

1H24 results

21 February 2024

Income Asset Management Group (ASX:IAM)



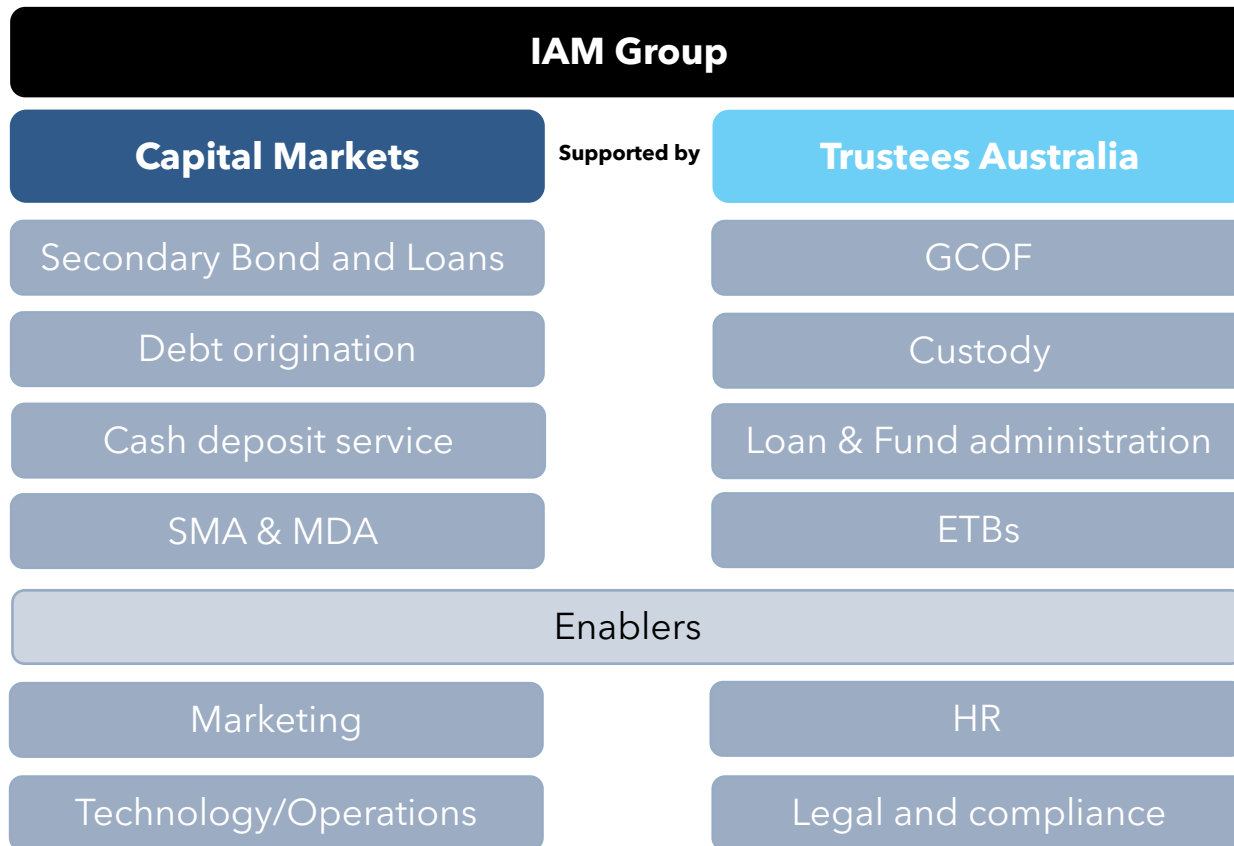
Our strategy

To deliver market leading solutions for clients seeking income focused investments.

Streamlined our administration model



With \$3.5bn in AuA in a very short period, we are scaling rapidly and have invested for further growth.



How we go to market



The most efficient interface for fixed income in Australia.

- Flexible settlement, platform/custody options
- Transparent pricing
- Research rich product advice
- Wide range of investment alternatives.

