Investors, investments, income, or any other information requested by those organisations.

11.2 COOLING OFF RIGHT

While the Trust is liquid, a 14-day cooling-off period applies to investments in Units made directly by retail investors (as defined in the Corporations Act).

The cooling-off period will commence when the Trust Administrator receives payment confirmation from the Investor, or on the 5th Business Day after Units are issued (whichever is earlier) and will end on the 14th day after that date. The confirmation statement you receive on Application will state the date on which the Units were issued. During this 14-day period, you may cancel your Application by emailing an authorised instruction to the Unit Registry at metricsapplications@automicgroup.com.au. Your Application Monies will then be repaid after adjustments are made for changes in the value of the Units, reasonable administrative and transaction costs incurred by the Trust and any tax payable. The cooling-off period will end if and when you make an Application for additional Units during the 14-day period.

11.3 WITHDRAWALS

Investors may request a redemption of their Units by submitting a Redemption Request. Redemption Requests may be made by using the electronic Redemption Request form available at <https://investor.automic.com.au/#/home>, or alternatively, paper Redemption Request forms are available from the Unit Registry.

12. ADDITIONAL INFORMATION

12.1 TRUSTEE AND METRICS INDEMNITY AND LIABILITY

The Responsible Entity is entitled to be indemnified in full out of the assets of the Trust for any liability incurred by it in the proper performance of its duties or powers in relation to the Trust.

Under the Investment Management Agreement, the Responsible Entity indemnifies Metrics for any liability it incurs as manager of the Trust except to the extent that the liability is caused by the negligence, fraud, dishonesty, any breach of the Investment Management Agreement by Metrics or any of its officers, employees or agents or any act or omission of such persons that causes the Responsible Entity to be liable to Investors for which the Responsible Entity has no right of indemnity from the Trust.

Except in the case where the Responsible Entity has failed to properly perform its duties as required under the Constitution, the Responsible Entity is not bound to make any payments to Investors except out of the Trust or to be liable to investors in excess of the assets of the Trust.

12.2 COMPLAINTS RESOLUTION

The Responsible Entity has established procedures for dealing with complaints. If an Investor has a complaint, they can contact the Responsible Entity during business hours or email info@evolutiontrustees.com.au using the contact details located in the Corporate Directory. All Investors (regardless of whether you hold Units directly or indirectly via an IDPS), are able to access the Responsible Entity's complaints procedures outlined in this paragraph.

After receipt of the complaint, the Responsible Entity will use reasonable endeavours to deal with and resolve the complaint within a reasonable time but in any case in accordance with its duties under the Corporations Act.

If an Investor is a retail client and is not satisfied with the outcome, the complaint can be referred to the Australian Financial Complaints Authority (**AFCA**), an external complaints resolution scheme of which the Responsible Entity is a member. AFCA's postal address is GPO Box 3, Melbourne, Victoria 3001 and the toll-free number is 1800 931 678. AFCA's role and terms of reference are specified in AFCA's Rules available from their website www.afca.org.au.

12.3 GOVERNING LAW

This PDS and the contracts that arise from the acceptance of Applications under the Offer are governed by the laws applicable in New South Wales, Australia and each Applicant submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

12.4 OTHER IMPORTANT TRUST INFORMATION

> **Additional information is incorporated by reference**

You should read the important information about consents in respect of this PDS in section 8.3 of the AIB available at the Trust Website before making a decision.

