FIIG

The fixed income experts

2019 Credit Outlook

Outlook definitions

Macro Outlooks

We express our macro credit outlook for the next 12 months, we will rate Sectors as Overweight, Neutral or Underweight.

Sector	Outlook
Financial Institutions	Overweight
Industrials	Neutral
Infrastructure	Overweight
Property	Underweight

Recommendations

For notes that Research covers – including all FIIG-originated notes – we believe that the best way to express opinions is by recommending which notes we believe offer relative value and those notes that don't.

- **Outperform (O/P)** – the note is expected to outperform the sector over the next 12 months
- **Market Perform (M/P)**– the note is expected to perform in line with the sector over the next 12 months
- **Underperform (U/P)**– the note is expected to underperform the sector over the next 12 months

Credit Outlooks

To help to improve clients' understanding of Research's views, we will also publish a Credit Outlook for a company. This Credit Outlook will be based on whether over the next 12 months, the credit fundamentals of the business are expected to improve, deteriorate or remain largely unchanged:

- **Positive** – credit fundamentals are expected to improve over the next 12 months
- **Stable** – credit fundamentals are expected to remain largely unchanged over the next 12 months
- **Negative** – credit fundamentals are expected to deteriorate over the next 12 months

By using both a Recommendation and Credit Outlook, we believe that our views can be expressed more clearly to clients. For example, there may be a situation where a company is producing strong financial results and is using free cash flow to deleverage, so the Credit Outlook would be Positive. However, if the company's notes was trading at only 3% on YTW basis and we believed that there was better value to be found in some of the other notes in the sector, we would rate the notes Underperform.

For companies with uncertain prospects that could materially affect their credit quality, we will rate their bonds as Speculative. We may in certain cases qualify this terminology with a "Buy" or "Sell" recommendation if we believe they offer or not attractive absolute return through ongoing interest income and ultimate capital return.

In addition, we may suspend a recommendation when a bond is in trading halt and we have limited visibility as to when trading may resume and at what price.

Welcome

Welcome to the latest edition of our Credit Outlook. Herein we look back at the key events of the past 12 months and consider what is coming for 2019. It is fair to say that, in the current political, economic and financial environments, making any firm predictions on the future is as hard as ever. Who could have predicted that the ASX200 would gain close to 6% in the three weeks after Christmas, after having lost 14% since early September? This strong performance was even more puzzling considering the US government had officially broken its record for the longest shutdown and the UK Parliament voted against the Brexit deal negotiated by Theresa May's government. All of these events point to increased nervousness driving volatility. Under this scenario, any event can have a disproportionate impact (and clearly not necessarily in the direction you'd expect).

One aspect that appears almost certain is that financial markets and many economies around the world are likely to experience a correction in the coming months. Some would argue that economic growth remains strong in many countries, with unemployment at or near record low, still relatively low interest rates and manageable inflation – what's not to like about that? The reality is that signs of tough times to come are becoming more frequent, from continued deterioration in the property market in Australia, slow down of the Chinese economy or growing concerns that the US Federal Reserve could go too far with its current cycle of rate rises. This environment is undoubtedly a challenge for all investors, both on the equity and fixed income side.

Unlike equities, fixed income investors can always rely on the fundamental principle that, other than in the scenario of an issuer filing for bankruptcy, bonds will provide fixed cash flows and ultimate repayment of their face value. Saying that, it is as important as ever that you design your investment portfolio not only to suit your goals but also the market conditions so that you generate positive outcomes.

The consensus prediction for 2019 is that it is highly unpredictable and some signs are clearly worrying– will it mark the end of the current economic cycle? In such an environment, it is important to align your investment portfolio to withstand a range of potential outcomes. Our two key suggestions going into 2019 are:

- **Favour diversification**: ensure your portfolio is not overly exposed to certain characteristics (sector, currency, maturity), so that any events affecting part of the market or certain instruments will not have a disproportionate impact on your returns;
- **Invest with conviction**: when volatility increases, it could materially impact the price of bonds. A large fall in the price translates into a capital loss only if you decide to sell. The obligation by the issuer to repay the face value of the bonds at maturity remains unchanged. If you have a strong conviction about a bond and issuer at the time of purchase and are comfortable with the yield on offer at the time, temporary price movements should only be a secondary consideration.

