

ASX Announcement 25 January 2022

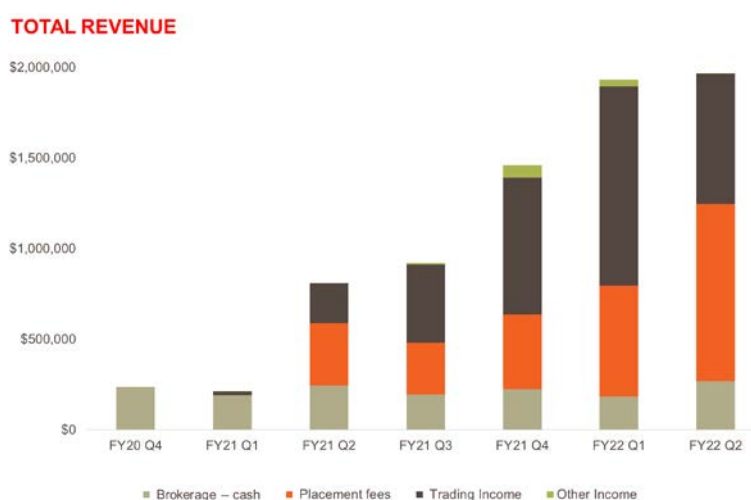
Income Asset Management (IAM) Q2 FY2022 Quarterly Activity Report

IAM announces a 70% increase in client numbers for the quarter

Income Asset Management Group Ltd (**ASX:IAM**) is pleased to announce Q2 FY2022 operating results showing continued strong growth in client numbers, contracted Assets Under Management (AUM) and debt capital market transactions.

Key highlights for Q2 FY2022

- IAM experienced a strong first half to the financial year, with revenue up 66.8% compared to the second half FY2021.
- Nonetheless, quarterly revenue was affected by the Omicron outbreak and a seasonal slowdown in activity, similar to the same period in FY2021. As a result, Q2 FY2022 revenue was up \$33,515 on the previous quarter.
- New clients grew 70% over the quarter, reflecting strong marketing and sales momentum.



- IAM Capital Markets achieved strong debt capital market placement fee and bond trading revenue growth in October and November.
- IAM Capital Markets AUM increased by 74% over the quarter.
- IAM Cash Markets business revenue was up by 45% quarter on quarter.
- Net operating cash outflows fell to (\$244,000), down from (\$3.37m) in Q1 FY2022, reflecting continual growth in revenue and lower bond holdings held at the quarter end.



Jon Lechte, CEO said, "While the impact of Omicron and seasonal factors slowed revenue in December, revenue in October and November was encouraging. These improvements in trading revenue and completion of debt capital placements in the quarter, along with lower bond holdings, resulted in a turnaround in our net cash outflows from operations.

"It is important to note that, had we been able to sell all our new-issue pipeline in H1 FY2022, revenue may have increased by an additional \$2m, placing the quarter at close to breakeven. Our client growth at the time did not give us enough purchasing power - this has now changed.

"Since we fully established the new IAM in February 2021, our ability to source new-issue bonds and loans ramped up faster than we could sign up new clients. Right now, we still have a very healthy pipeline of new issues (both bond and loan format) and the chance of placing them has improved significantly with a strong flow of new clients signing up since October when we started our marketing campaign.

"With the Christmas break, the onboarding of new clients naturally slowed. With new clients comes additional liquidity for all clients, a key benefit for clients to move to us, in addition to our free custody and our donation of \$150 for each new client to The Smith Family. In the backend of the quarter, we achieved a significant rise in client numbers and continue to see strong growth opportunities.

"In Q3 FY2022 we expect to see increased growth from financial advisors seeking our small parcel bond service, particularly being able to access our model bond portfolio to be launched this quarter. This will provide a simple managed approach for clients to access a bond portfolio managed by the founder of Fortlake Asset Management, Dr Christian Baylis.

"IAM's balance sheet remains strong, with healthy cash reserves to support continued investment in our ability to be the best fixed income provider on the market."

IAM Capital Markets

Placement fees up 60%

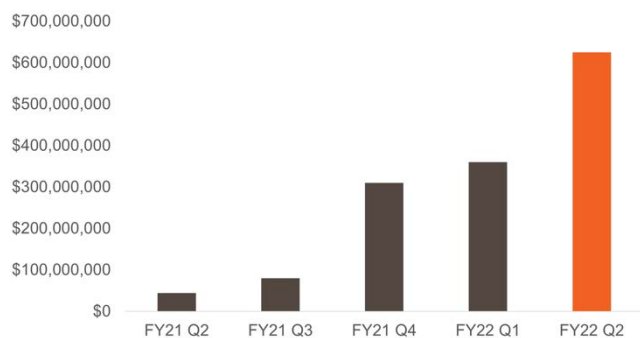
IAM Capital Markets completed three successful placements this quarter:

- a \$21m tranche for Capital Alliance Investment Group through a secured fixed rate note
- a \$20m extension to an existing debt placement for Pioneer Credit (ASX: PNC), and
- a Senior Unsecured transaction for EarlyPay (ASX: EPY).