Marketplace for traditional yield and alternative yield investments:

- Platforms
- Institutions
- Stockbrokers
- Not-for-profits
- Governments
- Fund managers
- Private banks
- HNW investors



IAM's innovation, talent and technology provides vehicles through:

- Cash deposit products
- Corporate Bonds
- Loan Trading
- Exchange Traded Bonds (ETB's)
- Trustee Services
- Funds management

to connect with:

- Corporates
- Banks
- Fund managers
- Advisers
- SMSF investors

Key performance metrics*

\$3.48bn AuA
29% growth YOY

1,743 clients
71% growth YOY

Revenue \$6.08m
vs \$6.8m YOY

**FY23 one-off large
transaction.*

Transaction
dollar volume
\$1.431bn

(FY22 H1 \$1.636bn)

3,522 trades

(FY22 H1 3343)

440 new clients
in H1, a record.
16% growth YOY

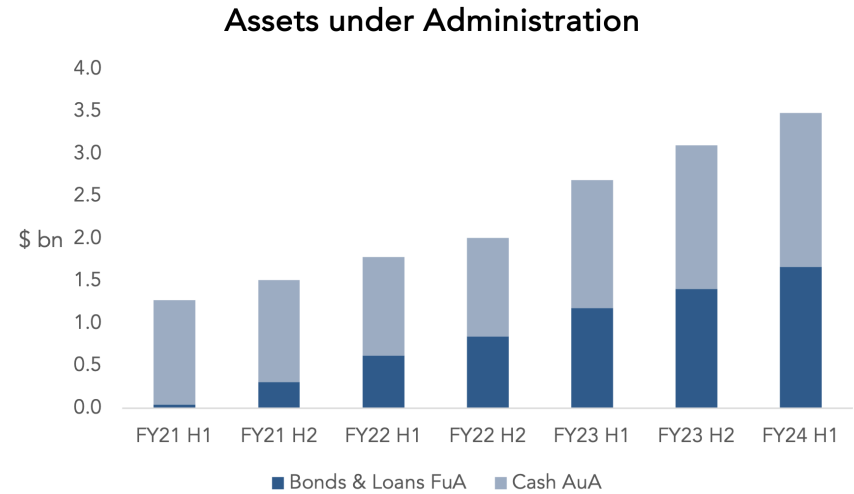
(FY22 H1 380)

