

1HY 2022 Report

1 JULY 2021 - 31 DECEMBER 2021



ASX Market Announcement



INCOME ASSET MANAGEMENT GROUP LIMITED (ASX:IAM)

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Investment risk

An investment in Income Asset Management Group Limited ('IAM' or 'Group'), is subject to known and unknown risks both specific to IAM and of a general nature, some of which are beyond the control of the Group. Such risks either may individually or in combination adversely affect the future operating and financial performance of IAM, its investment return and value of its securities. There can be no guarantee, and the directors and management give no assurances, (notwithstanding that they will use their conscientious best endeavours), that IAM will achieve its stated objectives or that any forward-looking statement or forecast will eventuate.

Forward-looking statements

This Presentation contains certain statements that may constitute forward-looking statements or information ("forward-looking statements"), including statements regarding the use of proceeds of any funds available to the Group. These forward-looking statements are based on certain key expectations and assumptions, including assumptions regarding the general economic conditions in Australia and globally, industry conditions in Australia and the intended operations of the Group. These factors and assumptions are based upon currently available information and the forward-looking statements contained herein speak only as of the date thereof. Although the expectations and assumptions reflected in the forward-looking statements are reasonable in the view of the Group's directors and management, reliance should not be placed on such statements, as there is no assurance that they will prove correct. This is due to forward-looking statements being subject to known and unknown risks, uncertainties and other factors that could influence actual results or events and cause actual results or events to differ materially from those stated, anticipated or implied in the forward-looking statements. These risks include, but are not limited to: uncertainties and other factors that are beyond the control of the Group; global economic conditions; risks associated with the financial markets; interest rates; bond prices; operational and seasonal risks associated with customer's cashflow requirements; delays or changes in plans; specific risks associated with the ability to meet software development commitments and capital expenditures; and risks associated with securities market volatility. Except to the extent implied by law, no representation or warranty as to the validity, certainty or completeness of any of the assumptions or the accuracy of the information, opinions, estimates or forecast contained in this document is made by the Issuer or its advisors or any of their respective officers, employers, agents or advisors.

The Group assumes no obligation to update any forward-looking statements or to update the reasons why actual results could differ from those reflected in the forward-looking statements, except as required by Australian securities laws and ASX Listing Rules.

HALF-YEAR HIGHLIGHTS

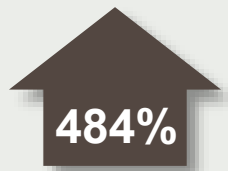
Financial Highlights



Revenue up 100% from 1H 2021 (1H21) – 5 quarters of consistent revenue growth



TOTAL REVENUE \$3.902m
100% increase YoY (vs 1H21)



CAPITAL MARKETS REVENUE \$3.406m
Up 484% from \$584,000 in 1H21
Placement fee revenue up 127% on prior half



