The fixed income experts

FIIG Investment Management

June 2024 Quarterly Report

Welcome. This Quarterly Report (QR) encompasses a selection of summary information relevant for investors in all products managed by the FIIG Investment Management Team (IMT), that include the:

- FIIG Australian Bond Fund, "The Fund" (Unit Trust)
- Managed Income Portfolio Service (MIPS) Individually Managed Accounts (IMA)
- FIIG Monthly Income Fund (MIF), to be launched in the third quarter of 2024. (More detail on page 7)

The QR references the domestic and international fixed income market, informing readers of the major influences impacting the price of the assets from which the performance of all portfolios and all products is derived.

The QR is written by the Head of the IMT, Mr Kieran Quaine

Kieran.Quaine@fiig.com.au

Key Observations

- Domestic monetary policy unchanged at 4.35% as economy withers but inflation 'remains sticky'.
- Canadian and European Central Banks commence easing as their economic growth slows and inflation continues to fall.
- FIIG Australian Bond Fund continues impressive run of index outperformance.
  - ***Gross performance of 4.77% (since inception / 9 months to 30 June) is 0.80% above index performance of 3.97%***
- Donald comes out Trumps in the first US Presidential candidate debate.

Generation and distribution of both total return and income

The IMT implements a consistent Investment Strategy across all products with the dual objective of protection of investor capital and generation of the highest possible total return, commensurate with the risk profile chosen from the IMT product menu (Refer to page 8) of opportunity.

Income derived for any portfolio and available for distribution will be a function of coupon income paid by assets held during the quarter. Fixed income products pay fixed coupon rates, and floating products pay fixed credit margins (CM) over floating rate benchmarks. However, market interest rates (and therefore prices) and total returns of all underlying products are volatile, and subsequently income during any one quarter may not match total return. Whilst income may exceed or be lower than total return, it is total return that is the key outcome of merit.

Product differences and Investment Strategy application

The IMT applies the same Investment Strategy equally across all IMT products, whether Unit Trust (the Funds) or IMA (Direct) based, adjusted by ratio, for Investment Mandate (IM) design differences. Key ratio applications are based on benchmark index differentials.

Floating Rate IMs, dominated by investment opportunities in senior and subordinate bank debt, alongside Asset-Backed Securities (ABS), including Residential Mortgage-Backed Securities (RMBS) will target weighted average terms to maturity (TTM). Where the IMT is bullish CM's for the sector, the portfolio target TTM will be extended. The performance of portfolios will be a function of both the base accrual yield (BBSW) plus any change in value derived from changes in CM's.

Fixed Rate IMs, dominated by investment opportunities in Federal, State and Corporate Debt, will also target a TTM,

MIPS Investment Returns

Table 1: Average Gross Fund and Individually Managed Portfolio (IMP) performance per Investment Program

Total GROSS Returns to 30 June 2024	1 mth	3 mths	6 mths	6 mths annualised	1 yr	2 yrs p.a.	3 yrs p.a.	4 yrs p.a.	5 yrs p.a.
MIPS Income Plus	0.85	0.88	2.96	6.01	8.09	5.73	3.30	5.12	2.46
MIPS Core Income	0.75	0.48	2.30	4.65	6.97	4.86	1.85	3.28	2.32
MIPS Conservative Income	0.72	0.43	2.17	4.38	7.07	5.16	1.63	2.44	2.46
MIPS Bank FRN	0.45	1.53	3.10	6.30	6.14	5.19	2.86	2.72	2.51
FIIG Australian Bond Fund	0.88	-0.76	0.51	1.03			n/a		

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*Table 2: Benchmark Index Fixed Income Investment Returns^*

Benchmark Fixed Income Index Returns to 30 June 2024	1 mth	3 mths	6 mths	6 mths annualised	1 yr	2 yrs p.a.	3 yrs p.a.	4 yrs p.a.	5 yrs p.a.
Corporate Bond BBB Rating Band	0.55	0.16	1.98	4.02	7.71	5.90	-0.33	0.82	1.35
Australian Fixed Interest 1-5 year	0.37	-0.06	0.98	1.96	4.52	3.07	-0.09	0.12	0.66
Australian Fixed Interest (All Maturities)	0.88	-1.04	0.00	0.00	3.64	2.41	-2.56	-2.15	-0.87
Bank Bill	0.35	1.08	2.18	4.41	4.37	3.62	2.43	1.83	1.64
Bloomberg AusBond Composite 0+ Yr Index	0.77	-0.84	0.18	0.36	n/a				

^ *Source: S&P Dow Jones Indices, Bloomberg Australia.*

expressed as a Modified Duration (MD). The longer a portfolio MD, the more sensitive the portfolio is to changes in interest rates. Where the IMT is bullish in the interest rate direction, the portfolio target MD will be extended. The performance of portfolios will be a function of both the base accrual (book value) yield of the asset plus any change in value derived from changes in both base interest rates and CM's.