Our aim for 2019 will be to continue providing you with independent, unbiased views on what we see in the markets and how the bonds in your portfolios are likely to perform. We hope you find our 2019 Credit Outlook informative and as always we look forward to hearing your feedback.

All the best for 2019,
The FIIG Research Team

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2019 Credit outlook

Brief synopsis of 2018

2018 was dominated by strong US economic growth, global geopolitical tensions sat in the background threatening, at any time, to overthrow the political and economic agenda. While these tensions were broadly kept in check for most of the year, instability and volatility is currently materially growing, leaving significant uncertainty for the year ahead. Some key events over the year:

US tax reform: A key pillar of President Trump's political and economic agenda was a significant tax reform aimed to not only reduce the tax burden for US taxpayers, but to also encourage the repatriation of cash held by US corporates overseas.

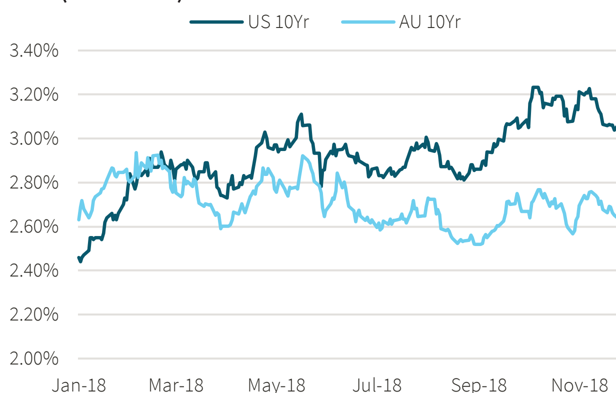
FOMC actions: After leaving rates unchanged at 1.25% over the second half of 2017, the US Federal Reserve resumed its rate hike in December 2017, consistently raising rates every quarter, to the current level of 2.25% at the end of September, with expectation of one last hike in December 2018.

US/China trade war: President Trump's second angle in his "America First" policy was to address the trade imbalance between US and China. While, in the first part of 2018, China appeared to signal some willingness to work out a solution, the US administration started to impose tariffs on Chinese goods, initially limited to certain products but gradually expanding throughout the year. In retaliation, the Chinese government also imposed tariffs on US goods, however it is now quickly running out of options given the much larger volume of goods imported by the US from China.

How did this affect markets?

2018 was marked by three clear periods. The start of the year was dominated by concerns focusing primarily on the US/China trade war but, in the absence of immediate escalation, financial market pressure eased to the point that any negative news on that front (and others) were met with an element of indifference. This positive sentiment pushed the ASX200 in Australia to its highest level since 2007 and the S&P500 to an all-time high at the end of August.

Australian and US 10-year government bond yields during 2018 (to October)



Source: Bloomberg

Following this, in early September, sentiment turned as markets faced the reality that the US/China trade war was ramping up and the earlier expectation that it would be resolved in time for the US mid-term elections in November faded. Equity markets have, since the end of September, performed extremely poorly, with a fall in excess of 5% over the first 20 days of October, with no signs of respite.

Government securities followed a different pattern, with US Treasuries following a path in line with the multiple FOMC rate increases during the year, reflecting an expectation of rising interest rates. US 10-year treasuries climbed from 2.45% in January and are currently trading at around 3.20%. Australian government 10-year bonds however remained broadly flat, trading during the year in a fairly narrow range between 2.52% and 2.94%.

