

IAM Group

Investor Presentation

October 2024

Income Asset Management Group Limited ACN 010 653 862 (ASX: IAM)



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Executive Summary



In just 3 years IAM has scaled to \$2 billion in Capital Markets FUA¹ and 2000+ client accounts. The agreement with Perpetual provides a significant cost reduction and revenue initiatives will drive growth.

Transformative Agreement with Perpetual Corporate Trust²

- IAM is moving custody, settlement, corporate actions and client reporting to Perpetual. This will achieve more than \$4m p.a. in cost savings by moving from multiple platforms to a singular platform partner. Both parties expect full transition to be completed in Q2 FY25.
- The resulting cost reduction means IAM anticipates being cashflow positive by the end of FY25.
- IAM will charge investors administration fees building an annuity income stream.

Improving Revenue Quality & Reliability

- IAM has been focusing on secondary trading over primary origination in FY24. While group revenue was similar in FY24 vs PCP, the reliability of the revenue has improved materially - secondary trading revenue accounted for 64% of total revenue compared to 43% in FY23. Secondary trading is the sum of thousands of trades, rather than a few large primary trades.
- July & August 2024 vs PCP shows secondary trading revenue up over 280%, while primary fees were down 39%.

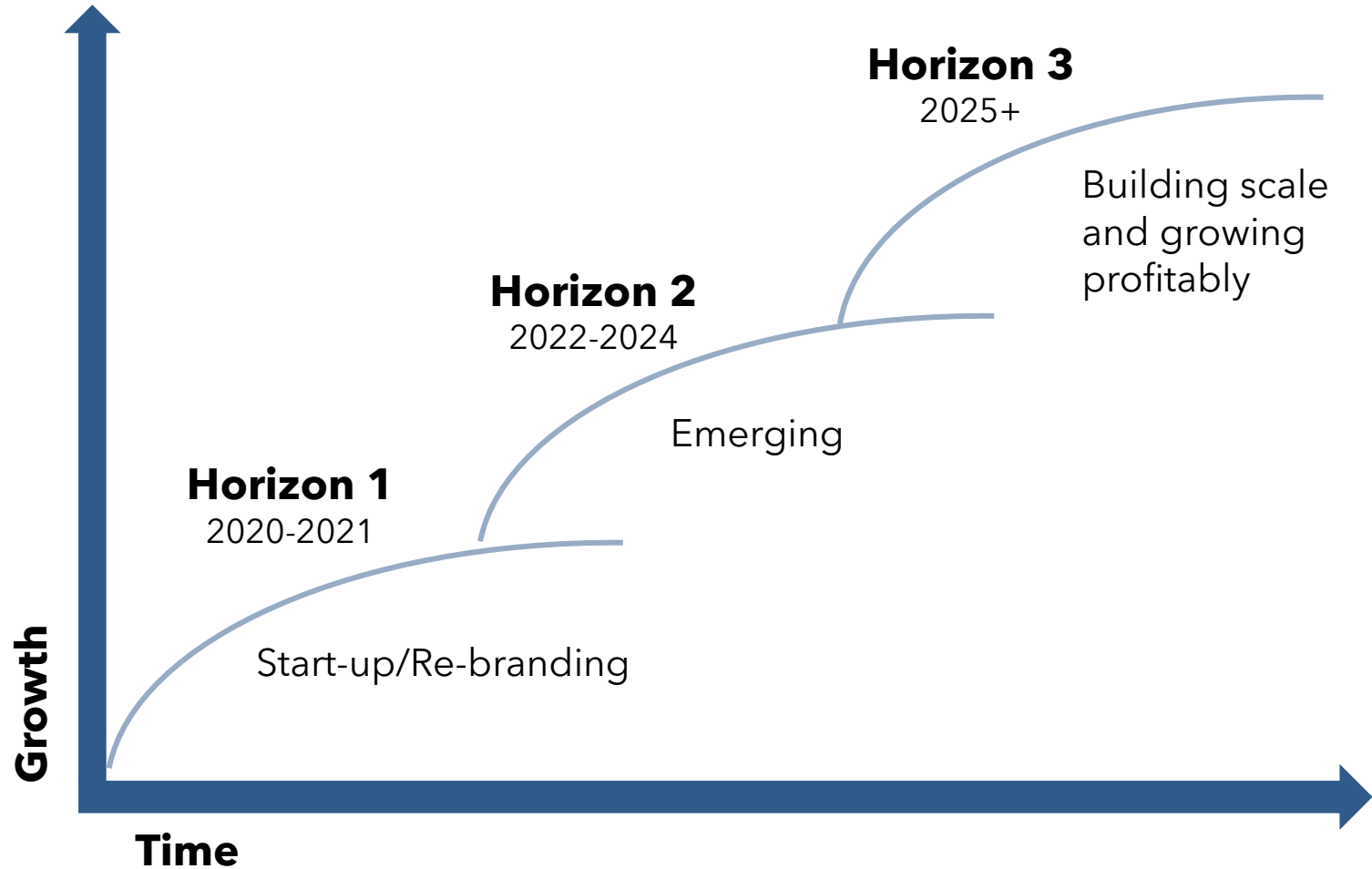
Growth Initiatives

- Our Direct Private Credit loan offering was a new product in FY23 and yet already has \$385m of FUA
- The recently launched RMBS service, providing investors with access and advice to the best ABS securities available, we expect will grow steadily.
- We expect to launch the single-bond ETF shortly. This product effectively lists bonds for all investors to access easily.

1. FUA is Funds under Administration including Bonds and Loans

2. IAM has entered into a Master Services Agreement with Perpetual to provide custody, settlement, corporate actions and client reporting

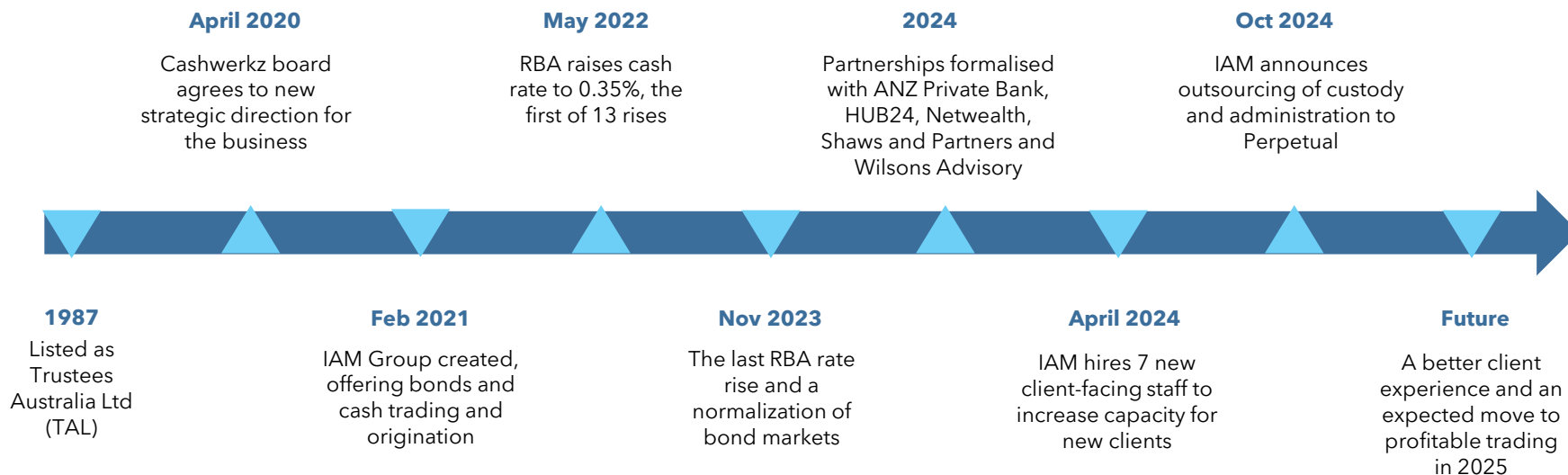
Entering Horizon 3 - Focus on Scaling and Growing Profitably



The Path To Profitability



In early 2021, IAM began implementing a new strategic direction for the group. In 2024 the firm will outsource administration – to drive profitability.