Clearly, various IMs encompass exposure to debt products from the two separate floating and fixed rate pools of opportunity issued by governments and corporate entities.

The following two examples reference the FIIG Australian Bond Fund (Trust) and MIPS Conservative Income (IMA) to showcase how the Investment Strategy is applied equally.

Example: MD Investment Strategy application

- The Fund is benchmarked to the Bloomberg Composite Index, which has a MD of ~ 5.00 years.
- Conservative Income is benchmarked to a blend S&P Index that has an MD of 3.50 years.
- Were the IMT Investment Strategy 'bullish' interest rate direction, and elected to be 10% longer than the index, the Fund MD would be set at 5.50 years, and Conservative Income MD would be set at 3.85 years.

The extension ratio applied to floating rate debt would be similar, with TTM the statistic of merit.

Example: Credit Exposure Investment Strategy application

- The Fund has the capacity to invest a maximum of 15% of funds under management (FUM) in subordinate bank debt.
- Conservative Income has capacity to invest in a maximum of 20% of FUM in subordinate bank debt.
- Subsequently, expect the Fund exposure to subordinate bank debt to be 75% of the exposure applied to Conservative Income.

Readers are invited to review the performance of all products managed by the MIPS PMT, as displayed in Table 1. We note the consistency of investment performance as described by the ratio analysis above.

Strategic and Tactical Investment Strategy explained

Our Investment Strategy focus may be a longer-term 'strategic' implementation, or a short-term 'tactical' one. Each application can be duration and or credit based. A strategic move envisions holding a position in place for a longer period. A tactical move envisions holding the position for a short period of time.

If the IMT envisions that interest rate direction will be lower in the longer term and are prepared to suffer the volatility of yield movement that will encompass holding longer term positions, any duration extension would be categorised as 'Strategic'. Such positions are held given longer term targets and are held

Table 3: Gross Fund and IMP Performance versus Benchmark Indexes 30 June 2024

Index & Blend Indexes	1 mth	3 mths	6 mths	6 mths annualised	1 yr p.a.	2 yrs p.a.	3 yrs p.a.	4 yrs p.a.	5 yrs p.a.
100% BBB	0.55	0.16	1.98	4.02	7.71	5.90	-0.33	0.82	1.35
75% BBB, 25% 1-5yr	0.51	0.11	1.73	3.51	6.91	5.19	-0.27	0.65	1.18
50% BBB, 50% 1-5yr	0.46	0.05	1.48	2.99	6.12	4.49	-0.21	0.47	1.01
100% Bank Bill	0.35	1.08	2.18	4.41	4.37	3.62	2.43	1.83	1.64
Bloomberg AusBond Composite 0+ Yr Index	0.77	-0.84	0.18	0.36	n/a				
Performance v Index & Blend Indexes									
MIPS Income Plus	0.30	0.72	0.98	1.99	0.38	-0.17	3.63	4.30	1.11
MIPS Core Income	0.25	0.38	0.57	1.15	0.06	-0.33	2.12	2.64	1.14
MIPS Conservative Income	0.26	0.38	0.69	1.39	0.96	0.68	1.84	1.97	1.46
MIPS Bank FRN	0.10	0.45	0.92	1.89	1.77	1.57	0.43	0.89	0.87
FIIG Australian Bond Fund	0.11	0.08	0.33	0.67	n/a				

^ *Source: S&P Dow Jones Indices, Bloomberg Australia.*

envisioning estimated accompanying economic data that will justify the exposure position.

What categorises a strategic position may well be evident in arrears only. The ability to suffer not only short-term mark to market losses, but experience short-term mark to market gains, without either stop losing or taking profit to alleviate pressure, maintaining confidence of achieving even higher gains, are hallmark examples of longer-term strategy application.