ASX200 and S&P500 performance during 2018 (to October)

Source: Bloomberg

Clearly, the data highlights that 2018 has so far been a repeated 'risk on – risk off' cycle as concerns from economic and geopolitical tensions evolved. As is often the case in such situations, it is difficult to ascertain precisely the future consequences, simply due to a lack of certainty as to the final outcome. In this background of uncertainty and increased nervousness about global trade stability, and despite the strong economic performance (particularly in the US) continuing to drive corporate profits at very healthy levels, the negative sentiments have also affected credit spreads. Investment grade credit spread indices have increased in excess of 30% over the year in Australia and the US.

We are now firmly in the final parts of the current economic cycle, with strong economic growth and signs that economies in certain parts of the world might be overheating, combined with increased volatility and markets looking at the events that could trigger a correction.

What's in store for 2019?

Global economic forecast

In early October 2018, the International Monetary Fund released its latest World Economic Outlook. Broadly speaking, while many of its indicators were revised down, the IMF still expects solid growth globally in 2019, after peaking in 2018.

A key takeaway from the IMF forecast is that global economic growth is expected to peak in 2018, with a subsequent slowdown in 2019 but, at the same time, unemployment dropping this year and next, reaching level at or close to what would be considered full employment. As a result, inflationary pressures are expected but it is worth noting that these would appear to be more pronounced in Australia than the US.

IMF Economic Forecast – October 2018

	2017	2018F	2019F
World Output	3.7%	3.7%	3.7%
United States			
GDP	2.2%	2.9%	2.5%
Inflation	2.1%	2.4%	2.1%
Unemployment	4.4%	3.8%	3.5%
Australia			
GDP	2.2%	3.2%	2.8%
Inflation	2.0%	2.2%	2.3%
Unemployment	5.6%	5.3%	5.0%
China			
GDP	6.9%	6.6%	6.2%
Inflation	1.6%	2.2%	2.4%
Unemployment	3.9%	4.0%	4.0%
Eurozone			
GDP	2.4%	2.0%	1.9%
Inflation	1.7%	1.8%	1.8%
Unemployment	7.9%	7.2%	7.0%

Source: International Monetary Fund – World Economic Outlook, October 2018

Looking at the other two global powerhouses (China and Eurozone), the IMF expects a slowdown in economic growth, noting the significant difference in their starting points. While many remain sceptical about the reliability of economic data coming out of China, we focus more on trends than hard figures and the IMF forecast supports the view that the Chinese economy will gradually slow down as it continues its expansion to cement its place as the second largest global economy. In our mind, we look at Chinese economic data as a reflection of broad economic policies and, in particular, the willingness of the Chinese government to support growth, and at what cost. The IMF forecast supports the view that China will look to tackle some of the excessive leverage that the corporate sector took on over the past decade. Clearly, all of this is contingent on the outcome of the US/China trade war.

Key risks for 2019

Given our view that we are currently toward the end of the current economic cycle, it is important to consider factors that could trigger the end of that cycle and result in a significant slowdown of global economies. As always, this may not necessarily be caused by a single event but we believe the following will require close attention in 2019:

- **US/China trade war**: Some are describing the current situation as a return to the Cold War, but from an economic rather than purely political standpoint. Given the current approach of the US to try and prevent their trading partners from entering into free trade agreements with China, the comparison seems fair, as this could lead to two distinct trading blocks that would align behind each of the two main proponents of the trade war.
- **China hard landing**: For many years now, the markets have questioned China's ability to sustain its current economic growth rate, particularly if, in recent years, it was only sustained through an excessive increase in public and private debt in the country. A sudden slowdown would likely have materially negative repercussions that could spread outside the country.
- **Oil prices**: Since the low point of early 2016 when Brent prices dropped to about USD40, oil prices have recovered, in part because of agreements between oil producers to control volumes. Current prices are at about USD60, from a high of USD85 in early October. While the recent drop has a positive effect from an inflationary perspective, broad production (and pricing) targets by OPEC remain very uncertain.
- **Brexit**: It is extremely complex to understand how a no-deal Brexit would happen, given how closely the UK and EU policies and regulations are currently linked and the absence, in certain cases, of an existing framework that would allow the UK to go on an independent path. A no-deal Brexit would clearly materially impact near term UK GDP but it is questionable if it would have a more global impact. However, when markets are sometimes looking for a trigger to correct, this could end up being the one.