Strategic Rationale



Reset the business to focus on our core fixed income offering, materially reduce costs and strengthen the revenue potential by allowing IAM to allocate resources towards sales and growth.

Focus on Fixed Income

Simplified the business by exiting Funds Distribution and Funds Management in FY24.

Invested in client-facing fixed income staff and relevant product offerings (e.g. Loans, RMBS, Single Bond ETF).

Reduced revenue dependency on lumpy one-off primary issuance with more secondary trading including "block trades", particularly for loans.

Partnership with Perpetual Corporate Trust

We are resetting the IAM cost-base to accelerate the path to profitability by externalising core parts of client trade and portfolio administration to Perpetual.

Perpetual have \$1.2 trillion and ~\$250 billion FUA as institutional custodian.

IAM believes it will achieve more than \$4m p.a. in cost savings from reducing technology, custody and settlement administration from multiple platforms to a singular platform partner.

Both parties expect full transition to be done in Q2 FY25.

Reduced risk for IAM given the custodial role Perpetual will play ensuring client assets are in safe custody, IAM will transact with all clients within the Perpetual Corporate Trust platform and therefore reduce error rates, double entry and overall improved risk, compliance and cyber security.

Growing our Revenue

While increasing our Secondary Trading and having a more targeted approach to Debt Capital Markets, IAM is now better placed to generate Annuity Revenue streams.

The Platform allows for a significantly improved client experience and large-scale efficiencies for IAM.

IAM will charge for platform services, as a percentage of FUA, very market competitively to generate annuity style revenue.

IAM Overview

Company Overview



Board & Management	Title	% Ownership
Executive Chairman	John Nantes	3.4%
Chief Executive Officer	Jon Lechte	5.0%
Executive Director	Craig Swanger	1.2%
Non-Executive Director	Simon Maidment	N/A

ASX Code	IAM.ASX
Shares on Issue	330.8m
Listed Options ¹	45.66m
Unlisted Options ²	1.50m
Performance Rights ³	36.33m
Share Price (1 Oct 2024)	\$0.05
Market Cap (1 Oct 2024)	\$16.87m
Cash (30 June 2024)	\$4.72m
Debt (30 June 2024)	\$8.90m
Net Debt (30 June 2024)	\$4.18m
Enterprise Value	\$21.05m

1. 45.66m Listed Options (IAMOB.ASX) with \$0.25 Exercise Price, Expiry 31-Dec-25
2. 1.5m Unlisted Options with \$0.25 Exercise Price, Expiry 29-Dec-26
3. 36.33m Perf. Rights/Employee Options with \$0.42 Weighted Ave. Hurdle Price, Expiry Apr 25 - Apr 27

Top 10 Shareholders	Shares Held	% of Issued
Brook Adcock	59,348,475	17.9%
Regal Funds Management Pty Ltd	41,004,692	12.4%
Michael Hackett	19,085,186	5.8%
MA Financial	18,221,520	5.5%
Jonathan Lechte	16,491,615	5.0%
Thorney Investment Group Australia Pty Ltd	11,872,479	3.6%
John Nantes	11,222,857	3.4%
Peter Jones	10,349,682	3.1%
Leslie Szekely	9,022,715	2.7%
Andrew Gray	7,500,000	2.3%
Total	204,119,221	61.7%



IAM Leadership Team



Jon Lechte
CEO, IAM Group

Jon has more than 30 years' experience in Australian and international fixed income and cash management. He held senior positions with UBS and FIIG Securities before joining IAM as CEO in April 2020.



James Shillington
Co-Head Capital Markets

James is a fixed interest product specialist with extensive experience in financial markets and is Executive Director and Co-Head of IAM Capital Markets Division. Prior to IAM, James worked at FIIG Securities, and was a founding member of MINT Partners Australia, a division of BGC Partners.