CAPITAL MARKETS ASSETS UNDER ADMINISTRATION
Up 102% YoY

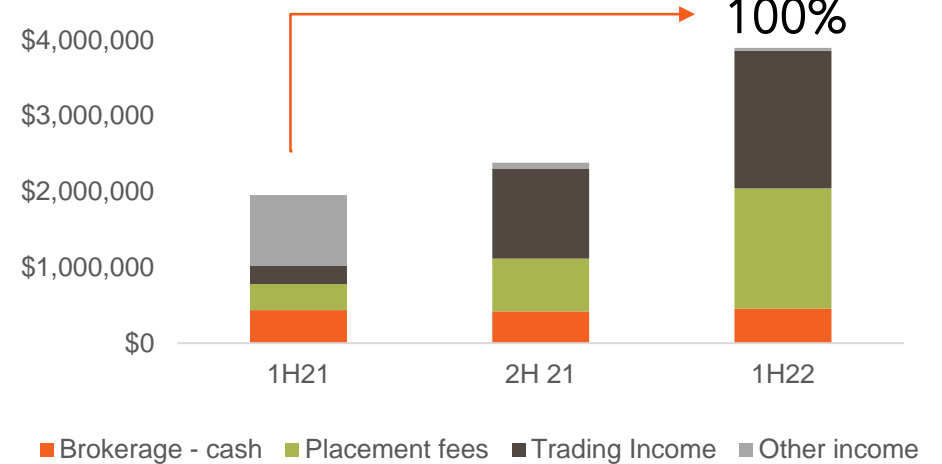


CASH MARKETS REVENUE \$454,000
Up 4% YoY

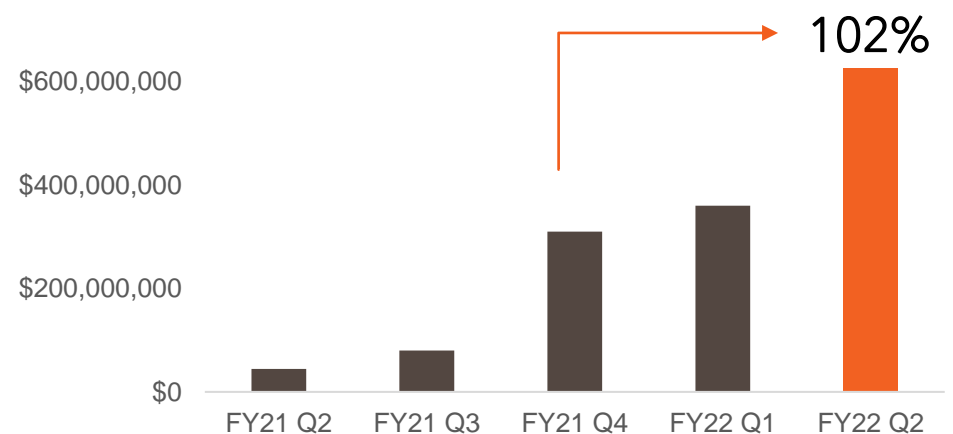


TOTAL EXPENSES
Down 13% YoY

REVENUE GROWTH



IAM CAPITAL MARKETS ASSETS UNDER ADMINISTRATION



5 Quarters of Strong Revenue Growth



IAM specialises in sophisticated solutions across the fixed income market, while building scale in funds management incubation

INVESTING IN GROWTH

IAM's consistent revenue growth has been driven by our significant investment in people, technology and compliance over 2021

- 100% revenue growth YoY
- Major group restructure completed, with new management, sales and operations teams - achieved without increasing headcount
- New compliance structure and team
- Operational realignment to support our broad range of income-focused products and services
- Two investments completed - Fortlake Asset Management and Tactical Global Management
- Business rebranded and enhanced sales team, boosting our new client growth
- Enhanced trading software and client management software implemented

We're dedicated to operating ethically, putting our clients first, and challenging the industry on anti-competitive behaviour.

5 Quarters of Strong Revenue Growth



Disrupting industry norms and supporting the community

DELIVERING TANGIBLE VALUE TO CLIENTS

IAM Capital Markets - Disrupting industry norms to create new value for clients

- Transparent trading and investment options with a competitive fee structure
- Free custody for clients joining by 30 June 2022
- No exit fees for clients

Increased community engagement

- Provided 200 Smith Family children with a Christmas gift. Staff donations dollar-matched by IAM
- Donated \$150 to the Learning for Life program for every new client onboarded - \$50,000 donated so far



Our aim is to be the most trusted, fair, honest, diligent, and meritocratic financial services company in our field.