*As at 31 December 2023

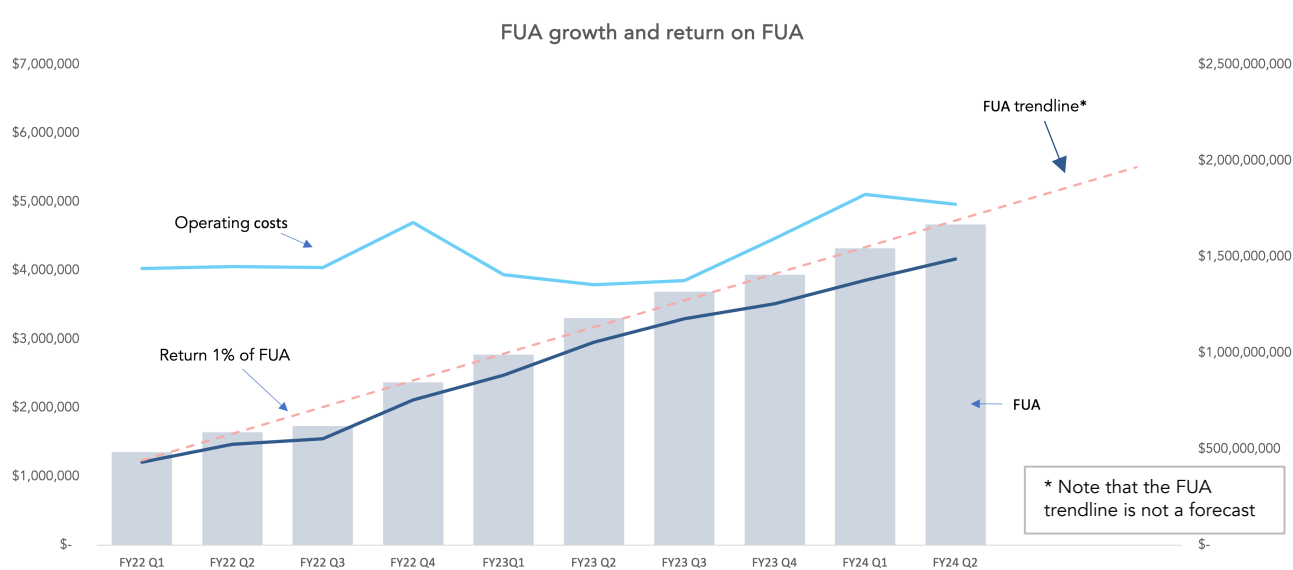
Increasing Assets under Administration



- **Cash and bond/loan AuA has grown from less than \$1bn (ex CWZ) in cash and zero in bonds, to \$3.5bn.**
- Our AuA generates multiple revenue streams. Secondary bond and loan trading, primary debt capital markets and deposit markets, all benefit from more clients and more AuA.
- We anticipate strong growth in bond/loan FUA with tailwinds from new sales executives and burgeoning partnership with Netwealth.
- **Since 2021 we have returned greater than 1% on bond & loan FuA.**



Revenue and cost modelling

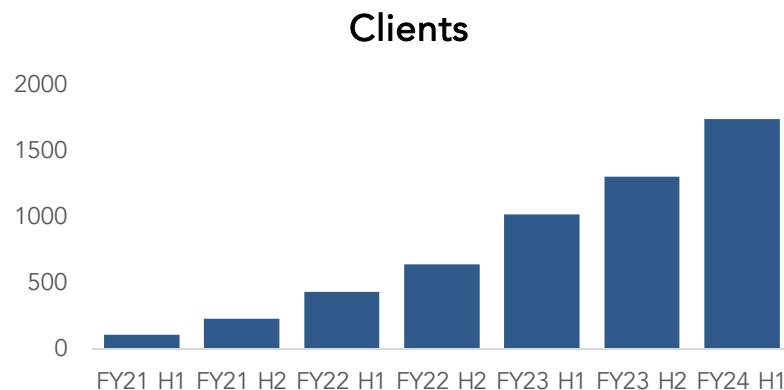


- **This is how we model our business.** Through covid and the bond-market crash of '22, total revenue has returned more than 1% on bond/loan FuA. As FuA continues to grow in years to come, hypothetically, on this trajectory, we expect revenue to continue to track at this rate. Costs will be relatively stable.
- We have invested in fixed income specialists who will begin shortly, to cover the expanded client numbers, largely sourced through Netwealth.
- The one-off costs including investment in GCOF, ETB, and Myriad technology, have now been funded.
- Cash deposit business has a low incremental cost increase as revenue grows with the AUA of the deposit book, so growth from current levels will flow straight to earnings.

Growing client numbers

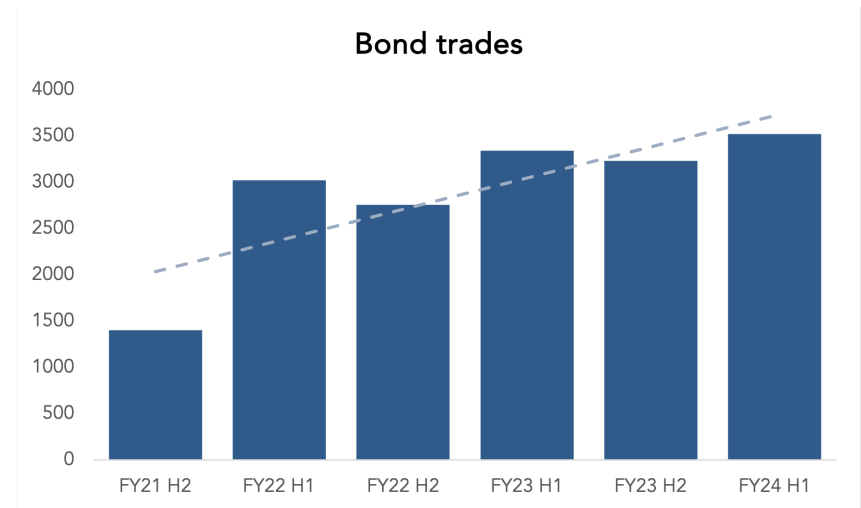
We continue to rapidly grow our client base including adviser groups, private banks, and stockbrokers.

- We added 440 clients in H1FY24, indeed growth accelerated in Q2 with 252 added in that period.
- Our partnership with Netwealth has broadened our distribution channels and contributed to our growing client numbers.
- New clients bring immediate transaction revenue and ongoing administration fees. Increasingly clients also invest elsewhere in the group, across loans, the GCOF HY fund or deposits. In future they will be able to invest via an SMA/MDA structure, or in the listed environment in ETBs.
- While there is a lag of 3-6 months, new clients lead to larger AUA and thereafter, revenue.