Kyle Lambert
Co-Head Capital Markets

Kyle is Executive Director and Co-Head of IAM Capital Markets Division and handles trade execution, provides market and sales-generating ideas, and macro-themed portfolio adjustment ideas. Kyle brings a wealth of experience having worked at BGC Australia, NAB, FIIG Securities and Macquarie Bank.



Jenna Labib
Head of Sales

Jenna Labib is Head of Sales at IAM Capital Markets. Jenna has extensive experience and knowledge of the financial markets in Australia, having spent time at UBS, Deutsche Bank and FIIG. Jenna graduated from the University of Sydney with a combined Commerce/Law degree and a major in Accounting.

We provide investors with access to the OTC and listed bond market across both primary and secondary market transactions.

Overview:

- We believe IAM is a market leader in secondary trade, largely due to our growing client base and extensive number of liquidity providers
- Secondary trading has grown to include large "block trades" of IG and HY Loans where IAM leverages our TAL custody capability to provide loan access to underlying investors
- On the other side of the wall, our DCM team has led a number of increasingly large primary market transactions
- Our strategy is simple, we provide fair, transparent pricing, coupled with market education and direct technology connectivity, to work closely with our direct and advised clients, to enhance the end-investor experience

Our Business Model:

- A revenue model based on execution spread margin, primary issuance fees recurring administration fees
- Our clients include wholesale investors, corporates and family offices. Our wholesale investor network focuses on advisory firms rather than mass direct client coverage
- We have a team of fixed income professionals skilled in structuring and facilitating rated and unrated debt for Australian corporates across a range of sectors

Our Services Suite:

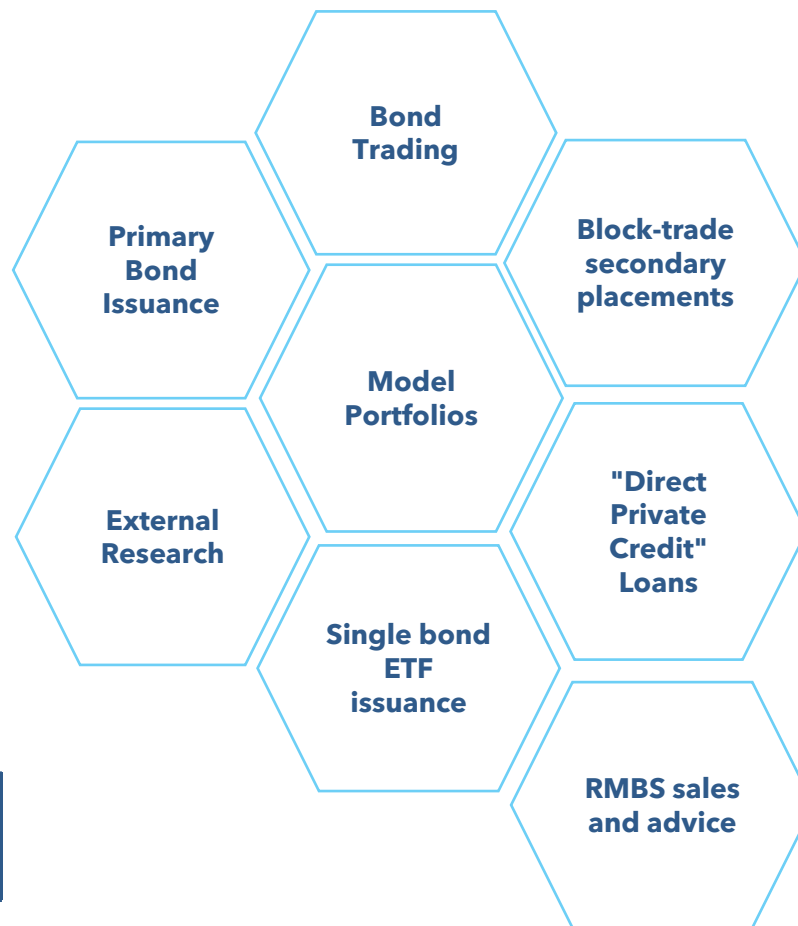
- Secondary bond trading, portfolio optimisation and fixed income research
- Primary issuance of bonds both as Lead Originator and in collaboration with major investment banks to execute wholesale transactions
- Flexible funding structures, including secured, subordinated and inflation-linked debt securities
- We believe we are the market leading specialists in midcap issues for public and private companies
- We adopt a partnered syndicate approach to expand distribution channels and broaden secondary liquidity