Q2 Operating Results



100% increase in revenue, with total expenses down 13% YoY

CONTROLLING COSTS, BUILDING OUR CAPABILITIES

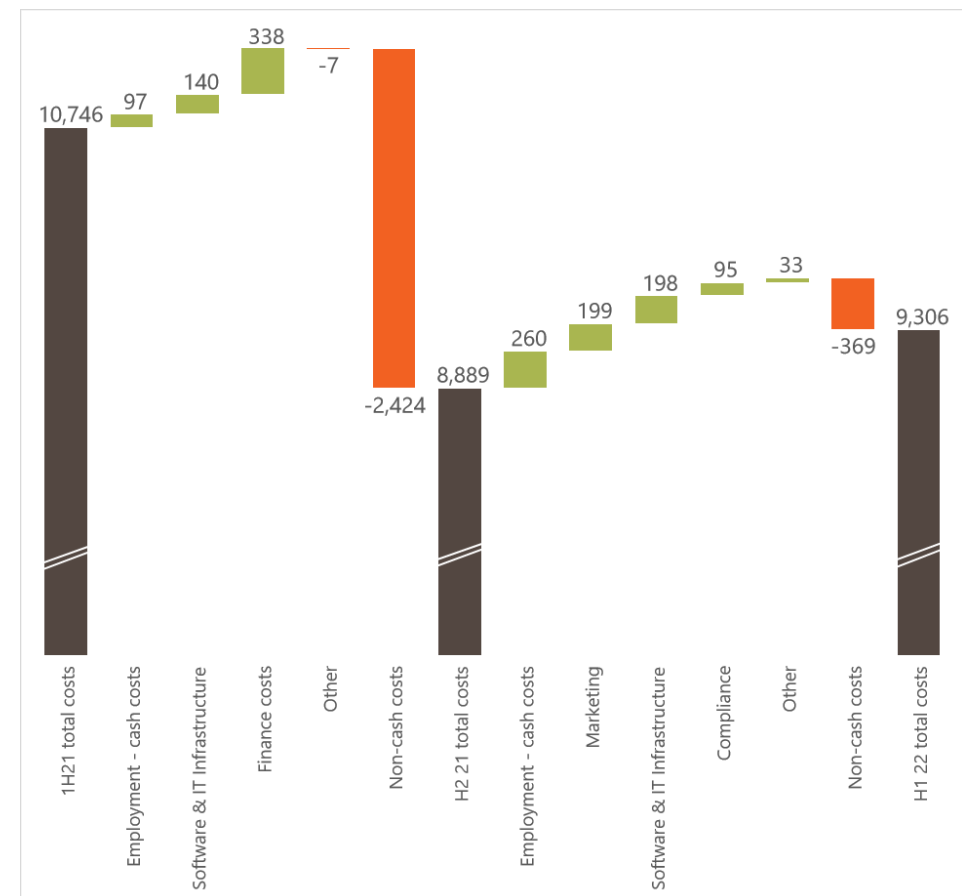
Strong expense control across the business

- Total expenses down 13% YoY despite ongoing investment in growth.
- Total expenses up 5% on prior half
- Share Based Payments to senior team members fell as our significant phase of recruiting approaches successful completion.
- In the previous half, IAM was in an early stage of business expansion, incurring significant non-cash costs.
- In the most recent quarter, IAM established new functional teams to underpin our continued expansion.
- Marketing expenses increased to support our new brand launch.
- Software & Compliance expenses increased reflecting enhancements to our client services and operating capability

Combining prudent capital management with an ongoing investment in growth

- \$7.616m second tranche of \$14m raise received in August 2021.
- \$3m payment to TGM for 25% strategic equity investment.
- \$2.6m operating cash outflow excluding bond inventory.
- \$0.167m lent to Fortlake in 1H22 (\$0.67m total) to support growth - fully repayable.
- Healthy cash reserves of \$6.87m at period close to support continued investment.

TOTAL CASH COSTS (\$'000)



DIVISIONAL PERFORMANCE

IAM's Business Model and Divisions

IAM Group's three divisions work together to offer investors a complete suite of income solutions, supported by our comprehensive treasury services.



CAPITAL MARKETS

- Structure and facilitate debt for Australian corporates.
- Revenue model based on brokerage commission and primary issuance fees.
- Clients include wholesale investors, corporates and family offices.



FUNDS



- Provide bespoke service for top-tier investment managers looking to establish their own funds.
- Partner with global providers to empower fund managers to succeed.



CASH MARKETS

- Cash-based investments from 60+ local and global ADIs.
- Bespoke instruments tailored to deliver a specific yield.
- Built-in liquidity and risk management.



TREASURY SERVICES

- Bespoke consulting services to support clients' investment strategy and execution.
- Legal structures to support investment mandates.
- Deposit portfolio optimisation and managed portfolio services.

IAM Capital Markets



Placement fee revenue up 127% - new issues showing strong deal pipeline
 Trading Revenue up 53% - reflecting increase in client numbers for secondary trading