Conversely, a tactically held position will be quickly stopped out (loss taking to minimise) where the market moves against the position and will additionally see short term crystallisation of profits given any gains.

In reality, the lines of definition between strategic and tactical positions are often blurred given the constant change in information that affects bond prices and the confidence in forward price projections. What does not change is the requirement to never convert a tactical position into a strategic one without justifying information. Many less experienced portfolio managers and fixed income traders have, and will continue to, hold onto tactical positions that have hit stop loss settings, justifying the hold by re labelling the position as strategic. It would not be unexpected to see the (loss) hole grow deeper in this scenario. And too, many have and will continue to prematurely take profit on tactical positions that are justifiably held given new information.

Strategic and tactical investment strategy is discussed at length during this quarters report. The market has been volatile and the IMT has taken (tactical) advantage of that volatility for the benefit of investors.

Key Global monetary policy changes during the quarter

Official cash rates @ June quarter end and changes made:

- UK (BoE): unchanged @ 5.25%
- Europe (ECB): ***down*** 0.25% @ 3.75%
- AUS (RBA): unchanged @ 4.35%
- Canada (BoC): ***down*** 0.25% @ 4.75%
- New Zealand (RBNZ): unchanged @ 5.50%
- USA (Federal Reserve): unchanged @ 5.375%

Macroeconomics, base interest rates and investment strategy

It is, has always been, and always will be about inflation.

Domestic and global inflation has fallen from dizzy heights in early 2022 under the influence of tight monetary policy and, with momentum, appeared headed toward (at least) the higher end of the Central Bank (CB) tolerance ranges. Domestically, the RBA targets an inflation tolerance range of between 2.00% to 3.00%. If inflation were to fall within the range, the probability of easier policy increases.

And policy was eased. Within Canada (BoC) and Europe (ECB) cash was eased by 25 basis points as inflation printed below thresholds and central bankers felt confident the momentum would continue. Whilst the UK (BoE) is yet to move, a recent fall in inflation to 2.00% has the markets braced for an imminent move. Within the US, the Federal Reserve continues to "jawbone" the markets, talking a tough and tight (monetary) policy game, but the drift higher in unemployment, from 3.50% to 4.00%, is definitively representative of a softer economy. Holding policy too tight for too long would likely push the unemployment rate even higher.

With the benchmark Australian 10-year Federal Government Bond yield hitting decade highs of just over 5.00% in October 2023, and inflation momentum falls appearing entrenched, the IMT positioned investor capital long on the yield curve, being near half a year longer than the benchmark Bloomberg All Maturities Composite Index duration of near 5.00 years. The real yield of more than 1.50% over inflation of ~3.50% (and falling) at the time, was historically quite an attractive margin. An ensuing rally in the same bonds toward and below 4.00% delivered investors significant capital gains and high total returns.

Since that rally, in November 2023, the domestic market has been treading water. Market yields have traded in a tight range of between 4.00% to 4.50%^^, led by volatility in economic data releases that have delivered both confidence and pessimism in the inflation falling momentum outlook.
(^^Refer also to Table 4).

The IMT predicted this. In the December 2023 QR we wrote that ...

"We perceive the market will likely move 'sideways' from here for a period, awaiting further economic evidence to justify an extension of the current rally. We favour remaining bullish in the longer term, but we need more compelling evidence that inflation can fall toward the lower end of the RBA range".

Further, we exercised caution, noting within the March 2024 QR that ...

The RBA is treading carefully, fearful that any early move to ease policy in response to inflationary gains that may not be sustainable may well ignite inflation again.

Our Investment Strategy application, communicated within the March 2024 QR, has been to ...