13. GLOSSARY

| TERM | DESCRIPTION |
|--|---|
| A\$ | means Australian dollars. |
| Additional Information Booklet or AIB | means the additional information booklet in respect of the Trust which is incorporated into and forms part of this PDS, available at the Trust Website. |
| Administration Services Deed | means the document so named and as amended from time to time between the Trust Administrator and the Responsible Entity. |
| AFSL | means Australian financial services licence. |
| Application | means an Investor's request to invest a specified amount into the Trust. |
| Application Day | means, in relation to an Issue Date, the final Business Day of the preceding month to that of the Issue Date. |
| Application Form | means the form so entitled and entered into by an Investor under which the Investor makes a binding Application to invest a specified amount into the Trust. |
| Application Monies | means money submitted by Applicants under the Offer. |
| ASIC | means the Australian Securities and Investments Commission. |
| Associate | has the meaning given to that term in the Corporations Act. |
| ASX | means ASX Limited. |
| BBSW | means Bank Bill Swap Rate. |
| Bond | means a type of debt product issued by borrowers such as governments and companies. Bonds can have different ranking in a borrower's capital structure (e.g. senior or subordinated). |
| Business Day | means a day on which banks are open for general banking business in Sydney, Australia. |
| Constitution | means the constitution of the Trust as amended from time to time. |
| Custodian | means Sandhurst Trustees Limited ACN 004 030 737. |
| Convertible Note | means a Note that may be converted to Equity in certain circumstances. |
| Corporations Act | means the <i>Corporations Act 2001</i> (Cth). |
| Daily | means each Business Day. |
| Derivative | means a financial instrument which derives its value from the performance of an underlying, or reference, asset. |
| Distributable Income | means income which the Responsible Entity considers is available to be distributed by the Trust to Investors. |
| Distribution Partner | means Pinnacle Investment Management Limited ACN 109 659 109. |
| Distribution Period | means the period in respect of which distributions from the Trust are made, set from time to time by the Responsible Entity. |

| TERM | DESCRIPTION |
|--|--|
| Distribution Reinvestment Plan or DRP | A plan that will provide Investors the option to re-invest the Trust's distributions. |
| Equity | means interest in the capital of an issuer, which provides the holder with ownership rights in a company or trust which may be listed or unlisted. |
| First Closing Date | means the date on which Units are first issued to Investors. |
| GST | means Goods and Services Tax. |
| IDPS | means an investor directed portfolio scheme. |
| Investment Committee | means the sub-committee so named of the Metrics board of directors that is responsible for investment selection and management. |
| Investment Document | means the Constitution, the Investment Management Agreement and the Application Form. |
| Investment Management Agreement | means the agreement so named between Metrics and the Responsible Entity and as amended from time to time. |
| Investment Objective | means the investment objective described in section 1 of this Product Disclosure Statement in the section headed "Investment Objective". |
| Investment Strategy | means the investment strategy described in section 1 of this Product Disclosure Statement in the section headed "Investment Strategy". |
| Investment Team | means the persons from time to time that provide the investment management function of the Trust under the Investment Management Agreement and from the date of this document comprise at least Justin Hynes, Andrew Lockhart, Graham McNamara and Andrew Tremain. |
| Investor | means a person that holds Units in the Trust. |
| Investment Grade | is a term used to describe a borrower or credit instrument that has a relatively low risk of default and is typically representative of a borrower that has high to medium credit quality. |
| Issue Date | means the Business Day immediately following the end of the applicable Distribution Period. |
| Issue Price | means the Unit price calculated in accordance with the application price methodology set out in the Constitution. |
| Listed Trust or MXT | means MCP Master Income Trust ARSN 620 465 090. |
| Listing Rules | means the official Listing Rules of the ASX as amended or waived from time to time. |
| Metrics or the Manager | means Metrics Credit Partners Pty Ltd ACN 150 646 996. |
| Metrics Website | means www.metrics.com.au . |
| Net Asset Value or NAV | means net asset value of the Trust calculated in accordance with the Constitution. |
| Net Unit Value | means in respect of a Unit in a class, the value of the Trust property less any liabilities of the trust, divided by the number of Units, each referable to that class. |