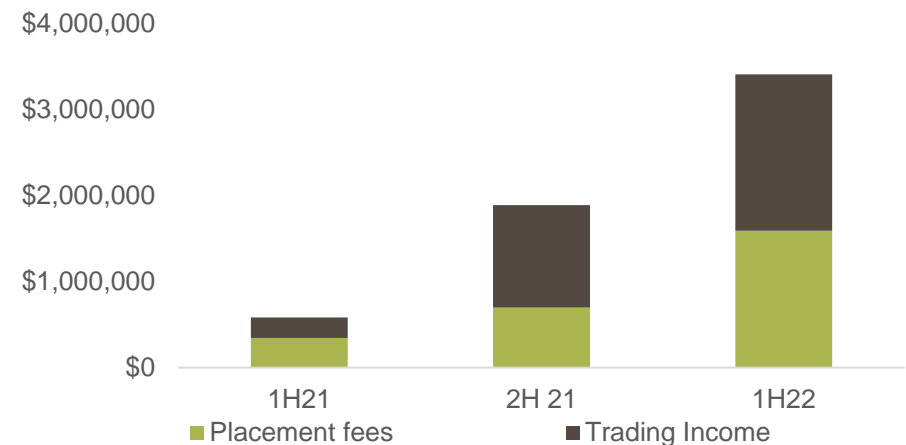
HIGHLIGHTS

- IAM Capital Markets won significant Debt Capital Market placements driving consistent growth in revenue:
 - \$21m tranche for Capital Alliance Investment Group through a secured fixed rate note
 - \$20m extension to an existing debt placement for Pioneer Credit (ASX: PNC)
 - Senior Unsecured transaction for EarlyPay (ASX: EPY)
 - Mandated for a placements of over \$100m so far in Q3 FY2022
- Trading revenue up over 53% compared to 2HY21
- New client numbers up 90% YoY

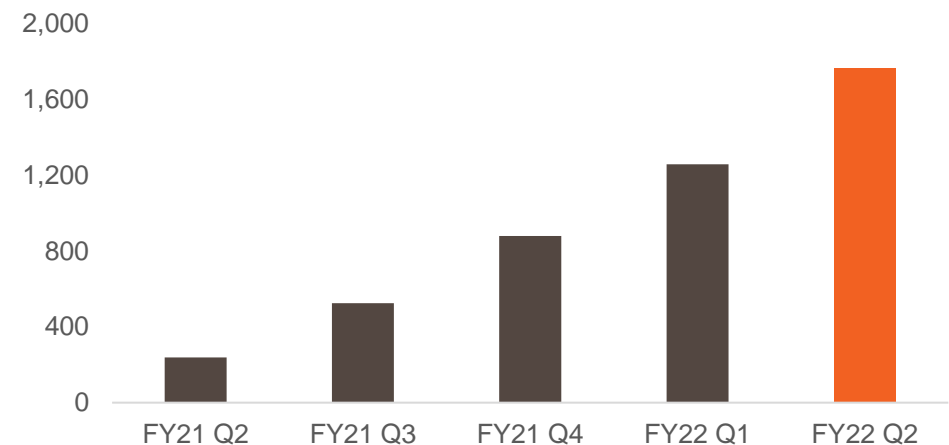
OUR SERVICES

- Bond trading
- Primary issuance of bonds
- Collaboration with major investment banks
- Portfolio optimisation
- Leading independent research from BondAdvisor
- Flexible funding structures, including secured, subordinated and inflation-linked debt securities

REVENUE GROWTH



BOND TRADING VOLUMES



Investing in a strategic partnership that significantly expands our value proposition

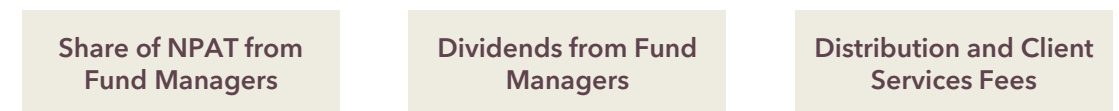
HIGHLIGHTS

- Completed 25% strategic investment in Tactical Global Management Ltd
- Grew the existing business and identified new strategic opportunities to work with top investment managers
- Fortlake Asset Management now available on major platforms: Macquarie Wrap, Netwealth, Calastone, Praemium and HUB24
- Fortlake's Sigma Opportunity Fund was named top performing Asia Pacific Fixed Income Strategy by Preqin, the leading provider of analytical data to alternative asset professionals
- Treasury Services mandate signed by Fortlake with an ASX-listed financial services firm