From an Australian standpoint, we believe the first two risks (trade war and hard landing) present the highest downside potential. This is because of the correlation between the Australian and Chinese economies and the fact that China is expected to remain one of Australia's key trading partners. Of particular concern is the US desire to get its trading partners to choose a camp. For Australia, it will be a matter of choosing between a key trading partner or a major political partner – there does not seem to be any truly positive outcome unless a status quo can be maintained.

Financial Institutions

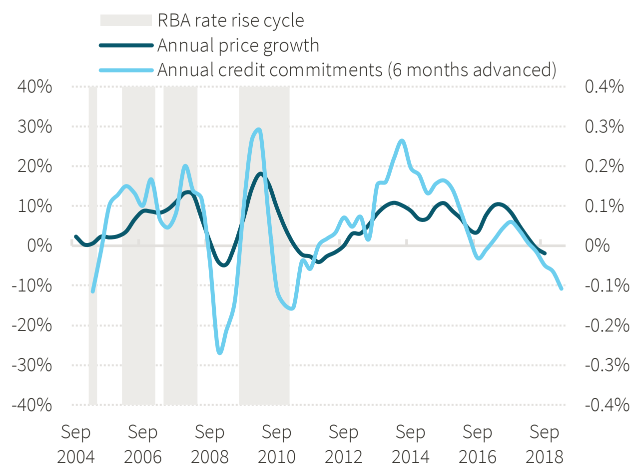
Key themes

Relatively speaking, 2018 won't go down as one of the happier years for financials. While earnings growth has generally slowed for a number of banks and insurance companies as demand for services slowed and competition remained intense, their challenges were compounded by the first series of hearings by the Royal Commission into the Financial Services Industry. Much of the attention centred on the findings in relation to consumer lending and the implications for credit (and house price) growth, as well as the pervasive conflicts of interest for banking and insurance conglomerates as both manufacturers and distributors of wealth management products.

Simplification remained a prevailing theme for banks and insurance companies in 2018, even before the Royal Commission began questioning nearly 20 years of financial conglomeration, with CBA, Macquarie, Suncorp and most recently AMP announcing an exit from life insurance. The sell-down by the major banks, including ANZ and NAB earlier, forms part of a larger shift away from the manufacturing of wealth management products.

2018 also saw the first nationwide decline in house prices since 2012. Key to housing activity is the availability of credit (see charts below) and the banking sector has been rationing it, particularly for interest-only borrowers, while demand in general wanes as the outlook for house price growth worsened. While the concern emerging out of the Royal Commission was that further regulation intensifies the slowdown in credit extension and decline in property prices, anecdotally, the application of tighter lending standards in recent months - principally greater scrutiny of income and expenditure - has already contributed to the current slowdown in housing activity and we expect this to continue into at least early 2019.

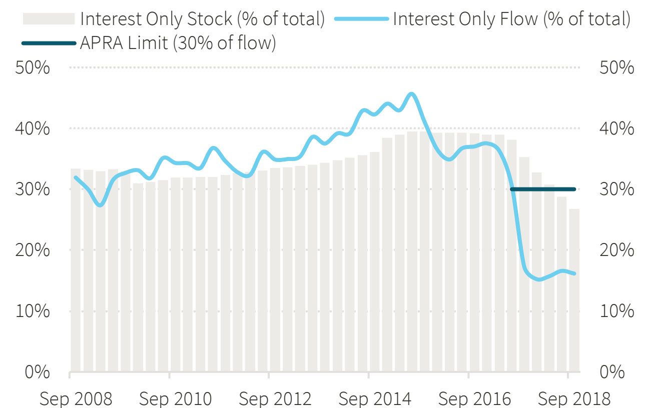
House price and credit commitments



Source: RBA, ABS

There were some who will look favourably upon their performance over the past 12 months. 2018 will go down as one of the strongest on record for non-bank lenders, with a number of entities benefiting in particular from the withdrawal of commercial bank lending to interest-only borrowers. The increased flow of demand saw non-bank lenders account for 60% of RMBS issuance in 2018. Wholesale term markets remained favourable in 2018 as very low interest rates and yield-starved investors provided ideal funding conditions for non-bank lenders.