| TERM | DESCRIPTION |
|--|---|
| Notes | means a type of debt security with rights to payments of interest and principal. Notes can have different ranking in a borrower's capital structure (e.g. senior or subordinated). |
| Offer | means the offer of Units under this PDS. |
| Options | means financial contract between an option issuer and an option holder that provides the option holder the right, but not the obligation, to buy or sell an underlying asset at an agreed-upon price during the life of the contract. |
| Ordinary Shares | means shares in a company that are owned by people who have a right to vote at the company's meetings and to receive part of the company's profits. Also referred to as the Common Equity of a company. |
| PDS or Product Disclosure Statement | means this document and includes the Additional Information Booklet, as amended or replaced from time to time. |
| Perpetual | means Perpetual Limited ABN 86 000 431 827. |
| Perpetual Group | Perpetual and its subsidiaries. |
| PPNSW | means PPNSW Services Pty Limited ACN 608 418 828. |
| Preference Shares | means shares of a company that have different characteristics to Ordinary Shares. Preference shares have dividend priority and liquidation preference in the return of capital above Ordinary Shares, but typically do not have voting rights. Most Preference Shares have a fixed dividend while Common Equity typically do not. |
| Redemption Date | means the last Business Day of each month. |
| Redemption Price | means the Unit price calculated in accordance with the redemption price procedures set out in the Constitution. |
| Redemption Request | means a request by an Investor to redeem its Units. |
| Registered Scheme | means a managed investment scheme that is registered under Chapter 5C of the Corporations Act. |
| Registry Services Agreement | means the agreement so named and as amended from time to time between the Unit Registry and the Responsible Entity. |
| Responsible Entity | means Evolution Trustees Limited ACN 611 839 519. |
| RITC | means reduced input tax credit. |
| Secured | in the context of debt investments, means that a lender has the ability to gain access to a borrower's assets in the event that the borrower defaults on its obligations to repay its debt. |
| Senior | refers to the rights of investors in a debt instrument to be paid in priority to other obligations or Equity holders of the relevant borrower. |
| Subordinated | in the context of debt investments, refers to the fact that the relevant investor ranks behind other investors to receive payments of interest and principal. |

| TERM | DESCRIPTION |
|--|--|
| Sub-Investment Grade | is a term used to describe a borrower or credit instrument that has a relatively higher risk of default and is typically representative of a borrower that has medium to low credit quality. External credit rating agencies view investment grade as equivalent to a rating between AAA and BBB – (Standard & Poor’s) or Aaa and Baa3 (Moody’s), and Sub-Investment Grade as equivalent to a rating below BBB– (Standard & Pooors) or Baa3 (Moody’s). |
| Sub-Trust | means MCP Wholesale Investments Trust. |
| Sub-Trustee | The Trust Company Limited ACN 004 027 749. |
| Sub-Trust Investment Management Agreement | means the agreement so named between Sub-Trust and the Sub-Trust Manager and as amended from time to time. |
| Target Portfolio Construction | means the target asset allocation of the Trust gained through its exposure to the Sub-Trust and Wholesale Funds. |
| Transaction Costs | means an estimate by the Responsible Entity of the total transaction costs that would be incurred to acquire afresh, or dispose of the assets of the Trust (including such costs which would be incurred due to the issue or disposal of Units), or zero where the Responsible Entity makes no such estimate. |
| Trust | means Metrics Direct Income Fund ARSN 641 620 331. |
| Trust Administrator | means MCH Fund Administration Services Pty Ltd ACN 636 286 970. |
| Trust Website | means www.metrics.com.au/funding-solutions/metrics-direct-income-fund |
| Unit Registry | means Automic Pty Ltd ACN 152 260 814, trading as Automic Group. |
| Units | means units in the Trust. |
| Warrant | means a financial contract directly issued by a company giving the warrant holder the right, but not the obligation, to buy the company’s shares at an agreed-upon price during the life of the contract. |
| Wholesale Funds | means Metrics Credit Partners Diversified Australian Senior Loan Fund, MCP Secured Private Debt Fund II, and MCP Real Estate Debt Fund. |

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CORPORATE DIRECTORY

MANAGER

Metrics Credit Partners
ACN:150 646 996

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2 Ridge Street
North Sydney NSW 2060

Mailing Address:
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Sydney NSW 2001
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RESPONSIBLE ENTITY

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ACN 611 839 519

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TAX ADVISER

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MinterEllison

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DISTRIBUTION PARTNER

Pinnacle Investment Management

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Sydney NSW 2000
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Website: www.pinnacleinvestment.com

TRUST ADMINISTRATOR

**MCH Fund Administration Services
Pty Ltd**

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UNIT REGISTRY

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Automic Group**
ACN 152 260 814

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