OUR SERVICE MODEL

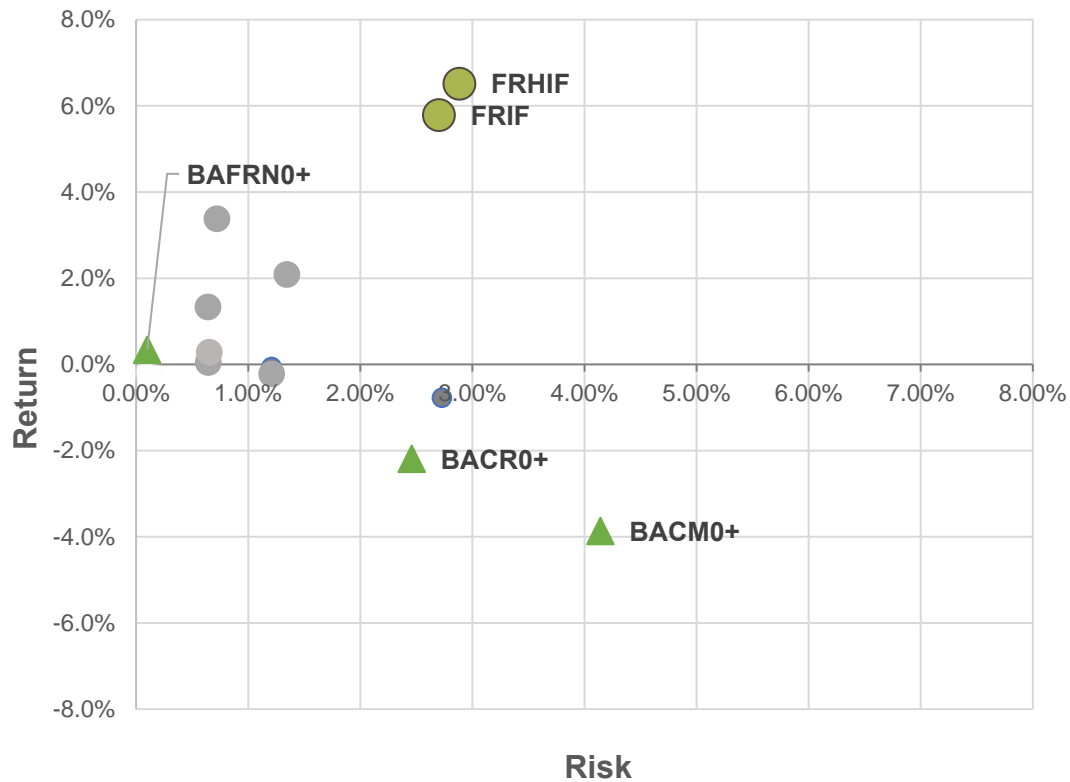


OUR FINANCIAL MODEL



Fortlake Asset Management performs strongly relative to peers and benchmark

Peer Group Risk and Return



 **Return:**

Daily returns net of fees 1 January 2021 to 31 January 2022

 **Volatility:**

Standard deviation of daily returns for same period

Fortlake Fund:

- Fortlake Real-Income Fund (**FRIF**)
- Fortlake Real-Higher Income Fund (**FRHIF**)

 **Peer Group:**

- ANZ Enhanced Yield Fund
 - Ardea Real Outcome Fund
 - Kapstream Absolute Return Income
 - Macquarie Income Opportunities
 - Perpetual Credit Income
 - Realm High Income
 - Smarter Money Higher Income
 - UBS Income Solution Fund
- Benchmark:**
- Bloomberg AusBond Composite 0+ Yr (**BACM0+**)
 - Bloomberg AusBond Credit 0+ Yr (**BACR0+**)
 - Bloomberg AusBond Credit FRN 0+ Yr (**BAFRN0+**)

 **Source:**

Morningstar Direct & Bloomberg

Proven portfolio management and compliance capabilities to safeguard clients' capital.

Serving clients since

1997

Average client tenure

7 years

The experience, scale and intellectual property to provide tailored overlay solutions across single and multi-asset investments, including currency.

Overlay management on client funds

\$29bn

Bespoke client portfolios

33

Average staff tenure

11 years

The TGM Proposition

- 24 years experience in providing tailored investment solutions for institutional clients globally including pension funds, endowments, charities, banks, insurance companies, and other fund managers.
- TGM's tailored investment solutions include rebalancing, equitisation, and currency hedging overlays, systematic equity, bond and currency alpha strategies, a low volatility equities strategy, and a sustainable global equities strategy.
- TGM is also supporting and promoting Sustainable Impact Investing opportunities in both Australia and developing countries.
- Independent – client best interest
- Execution efficiency and cost effectiveness
- Implementation of rebalancing, currency hedging, equitisation, beta transfer, transitions, and execution only
- Tailored reporting to client requirements
- Competitive pricing – flexible, transparent and fair
- Strategic partner – analytical and advisory services.