Comprehensive Fixed Income Solution



- We are well established in the fixed income market, providing income solutions for all "risk vs reward" appetites.
- We continue to engage with our business partners, to increase the deal flow with their clients. Already this group includes ANZPB, HUB24, Netwealth and Wilsons Advisory.
- Our breadth of products includes Investment Grade and High Yield bonds, direct bank loans, RMBS service and Primary Debt issuance.
- Bonds and Loans under administration have surpassed \$2 billion.
- We have more than 2000 wholesale client accounts, who executed nearly 8000 trades in FY24.
- Our rapidly expanding team of Fixed Income professionals actively manage client accounts and provide insights, research, education and trade ideas to maximise their client's returns.

Building Australia's most engaged fixed income investor base



Diversified lines of business revenue









An Australian fixed income house, building an investor base capable of placing institutional sized deals.

Debt Capital Markets (DCM)	Secondary Investment Grade	Direct loan investments	Trustee
<ul style="list-style-type: none">Debt capital markets - structure and facilitate debt for Australian corporatesRMBS serviceClients across wholesale investors, corporates and family offices.	<ul style="list-style-type: none">Over 2000 wholesale clients20+ relationship managersOver A\$2bn in Funds under Advice (FUA)Turnover more than \$500m pcm and nearly 8000 trades in previous the full year.	<ul style="list-style-type: none">Both primary and secondary offers of bank loans, offered in small parcels through TAL as Bare TrusteeBook near \$400m with deep pipeline for balance of 2024	<ul style="list-style-type: none">Wholly-owned TrusteeFull AFSL capabilityIndependently Chaired BoardIndependent Compliance CommitteeCustody and Administration
REVENUE MODEL	REVENUE MODEL	REVENUE MODEL	REVENUE MODEL
<ul style="list-style-type: none">DCM - Issuance fees 2-3%Debt origination advisory fees when applicable	<ul style="list-style-type: none">Trading margin dependent on size and security, between 50bps and 1%.	<ul style="list-style-type: none">Origination fee typically 1-3%Secondary placement margin 1-3%	<ul style="list-style-type: none">Recurring administration fees based on percentage of FUA







Select Transaction Experience*







Primary Public Bond (IAM Participation)

 ANZ 6.124 39s \$1.9B IAM: \$180M	 NAB 6.342 39s \$800M IAM: \$125M	 MQGAU Float \$900M IAM: \$80M	 HSBC Mar 34 \$850m IAM: \$70M	 QBE Float 35s \$400m IAM: \$50M	 LLOYDS Float \$500m IAM: \$35M
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Corporate Loan (IAM Participation)

 IMC (Illawarra) \$600M USD IAM: \$20M USD	 Team Global Express Mezz \$35M, \$90M IAM: \$25M (mezzanine)	 Whitehaven Coal \$1.225B USD IAM: \$10M USD	 Latrobe Financial \$430m IAM: \$35M	 Newcastle Coal IAM: A\$172M US\$30m	 Australian Venue Co \$700m IAM: \$10M
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IAM Led Primary Transactions