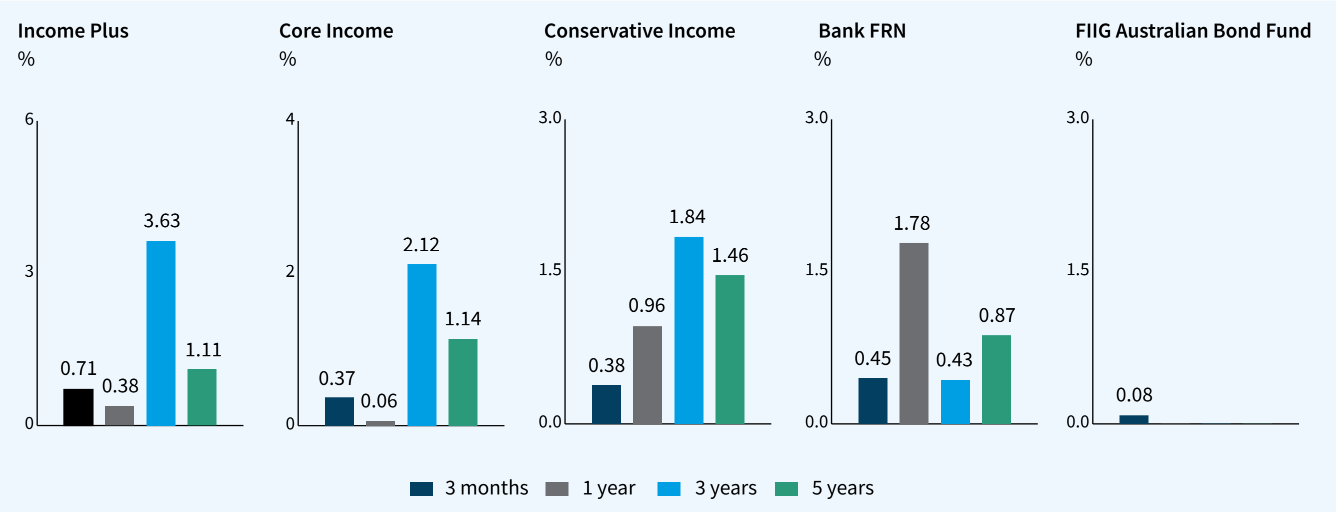
"extend duration upon given any price advantage offered by the market, or confidence that inflationary numbers will

Table 4: Commonwealth (benchmark) Bond Yield volatility in the June 2024 Quarter

CGL Maturity	Source^	Open	High	High Date	Low	Low Date	Close	Current#
(near) 3-year	SFE 3 & 10-year Futures	3.57%	4.18%	27 June	3.55%	2 April	4.05%	4.13%
(near) 10-year		3.99%	4.57%	24 June	3.97%	2 April	4.32%	4.42%

^3yr: YTM24 (Sep-24 Deliverable), ^ 10yr: YUM24 (Sep-24 Deliverable), # Current date: 4 July 24

Graph 1: Performance v Benchmark Indices 30 June 2024



^ Out/Under performance v benchmark is per annum (p.a.) for periods ≥1 year, and notional for periods ≤1 year (3 months).

improve yet again".

Inflationary fall momentum, would however, appear to have stalled. Inflation is "sticky" and recent (monthly) data indicates it is sticky between 3.50% to 4.00%. The RBA has documented within (June 2024) meeting minutes that no directional move in monetary policy is off the table, noting the recent uptick in inflation and acknowledging that "***recent (limited) inflation data had increased the risk that sustainable progress towards the inflation target may be slower than forecast***".

The "stickiness" of inflation and the stall in momentum toward at least the higher end of the RBA range, is however, somewhat difficult to fathom for economists focused upon what are clearly poor domestic economic numbers otherwise. GDP is flat, unemployment has climbed above 4.00% since posting a low of 3.50%, and retail sales have been in the doldrums for some time. A Phillips Curve observation might lead managers toward a longer duration position. Yet the expectation of (slightly) rising unemployment driving a (continuation) of falls in inflation is overly simplistic, when the "housing crisis" as a function of ballooning immigration, and insufficient construction, continues to contribute heavily toward inflation increases.

Household budgets remain under pressure. Tight Monetary Policy has brought inflation down through driving a reduction in consumer discretionary expenditure. But the last leg of inflationary reduction toward the RBA tolerance band is proving difficult to surmount. We suggest the RBA is quite unlikely to tighten policy again, given economic momentum is weak, but we equivalently acknowledge the path walked toward an eventual easing in policy may be longer. ***We previously expected policy easing to commence in the fourth quarter of 2024. We now expect it to commence a quarter later***.

This economic environment is supportive of a flattening of the yield curve (YC). In the medium to longer term, tight monetary policy will very likely eventually crush the last of the "sticky" inflation. An inversion of the yield curve is not improbable if the RBA chooses to hold policy too tight for too long. The IMT has positioned all portfolios, across the Fund and IMA's, to perform in a flatter YC environment since the third quarter of 2023 and will continue to do so. Refer to Table 4. The YC. flatted 15 basis points during the quarter.