IAM Cash Markets

In line with the strategic change in target clients, revenue has increased despite a decline in funds as we target higher margin mandates

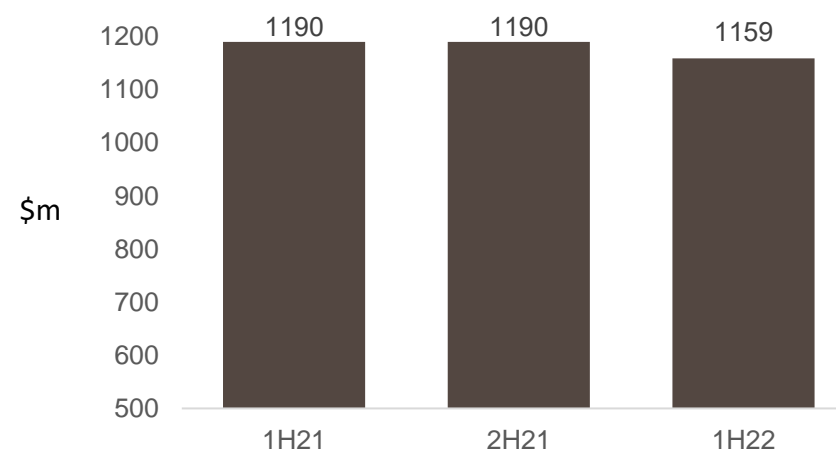
HIGHLIGHTS

- Cash broking revenue grew by 4% YoY despite fall in FUM
- Fall in funds on platform attributed to;
 - Strategic transformation of the business away from lower margin retail deposits
 - Focus on larger mandates for treasury services for intermediaries, not-for-profits and corporate clients.
 - Focus on supporting Advisory firms with large cash mandates

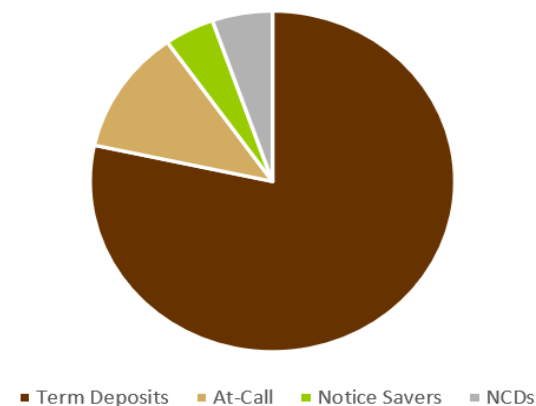
OUR SERVICES

- Cash Management Account - offering up to 0.40% interest at call
- Risk management
- Liquidity management
- Bespoke financial instruments providing enhanced yield
- Legal structures to support investment mandates
- Access to 60+ global and domestic ADIs, both rated and unrated
- Deposit portfolio optimisation and managed portfolio services

MONEY MARKET FUNDS ON PLATFORM



CLIENT FUM ALLOCATION



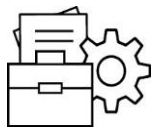
Treasury Management Services (TMS)



An innovative solution unlocking new opportunities.

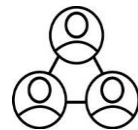
Designed for corporates, family offices and not-for-profits, TMS brings together institutional-grade products, management and governance to create a comprehensive solution for managing and optimising cash management, liquidity and income investment.

A partnership of three specialist businesses, TMS combines a suite of innovative services to help clients plan, implement and manage cash, income investments and currency exposures.



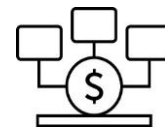
Cross product functionality

Giving you access to a broad range of specialist services.



Relationship management

Unlocking the best opportunities for placements with a broad panel of providers.



Funding management

Cash laddering, liquidity ratios, and concentration management.



Real time portfolio management

Enabling you to dynamically manage your cash allocation and currency exposures to harness emerging opportunities.



Compliance management

Including investment mandate compliance, concentration checks and benchmarking.



Operations and finance support

Including documentation, settlements, corporate actions.



Risk management

Helping you seamlessly manage liquidity risk, market risk and credit risk.



Legal structures

Giving you and your clients control and security through a managed account and experienced responsible entity.

ASX Market Announcement

INCOME ASSET MANAGEMENT GROUP LIMITED (ASX:IAM)


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


The Group consists of:


- **Income Asset Management Group Ltd**
ACN 010 653 862
- **IAM Capital Markets Limited**
ACN 111 273 048 AFSL 283119
- **IAM Cash Markets Pty Ltd**
ACN 164 806 357
- **IAM Funds Pty Ltd**
ACN 643 600 088
- **Trustees Australia Limited**
ABN 63 010 579 058 AFSL 260038

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