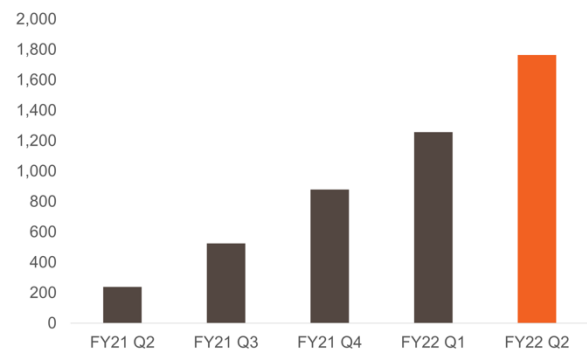
IAM Capital Markets was also the cornerstone investor in a USD high-yield transaction for a Queensland mining project. In addition, the business won mandates for two significant transactions, both expected to be completed in Q3 FY2022.

New client numbers were up 70% from the previous quarter, while bond trading volumes increased by 40%. As a result, AUM increased by 74%, reflecting the business's strong client growth and sales momentum. As most of the growth in client numbers occurred in November, we have not had time to show these new clients the breadth of income investment alternatives we offer, so we have high expectations of a surge in turnover, which will always lag client acquisition.

ASSETS UNDER MANAGEMENT



BOND TRADING VOLUMES



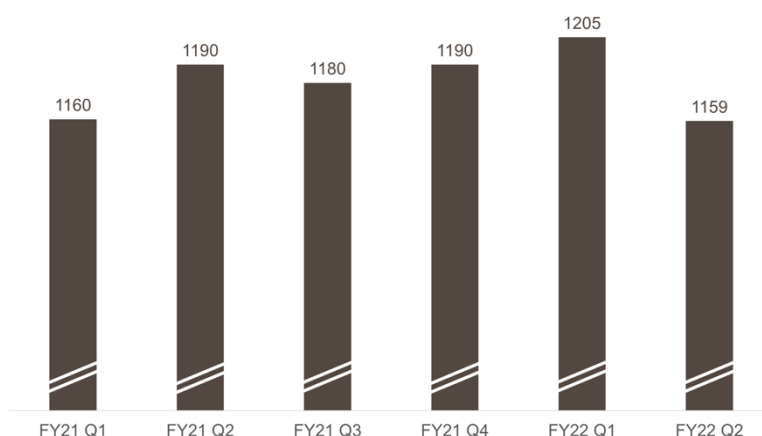
IAM Cash Markets

Quarterly cash broking revenue up 45%

Cash broking revenue for IAM Cash Markets rose strongly over the quarter, despite a 3.6% reduction in FUM, due to end-of-year client withdrawals and a strategic realignment of the business away from lower margin retail deposits and towards treasury services for intermediaries, not-for-profits and corporate clients.

That realignment has seen the business move away from lower margin business while strengthening its relationships with institutional clients, including a commercial agreement with Integrated Portfolio Solutions (IPS) to provide cash and bond trading services to IPS's clients, was executed during the quarter.

MONEY MARKET FUNDS ON PLATFORM





IAM Funds Management

25% investment in TGM now complete

During the quarter, IAM Funds Management completed a 25% strategic investment in fund manager Tactical Global Management Ltd (TGM). As a result, IAM's CEO Jon Lechte joined the TGM Board.

TGM currently has Funds Under Management of \$27bn and enables a complementary partnership extending the capabilities of both businesses. IAM's collaboration with TGM provides access to proven portfolio management and compliance capabilities, enabling the combined businesses to design new products and offer clients a wider range of income investment opportunities.

Over the quarter, TGM completed a joint venture with Alpha Vista to create an absolute return Sustainable Development Goals global equity product, tapping into investors' growing appetite for sustainable investments.

Meanwhile, Fortlake Asset Management won a very significant new mandate, with funds expected in Q3 2022.



Quarterly cash flow

Cash operating costs

During the quarter, IAM continued to invest in the future growth of the business, with increased expenditure on new hires and marketing campaigns to drive client acquisition. As a result of lower cash outflows related to bond holdings, net cash outflows from operating activities were \$0.244 down from \$3.37m in Q1 FY2022. The changes to bond holdings are a normal part of our business operation and level of holdings are likely to change each quarter.

Impact of COVID-19

The COVID-19 Omicron wave disrupted client activity, impacting revenue over the short term. Combined with the seasonal slowdown also observed in FY2021, that saw revenue momentum slow in December, despite strong year-on-year growth.

Investments

IAM completed a 25% investment in Tactical Global Management Ltd (TGM).

Cash balance

As at 31 December, IAM's cash and bond balance was \$6.98m, down from \$10.465m in Q1 FY2022. This decrease was primarily due to the \$3m payment to TGM to complete our strategic investment.