Adding to the fray is continuing geopolitical tension. The Russian invasion of Ukraine, their antagonization of NATO and the Israeli/Hamas conflict are all contributing factors. On top of

Table 5: Index and Blend Index Durations

Benchmark Index Name / Investment Manager / Program Name	Benchmark Index Name / Blend Index Splits	Index Modified Duration (MD) @ June 2024	Inv' Mandate		June 2024 Qtr End	Difference MD v Index
			Max MD	Min MD		
Benchmark Index 1	S&P/ASX BBB Rating Band	4.15	n/a			
Benchmark Index 2	S&P/ASX AFI 1-5 Year	2.8				
Income Plus	100% Index 1	4.15	5.00	0.00	3.19	-0.96
Core Income	75% Index 1, 25% Index 2	3.81	5.00	0.00	3.53	-0.29
Conservative Income	50% Index 1, 50% Index 2	3.48	5.00	0.00	3.38	-0.10

that we have a higher probability emerging that Donal Trump may be elected to the office of President of the United States again. He is a known inflationist and despite being in campaign mode is already progressing challenges to the independence of both the legal system and the Federal Reserve from government influence and some cases control. Any influence in this direction is not good for the bond market.

Summary Outlook

Having digested all contributing factors, the IMT has determined that, whilst it favours being long duration, believing as previously communicated, that monetary policy has successfully quelled inflation through crushing domestic discretionary expenditure, there is too much "noise" and a definitive trend into CYE 2024 is less obvious. Rather than intending to extend duration 'strategically' and by larger amounts, we are likely to extend 'tactically' and by smaller amounts. We envisage that we will continue to 'trade from the long side', but equally envisage that a longer-term outlook for an aggressive rally in long dated bonds will require more convincing evidence that falls in inflation can continue and geopolitical tension will ease.

Subsequently, the IMT again expects to ... ***extend duration upon given any price advantage offered by the market, or confidence that inflationary numbers will improve yet again, yet are not likely to hold that position over an extended time period***. We can be expected to extend long upon advantage and trade back to index, negating continual risk, upon smaller expected rallies in bond yields.

Credit exposure performance and outlook is discussed in the next section.

Performance Commentary

The Fund and all MIPS IMA's have delivered high absolute positive performance and high relative performance, having outperformed their respective indexes by significant margins. Refer to tables 1-3 and Graph 1. Of note:

- ***The FIIG Australian Bond Fund has now outperformed the benchmark Bloomberg All Composite Index by 80 basis points (Gross) and 35 points (Net) in its short 9-month lifespan.***
  - Has posted 3 out of 3 positive (gross) returns in excess of the index.
  - Investment volume climbed to a peak high of $40m in the June quarter.
- All MIPS IMA's have exceeded their respective benchmark index returns by even larger margins.
  - Across all standard programs of Income Plus, Core Income and Conservative Income.
  - Across all customised IMA's that are dominated by Bank Debt and ABS including RMBS.
  - Investment volume has climbed to in excess of $300m across all IMA's.

Of note is the maintenance of long-term outperformance of indexes across all MIPS products, over all periods out to 5 years, care of a sound Investment Strategy. It is a trend that is now being replicated within the FIIG Australian Bond Fund.

Within all MIPS Programs, duration exposure was derived through investment in predominantly Investment Grade Corporate debt, alongside a near limit (long) exposure to Bank Subordinate Debt and an increasing exposure to Asset Backed Securities (ABS) including Residential Mortgage Bonds. Federal and State debt exposure in MIPS Programs was low.

The FIIG Australian Bond Fund however, derived near 100% of duration exposure via exposure to Federal and State Government Bonds. The Fund will commence investing more significantly in Corporate Debt as FUM grows to exceed $50m, whereby it will satisfy diversity scores. Simply put, given that wholesale market parcel sizes are transacted at minimums of $500k, then, given a preferred maximum exposure of 1% of FUM to any singular corporate credit (issue), the manager will require FUM to exceed $50m to satisfy their exposure requirement. The Fund is currently managing $40m of assets.

Average Investment Program credit and duration exposures across all IMA's are listed in Table 6.