 Finexia \$50M Lead Arranger Bond IAM: \$50M	 Zen Energy \$160M Joint Lead Arranger IAM: \$49M	 Minumbra \$27M Lead Arranger Loan IAM: \$27M	 Capital Alliance \$22M Lead Arranger Bond IAM: \$22M
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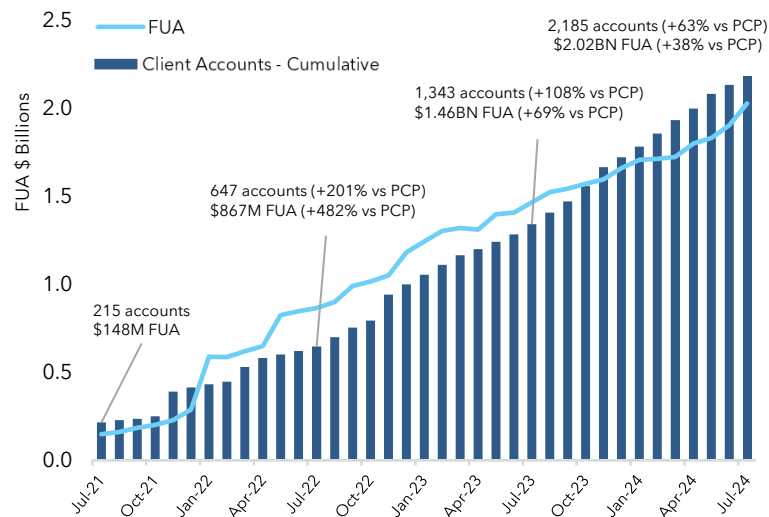
*Selection of deals from FY22-24 in which IAM as acted as Arranger, Lead Manager or placed bonds with investors at primary issuance. IAM Participation is equal to the amount of demand IAM submitted for the transaction and not the final allocation.

Two trends are emerging driving confidence towards profitability

Revenue quality is improving off the back of continued growth in client accounts and secondary trading activity.

- Wholesale client accounts has grown to more than 2,000 over the past 3 years.
- Increased client accounts are driving increases in FUA and secondary trading volumes
- More client facing staff, higher quality research and innovation across loans and RMBS expected to drive continued trading volumes and revenue.

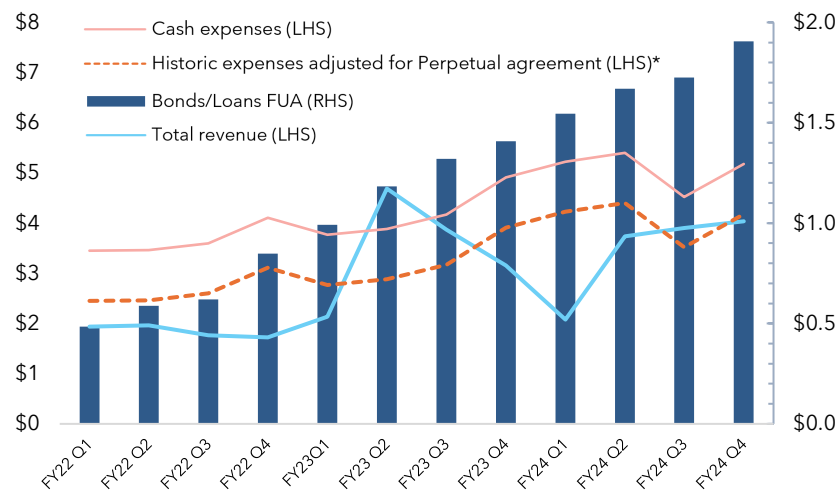
FUA Growth & Quarterly Revenue



Cost reductions through external administration will enable better customer experience at significantly lower cost.

- Perpetual agreement expected to reduce cost base by \$4M p.a. once fully implemented and reduces cyber-crime risks.
- Refer to chart below, adjusted historic expenses reflect savings of \$1M per quarter (\$4M p.a.) to highlight the transformative impact of the agreement on the profitability of the business

FUA, Revenue, Cash Expenses & Adjusted Cash Expenses



*For illustrative purposes - historic cash expenses adjusted downwards by \$1M per quarter reflecting the expected cost out of \$4M per annum from the Perpetual Agreement.

Organic growth drivers & initiatives



Distribution partners	Expand network through existing and new distribution partners
Existing clients	IAMs partnership with Perpetual will not only be a cost benefit. The company believes that existing clients will invest more capital driven by trust in Perpetuals purpose built fixed income platform
Expansion of sales team	Over time IAM plans to expand its sales team and with it, its client base and AUA
Brand recognition	Recent deal flow; distribution through key investment banks along with best-in-class execution are all contributing to IAMs growing brand name and recognition in Debt Capital Markets. Over time, we expect deal size to increase in line with the current deal flow trend evident on slide (13) above, where our more recent bids into public deals, continue to grow.
Broker / Platform relationships	Leveraging off existing partnerships and relationships with broker and financial adviser networks and platforms, IAM expects to be able to distribute deeper into each one while establishing new relationships
New products / Loans	APRA's recent announcement will be a tailwind for IAM given our offering in wholesale bank Tier 2 sub-debt and allow for the distribution via Single Bond ETFs. This will further our growth as will our ability to offer unique loan deals leveraging our brand and proven experience.