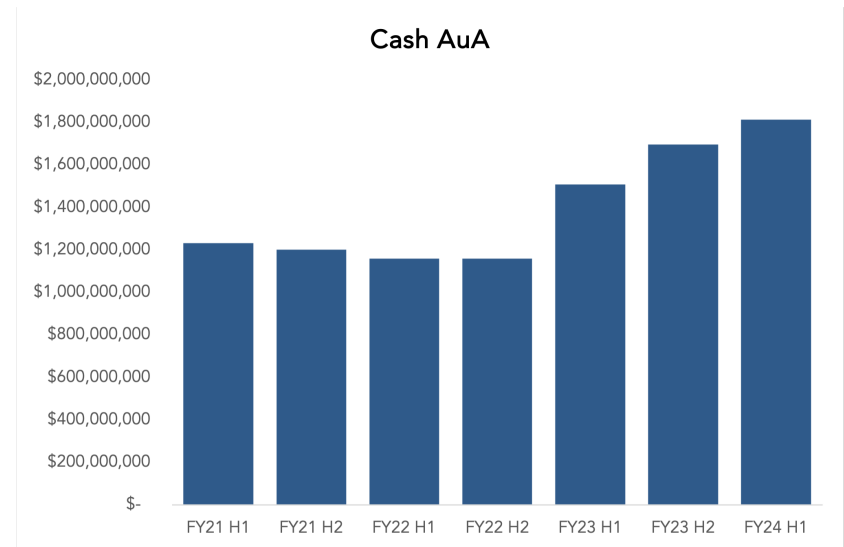


Scaling capital markets at a fast pace

- We can either generate revenue on spreads or as an ongoing fee, the client can choose.
- Will soon start to charge custody for new clients, which will add a recurring element to our income and increase our return on client engagement.
- New business writers in Sydney, Brisbane and Perth, will build momentum.
- IAM can settle client trades to suit the client, via any exchange, platform or direct to custody. Our competitors insist on 'owning the client' where we provide a level of service that is compelling.



- 50+ ADIs on tap, regular investors into 15.
- Our current administration team can cope with significantly increased demand.
- Enquiry building through Netwealth channels.
- Aged Care initiative reaping rewards with significant inflow and ongoing enquiry.
- Increased turnover in NCDs for investors seeking TD returns and security, with better liquidity.
- Operating costs for the cash business are stable, so increased AuA in the deposit business will flow straight through to earnings.



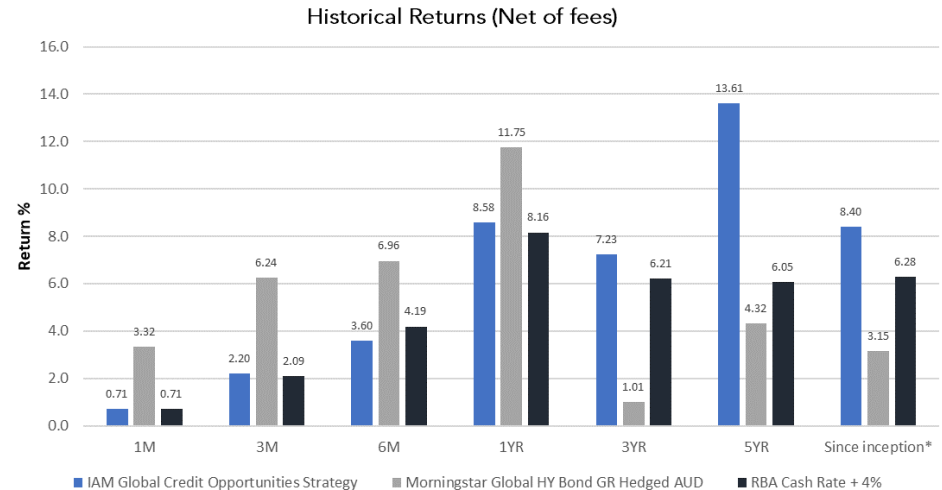
ADI's continue to vary their demand for cash based on the variability of lending growth rates.