What is significantly notable is the continuation of extremely low exposure to the Unrated (UR) and Non-Investment Grade (NIG) sector. Readers of the quarterly report series will note the IMT's prior commentary advising that the pool of opportunity is insufficiently diversified enough to encourage increased

Table 6: Key average exposure statistics by Investment Program

Key average exposure statistics by Investment Program at 30 June 2024									
	IG, Non-IG & Unrated Exposure Held versus Investment Mandate Limits								
Investment Program	Minimum IM required IG Exposure	Total IG exposure held	Excess / (deficit) IG exposure	Minimum IM allowed UR/NIG Exposure	Total Non-IG & Unrated exposure held	Excess / (deficit) UR & NIG exposure	Modified Duration	Weighted Average Term to Maturity	Cash Held @ Quarter End
Income Plus	25%	88%	63%	75%	12%	-63%	3.19	3.97	2.17%
Core Income	75%	94%	19%	25%	6%	-19%	3.53	4.30	4.68%
Conservative Income	100%	100%	0%	0%	0%	0%	3.38	4.11	3.28%

exposure into this sector. Please review prior quarterly reports for an expanded commentary on this topic.

Commentary – Floating Rate Bank and ABS Debt

Our headline, customised liquidity Investment Product, is the Bank FRN (4) Program. The IM allows investment in Major and Minor Bank Senior and Subordinate FRNs. Prior to the rise in the official cash rate, the performance of the program would rise and fall on the CM performance of the more volatile subordinate debt component. Since 2022, as the RBA has tightened monetary policy aggressively, bank bill rates have climbed, and the accrual component is delivering the most significant contributions to returns. However, as evidenced by movements in credit margins shown in Table 7, alongside the quarterly performance outcome, capital gains have contributed to total performance.

Table 7: IG Bank Senior and Subordinate Floating Rate Debt

Bank (FRN) Investment Program Key (average) Credit Spread @ 5-year Maturity Dates			
	31/03/2024	30/06/2024	Changes
	Credit Margin	Credit Margin	Credit Margin
Major Bank Senior	0.89%	0.83%	-0.06%
Minor Bank Senior	0.95%	0.91%	-0.04%
Major Bank Subordinate	1.87%	1.60%	-0.27%
Minor Bank Subordinate	1.97%	1.82%	-0.15%
Major Bank Subordinate / Senior Ratio	2.1x	1.9x	

^ *The universe of Minor Bank Subordinated debt is on average 0.5 year longer in maturity than the universe of opportunity in Major Bank Subordinated Debt*

During the June Quarter, as listed in Tables 1-3, the Bank FRN sector outright and relative (to benchmark index) performance was very strong. Bank Debt CM's continue to rally, with subordinate debt performing extremely well. We envisage this to continue, but in moderation, as a function of strong bank sector profitability, retained profitability and high T1 Capital ratios.

We noted last quarter that S&P upgraded all Major Bank Subordinate Debt by half a notch, from BBB+ to A-. This rating upgrade is continuing to resonate as lower CM's and higher FRN process. The IMT will in future periods likely maintain a long term to maturity profile and favour a higher weighting in Subordinate Debt exposure (over Senior).

Readers of the QR series will note our long held positive opinion of the ABS, including RMBS sectors. We continue to hold that view. All MIPS IMA IM's that allow exposure to this sector are position long (TTM) and long (near IM limit capacity) across a diversified range of issuer and IG category exposures.

Summary and Conclusions

During the last quarter market yields for bonds were volatile within a tight(ish) range. The market for long dated bonds weakened, rallied again, then weakened once more. The IMT outperformed the benchmark index during the quarter through an initial reduction (shortening) of duration (v index) at quarter start, extending longer on weakness, shortening again on the rally before extending moderately again upon weakness (higher yields) at period end. The IMT applied this tactical investment strategy across both the Fund and MIPS IMA's, resulting in outperformance of respective indices across all Fund and IMA products.

The IMT continues to intend to transact 'from the long side'.

Duration will be extended upon weakness, but, that same exposure will likely be reduced upon strength, unless a definitive economic release justifies maintaining the exposure extension at lower yields. That definitive data might well be the June OR September 2024 Quarterly inflation data.

It can be difficult to hold 'long' positions in this market. The rally in yields has stalled and reversed too many times to deliver confidence in a definitive directional trend of substance. Since October 2023, using the benchmark Australian Government 10 year bond as a reference, we have seen a 1.00% rally to new lows before giving near half of it back, with a lot of volatility between.