Commercial bank interest-only lending



Source: APRA

Despite the earnings pressures, the underlying credit quality of commercial banks and general insurance companies remains solid. Capitalisation levels remain sound, while otherwise benign economic conditions and accommodative interest rates continue to support a very good credit cost experience. Insurance companies benefited from continued growth in net earned premiums and a year largely devoid of significant natural disasters. The end result was a strong increase in underwriting results (insurance profitability).

Outlook

We have an Overweight recommendation on the financial sector. We expect the underlying credit fundamentals for financials to remain sound in 2019, despite pressure on earnings for both commercial banks and general insurance providers as competition remains intense and credit growth slows. We expect the slowdown in credit growth to feed into further house price declines in 2019, although we expect arrears to remain relatively low.

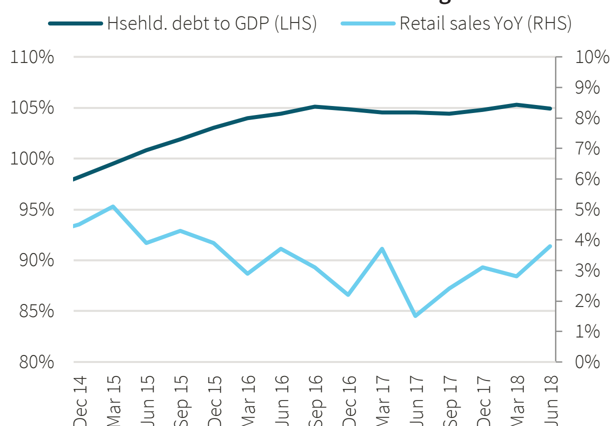
Admittedly, floating rate notes (principally Tier 2 notes) have drifted wider in response to rising interbank rates amid expectations of further issuance going forward (although this isn't a huge concern if you are a holder to call). However, recent issuance has looked more attractive, and as these notes are primarily issued by investment-grade issuers, they also offer the additional benefit of acting as a defensive play as the credit cycle shows some clear signs of maturing. For those seeking higher yield, non-bank financials are likely to find themselves benefiting from a favourable competitive environment in 2019, although idiosyncratic risks and the threat of increased regulation should be observed.

Industrials

Key themes

Retail sales are a proxy for household consumption and have generally been declining since 2014. This has been driven by factors such as low wages growth and high household debt. While retail sales have generally been trending upwards since September 2017 data from the most recent Commonwealth Bank Business Sales Indicator (October 2018) suggests consumers are beginning to rein in spending as home prices begin to fall.

Australian retail sales and household leverage



Source: ABS, Corelogic, Bloomberg.

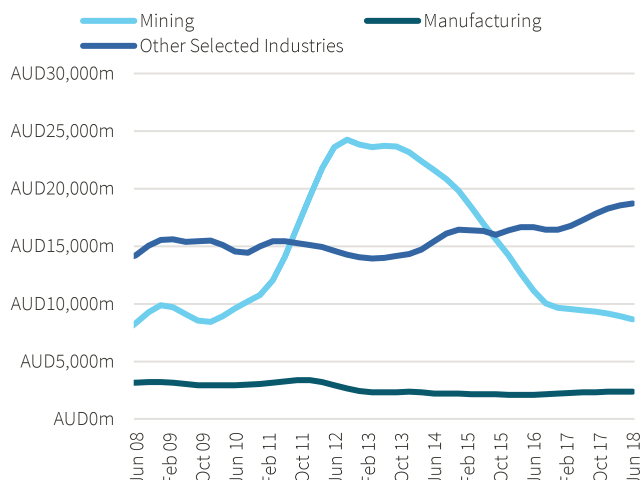
As Household leverage increases and wage growth and savings fall, retail consumption is negatively impacted. Australia is now carrying one of the highest household debt-to-GDP ratios in the world.