Global Credit Opportunities Fund (GCOF) in growth phase



GCOF is past incubation stage with existing fund vehicles, infrastructure, clients and FUM

- 100% owned fund with a strong track record - the strategy delivered 13%pa over 5 years.
- Purchased from River Capital for \$350k.
- Seeded with \$50m FUM.
- MER 0.80%pa including admin costs.
- Established and highly credentialed investment team, with 45 years combined investing experience.
- Currently seeking outsourced distribution.



Operational highlights

Investing in talent

- Recruited seven new experienced sales executives to support our key clients and grow AuA
- Hired a new head of operations to improve customer experience
- Open Perth office

Improving CX with technology

- Ticketing system JIRA launched for faster client response times
- Improved lead capture via the website to enable relevant follow up
- Partnership with Netwealth allows clients to transact via this platform

Continuing product innovation

- Launch of new ETB product is now imminent
- To launch SMA and MDA for advised clients.

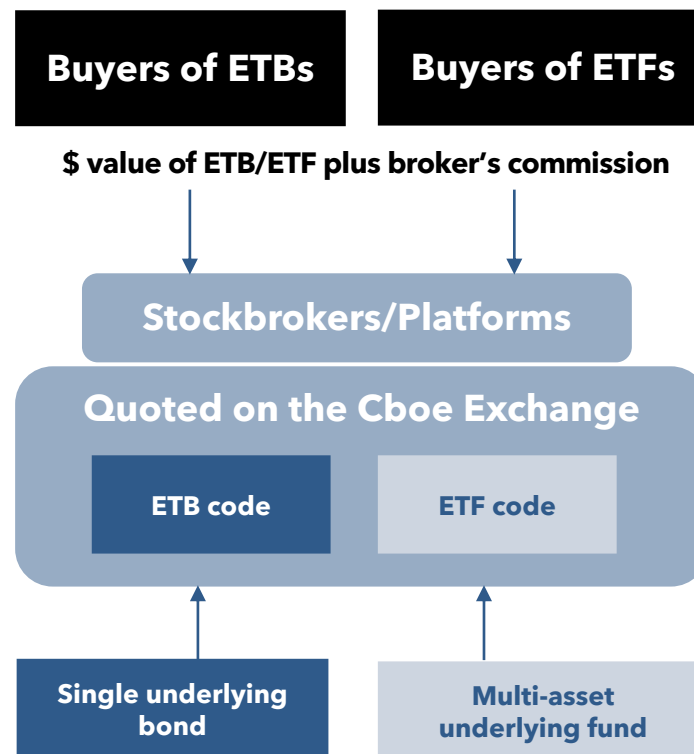
Managing expenses

- Streamlined our administration structure
- Outsourced distribution for GCOF

Product innovation soon to launch - ETB

ETBs (exchange traded bonds) give all Australian investors listed access to the dependable returns and capital preservation of quality corporate bonds

- There is \$1.9 trillion issued in the Australian bond market. It is a truism that a balanced portfolio should contain fixed income, yet nearly all Australians have not been able to access direct fixed income investment.
- ETBs trade the same as all other listed investments - ETBs enables investors to access markets that offer better returns with lower volatility than traditional listed investments.
- In small parcels, all investors will soon be able to buy a listed investment akin to an ETF, but with a single underlying asset. Easy process, liquidity, transparency and low touch process.
- Advisers can arrange for clients to allocate to direct fixed income, without giving up private information and without the need for custodial arrangements.



Trustees Australia Limited (TAL)



- About to launch custody at 10bp across 1000+ clients with \$1.3bn+ FuA this year.
- Connected our risk management framework into TAL to drive operational efficiencies.
- TAL supports our distribution teams with operational, AFSL, product innovation, legal and compliance support.
- A key feature is TAL's ability to act as Bare Trustee for loan transactions. This enables TAL to offer secondary loans to investors in small parcels, something our competitors cannot do.

Outlook

New joiners!

- Almost doubling of revenue writers with seven new joiners
 - New Perth office
- Additional expertise in operations and customer experience

New product launches

- Exchange Traded Bonds (ETB)
- Separately Managed Accounts (SMA)
 - Managed Discretionary Accounts (MDA)

Focus on advised clients and distribution channels

- Financial Platforms
- Adviser groups
- Private Banks

Questions & Answers

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