Yet we remain bullish bonds. We expect that monetary policy will be eased globally in 2025. It just may take a little tighter policy pain to get there.

We advised in our March 2024 QR that ... "***It would not be unexpected to see the Europeans ease first***". We have subsequently seen that occur.

We also advised within the same QR that (paraphrasing) "yes, domestic monetary policy can be eased in advance of a move by the (US) Federal Reserve and that it is not such an unlikely scenario given several key differentials between the two economies, particularly the disproportionately high exposure to variable interest rates of domestic homeowners.

Given the recent 'sticky' inflation data domestically, and the lower inflation data releases in the US (alongside the accompanying climb in unemployment there) the IMT suggests that the more likely scenario is for the US Federal Reserve to lead an easing cycle commencement.

Staff Changes within FIIG Investment Management

FIIG's Managed Income Portfolio Service (MIPS) has expanded. Historically, from inception, MIPS was responsible for standard Direct Bond Investment Programs and Customised Direct and Wholesale Market IMA's. Now, with the addition of the FIIG Australian Bond Fund, a unit trust based structure, and the intention to launch a second Trust based floating rate fund in the fourth quarter, the group managing the capital will be known as FIIG Investment Management and the team (IMT) has expanded.

Kieran Quaine appointed as Head of Investment Management

- The role encompasses responsibility for Investment Strategy application across all FIIG Funds and all MIPS IMA's, ensuring a continuance of synergy of application of duration and credit exposure strategies across all products within the FIIG Investment Management universe.

- Kieran will additionally retain direct control of the FIIG Australian Bond Fund as the Portfolio Manager.

Megan Romeo appointed as the Head of MIPS

- The role encompasses portfolio management responsibility across all standard MIPS Investment Programs and all Customised IMA's.

Garreth Innes appointed as Portfolio Manager of the Monthly Income Fund

- Garreth will be joining the team from 1 August and will subsequently be responsible for the management of the new FIIG Monthly Income Fund (Unit Trust) upon launch (October 2024).

About the FIIG Monthly Income Fund (MIF)

- Consistent with all products managed by the FIIG IMT, the MIF will apply the same IMT Investment Strategy.
  - It will pursue the dual objective of protection of investor capital through maximisation of diversification, and generation of the highest possible total return, commensurate with the risk profile of the product Investment Mandate (IM).
- MIF is a floating rate fund, aiming to deliver a total return in excess of 2.00% above its benchmark, the Bloomberg AusBond Bank Bill Index.
  - It is subsequently a viable alternative to sub asset allocation away from fixed rate products during timeframes where rates are expected to rise.
- The suggested time frame for investment is 3 – 5 years.
  - With the performance target being reached over the course of the cycle (not necessarily on a year-to-year basis)
- MIF income distribution is monthly.
  - It will subsequently appeal to investors seeking regular income.
- The fund will be invested in a portfolio of predominantly (minimum 70%) Investment Grade floating rate notes.
  - In this respect it will follow the same Investment Strategy applied within MIPS IMA's (Bank and ABS, including RMBS) and FIIG Australian Bond Fund products, that invest in that sector.
- The fund can invest in up to 30% exposure across higher yielding Non-IG and Unrated asset sectors.
  - At maximum possible diversity of exposure across sectors and issuers and minimising correlated industries.

The FIIG Investment Management Team (IMT)

Extensive and combined experience of in excess of 65 years. Your capital is in safe hands.

Kieran Quaine

Head of Investment Management

Kieran has in excess of 35 years' experience in senior roles in the fixed income market, primarily as a fund manager in charge of investing multiple billions of dollars across a wide and complex range of Investment Mandates. His experience includes roles as a US Investment Bank proprietary interest rate trader, as a debt originator, syndicator and institutional client relationship manager. Kieran has worked at FIIG Securities for over 15 years, including the last 9 years as Head of MIPS, developing the IMA business with Megan Romeo. Kieran has a BA (Accounting) from Canberra University and is a former Chairman of the AFMA Debt Capital Markets Committee.