Related party transactions

With reference to payments to related parties (Section 6 of the attached Appendix 4C), item 1 comprises payments to related parties and their associates, including directors and key management personnel, and includes director's fees of \$81,000, salaries (including superannuation) of \$117,583 and interest on issued notes of \$19,821. Item 2 is comprised of payments to Fortlake Asset Management Pty Ltd of \$125,010 under an agreed loan facility.

Annual General Meeting

Notice is hereby given that the Annual General Meeting of shareholders of Income Asset Management Group Limited will be held on Friday 28 October 2022 at 11am (AEDT). Details of the meeting will be communicated to all shareholders. The closing date for the receipt of nominations from persons wishing to be considered for election as a director is 25 August 2022 (for persons who are not shareholders of the company), and 9 September 2022 (for shareholders).

About Income Asset Management Group Ltd. (IAM) (ASX:IAM)

Income Asset Management Group Ltd (ASX:IAM), (IAM), has seen tremendous growth into a sophisticated income investing solution. The Group delivers unique solutions in Treasury Management, Cash, Bonds and Funds Management for sophisticated investors and professional investment managers.

Our vision is to provide investors and portfolio managers with the most trustworthy and capable services to research, invest and manage their income investments.

We are a traditional investment firm with real clients and robust governance and compliance, reporting to ASX, AUSTRAC and ASIC for regulatory obligations. Our direct investment services include deposits, loans, and both listed and unlisted fixed income securities. Our managed investment business incubates new funds and markets the services of those funds within our stable, Fortlake Asset Management and Tactical Global Management. We also own Trustees Australia Limited, an authorised Responsible Entity, regulated by ASIC.

This announcement was approved for release by the Board of Directors.

ENDS

For more information, please contact:

Jon Lechte - CEO

E: shareholders@incomeam.com

W: incomeam.com

Income Asset Management Group Limited ACN 010 653 862;

IAM Capital Markets Limited ACN 111 273 048 AFSL 283119;

IAM Cash Markets Pty Ltd ACN 164 806 357 AFSL 459645;

Trustees Australia Limited ABN 63 010 579 058 AFSL 260038; and,

IAM Funds Pty Ltd ACN 643 600 088.

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Income Asset Management Group Limited

ABN

42 010 653 862

Quarter ended ("current quarter")

31 December 2021

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities			
1.1.1 Receipts from customers – brokerage and fees		2,206	2,985
1.1.2 Receipts from customers – securities trading		717	1,816
1.1.3 Net in/(out)flows for settlement of financial instruments held on balance sheet		598	(983)
1.2 Payments for			
(a) research and development		-	-
(b) product manufacturing and operating costs		(822)	(1,627)
(c) advertising and marketing		(152)	(271)
(d) leased assets		(64)	(104)
(e) staff costs		(1,848)	(3,662)
(f) administration and corporate costs		(804)	(1,620)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		-	4
1.5 Interest and other costs of finance paid		(75)	(153)
1.6 Income taxes paid		-	-
1.7 Government grants and tax incentives		-	-
1.8 Other (provide details if material)		-	-
1.9 Net cash from / (used in) operating activities		(244)	(3,616)
2. Cash flows from investing activities			
2.1 Payments to acquire or for:			
(a) entities		-	-
(b) businesses		-	-
(c) property, plant and equipment		(70)	(84)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(d) investments	(3,000)	(3,000)
	(e) intellectual property	-	-
	(f) other non-current assets	(51)	(51)
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	8
2.3	Cash flows from loans to related party	(125)	(167)
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	(3,246)	(3,294)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	8,030
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	300
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(414)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(15)	(30)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other – repayments of lease principal	(87)	(171)
3.10	Net cash from / (used in) financing activities	(102)	7,715

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	10,465	6,030
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(244)	(3,616)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3,246)	(3,293)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(102)	7,715
4.5	Effect of movement in exchange rates on cash held	-	37
4.6	Cash and cash equivalents at end of period	6,873	6,873

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	6,873	10,465
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	6,873	10,465

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(218)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	(125)
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements		
7.3.1	Other – Issued notes	4,500	4,500
7.3.2	Other – bond trading settlement (DVP) facility	5,000	-
7.3.3	Other – Insurance funding	-	-
7.4	Total financing facilities	9,500	4,500
7.5	Unused financing facilities available at quarter end		5,000
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	7.3.1 Issued notes – Unsecured facility. Interest rate of 6% and repayment date of 24 December 2023.		
	7.3.2 Bond trading settlement (DVP) facility – Secured over the traded securities. Interest rate of 3.5%, settled up to T+5.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(244)
8.2	Cash and cash equivalents at quarter end (item 4.6)	6,873
8.3	Unused finance facilities available at quarter end (item 7.5)	5,000
8.4	Total available funding (item 8.2 + item 8.3)	11,873
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	48.7
	<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer:	
8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer:	

8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 25 January 2022

Authorised by: The Board of Directors

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.