Product growth initiatives



Syndicated Loans & Direct Credit

IAM is targeting large senior secured bank syndicated term loans to large corporates with significant assets, equity, and cash flows.

Our investors benefit from the rigorous due diligence conducted by banks pre-transaction and continued surveillance post-issuance.

Unlike private credit funds, our investors are lending alongside banks - their capital is strategic and patient, not subject to retail capital flight.

We believe IAM is the only financial services business in Australia offering direct ownership of institutional syndicated loans to SMSF investors.

Single-Bond Exchange Traded Funds

Listed Single Bond ETFs offer investors easy access to the dependable returns of the corporate bond market at a lower cost and risk exposure of other investments.

Bridging the gap between term deposit and equity investments, IAM believes listed single bond ETFs will offer everyday investors opportunities for diversification, and provide economic exposure to the interest, returns and capital preservation of high-quality corporate bonds.

Residential Mortgage Backed Securities (RMBS)

RMBS are a core part of the Australian fixed income landscape and we have hired Tony Perkins to lead the delivery of the product to our client base.

RMBS offer investors the opportunity to achieve attractive risk adjusted returns across the capital structure of a portfolio of underlying secured loans with amortising return of principal

Products that innovate around our core primary and secondary trading revenue

Large Potential Opportunity as Hybrids Cease in 2027



Single bond ETFs can provide easy access for wholesale and retail investors to the debt markets

Opportunity

- Bank subordinated bonds or "Tier 2" (T2) sit above Tier 1 or Hybrids in the capital stack, yet can trade at similar margins. In September 2024 APRA announced that bank hybrids would stop being issued in 2027 and cease to exist by 2032. IAM will soon launch a single-bond ETF that replicates the returns of bonds, essentially listing bonds, without prospectus.
- Single bond ETFs will provide simple and transparent access to OTC bonds for retail investors by lowering the previously high entry requirements
- The potential market is very significant and IAM has a product that is well positioned to take advantage of these market dynamics

Product Benefits

- Listed security which mirrors the return of a single underlying bond, less fees and costs
- Allows investors to choose their exposures to quality credit and maturity profile of recognisable issuers based on the underlying bonds
- Have no upfront fees and we believe a low ongoing management fee, optimising investor return
- Uses existing investor HIN numbers, relationships with brokers and platforms to buy and sell securities
- Liquidity supported by an external market maker

Investment Overview



Looking ahead, IAM is well positioned to take advantage of strong tailwinds in the fixed income sector

Strong Industry Tailwinds	Individual investor appetite for fixed income product is growing, supported by more people moving to the retirement phase of superannuation. RBA expected to be cautious in lowering rates providing a backdrop of attractive yields for bond investors
Highly Scalable Platform Primed For Growth	In just 3 years IAM has scaled to \$2 billion in Capital Markets FUA1 and 2000+ client accounts. The agreement with Perpetual provides a significant cost reduction and revenue initiatives will assist in facilitating continued growth in the future.
New Product Offerings in Large Potential Market	APRA regulation changes have presented an opportunity for IAM to launch the Single Bond ETF product. In addition to this IAM have exciting new product initiatives in Syndicated Loans & Direct Credit and RMBS.
Highly Aligned Experienced Management & Board	CEO Jon Lechte, has over 30 years Fixed Income experience. All Executive Team also highly experienced in Fixed Income, IAM recently recruited 7 staff members from FIIG (competitor) to accelerate their sales team. Board of IAM; John Nantes (Exec Chair), Simon Maidment (NED) and Craig Swanger (Executive Director), combine with over 100 years of Financial Services experience.

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