Megan Romeo

Head of MIPS, Portfolio Manager

Megan has in excess of 15 years' experience in the Asia Pacific fixed income markets. Before joining FIIG in 2015, Megan worked for Standard & Poor's Capital IQ, tailoring technically complex data and algorithm solutions for clients across the Asia Pacific. Megan holds a Bachelor of Science (Hons) in Quantum Physics and a Diploma of Financial Services (Securitisation). Her mathematical and statistical data analysis skillset, and development of trading and allocation algorithms, has been instrumental in the generation high alpha returns within all MIPS products, and the emerging equivalent record for the FIIG Australian Bond Fund.

Garreth Innes

Portfolio Manager

Garreth has over 15 years' of extensive experience in financial markets, including portfolio management roles with multi asset class exposure. He has individually managed significant volumes of capital invested in the fixed income asset class across a complex array of Investment Mandates and has lead teams of analysts and junior managers. Garreth has additionally been a member on Tactical Asset Allocation committees and has successfully launched and managed an Australian Dollar Income Bond Fund for Asian clients. Garreth holds a Master's Degree in Finance (UNSW) and is a CFA Charter holder.

FIIG The fixed income experts

FIIG Investment Management Product Suite

Investment Objectives and Summary Mandate Limits

MIPS Conservative Income Investment Program	**Individually Managed Account**	
The Conservative Income Investment Program aims to provide investors exposure to a diversified portfolio of risk averse investment grade senior and subordinate fixed income securities which produce reliable and regular income. **Minimum investment $1,000,000**	Currency	Australian dollar
	Number of Bonds	Minimum 10
	Investment Grade	100%
	Non-Investment Grade	0%
	Subordinated Debt	Up to 20%
	Asset Backed Securities	Up to 20%
	FIIG Arranged Bonds	0%
	Modified Duration	Up to 5 years
MIPS Income Plus Investment Program	**Individually Managed Account**	
Income Plus Investment Program aims to deliver investors a higher return than the Conservative Income through exposure to a diversified portfolio of higher risk non-investment grade fixed income securities, in conjunction with lower risk investment grade fixed income securities, which collectively produce reliable and regular income. **Minimum investment $1,000,000**	Currency	Australian dollar
	Number of Bonds	Minimum 10
	Investment Grade	Minimum 80%
	Non-Investment Grade	Up to 20%
	Subordinated Debt	Up to 20%
	Asset Backed Securities	Up to 40%
	FIIG Arranged Bonds	Up to 20%
	Modified Duration	Up to 5 years
MIPS Customised	**Individually Managed Account**	
MIPS offers the ability to create a bespoke fixed income portfolio based on your key investment objectives including liquidity, credit, duration, diversification and Environmental, Social and Governance (ESG) position. **Minimum investment $10,000,000**	Currency	Australian dollar
FIIG Australian Bond Fund	**Unitised Trust**	
The Fund aims to provide investors with capital stability, income and returns in excess of the Benchmark* through investment in a portfolio of investment grade rated Australian fixed interest securities that include government and corporate bonds, asset-backed securities, cash and enhanced cash instruments. ** Bloomberg AusBond Composite 0+Yr Index over a 3-year rolling period* **Minimum investment $1,000**	Currency	Australian dollar
	Number of Bonds	Minimum 50
	Investment Grade	100%
	Corporate Debt	Up to 70%
	Subordinated Debt	Up to 30%
	Asset Backed Securities	Up to 30%
	FIIG Arranged Bonds	0%
	Modified Duration	Benchmark ± 2yr
FIIG Monthly Income Fund (Details TBA in September 2024 QR)	**Unitised Trust**	

ABS: The Investment Programs may contain Asset Backed Securities (ABS) including Residential Mortgage Backed Securities (RMBS). All ABS generate income from pools of loan receivables that are secured over real assets. They are issued in a Floating Rate Note (FRN) structural form. Please refer to Section 3 of the MIPS Information Memorandum for more detail regarding the parameters of each program.

IMP: Individually Managed Portfolio.

FRN: Floating Rate Notes.

Gross performance: Total yield earned per relevant program for period pre management and custody fees.

Investment Grade (IG): An asset is IG if it is rated >= BBB- (S&P) or equivalent by one of three internationally recognised credit rating agencies that include Standard and Poor's (S&P), Moody's or Fitch.

Non Investment Grade (NIG): An asset is NIG if it is rated < BBB- (S&P) or equivalent.

Unrated (UR): An asset is UR if it is not rated by any one of three internationally recognised credit rating agencies.