The Wage Price Index continues to weaken to a historically low level of growth. In the June quarter 2018, the Private and the Public Wage Price Indices were 0.5% and 0.6% respectively. Low wages growth is the result of multiple factors including adjustment following the decline in the mining boom and the resulting decline in terms of trade, low inflation, technological changes and structural changes to the workforce including increasing part-time and contracting arrangements.

According to ABS statistics, total business investment in buildings and plant/equipment has fallen from all-time highs in 2011/2012 post the mining boom. However the decline appears to have halted as Australia transitions away from mining and resources. Since September 2017, total private capital expenditure has been increasing.

According to the National Australia Bank's business survey confidence and conditions have been decreasing over the last 12 months. However these measures remain above average levels. The AUD continues to weaken against the USD and has fallen to three year lows.

Private capital expenditure by industry (trend)



Source: ABS

Outlook

We have a Neutral outlook on the Industrials sector. Australian macro conditions remain soft and are deteriorating based upon some measures however they are generally supportive of corporate and industrial credits. Survey measures of business conditions have remained well above average, despite easing since the start of 2018. Overall corporate profits have risen strongly over the preceding year, particularly in the mining sector. There has been a broad-based increase in export volumes led by rural exports, and supported by a lower Australian Dollar.

The outlook for retail sales and household consumption continues to be weak, limited by historically low wage growth and record high household debt levels. Recent data suggests spending is beginning to slow further driven by falling house prices. However, recent data on job vacancies and other leading indicators of labour demand continued to suggest that employment growth would exceed population growth in coming months.

Since September 2017, total private capital expenditure has been increasing however at a slowing pace. With measures of business confidence and conditions decreasing, there is likely to be a reduction to business investment over 2019.

In terms of construction activity, there has been a decline in residential building approvals since mid-2016 suggested dwelling investment was likely to be close to its peak in the current cycle. Public sector spending has continued to grow relatively strongly. Recent data on work yet to be completed on infrastructure projects suggests public investment will remain high over the following couple of years.

Infrastructure

Key themes

Government Infrastructure Plan

Infrastructure investment continues to be a key theme in Australia, and globally, given continued population growth and increasing globalisation of trade. The One Belt – One Road program, sponsored by the Chinese government, is the perfect example of this trend, attracting investment in Asia, Africa, Europe and even Latin America. While on a clearly smaller scale, Australia has significant plans for major infrastructure investment over the next ten years. The last Federal Budget earmarked more than AUD75bn for transport infrastructure assets over the next ten years. With general elections due in the first half of 2019, we can expect this number to increase as each political party will no doubt try to attract votes through the promise of better infrastructure and as a way to counter-balance the effect of investment in the liquefied natural gas (LNG) sector over the past decade gradually tailing off. The current AUD75bn plan includes major projects in all Australian states and territories.

Key current major projects in the 2018 Federal Budget

	Government commitments (AUDm)
New South Wales	
Pacific Highway duplication	3,466
Western Sydney Airport	5,300
WestConnex	3,500
Victoria	
Regional rail revival	1,535
M80 Ring road and Monash Freeway upgrade	1,000
Queensland	
Toowoomba Second Range Crossing	1,137
Gateway upgrade north	914
Western Australia	
METRONET	1,282
NorthLink WA	820
South Australia	
North-South Corridor projects	1,605
Tasmania	
Midland Highway	400

Source: Infrastructure Australia

Commodity-linked infrastructure

Performance for infrastructure assets tied to the commodity sector (primarily rail and port) has remained robust over the past twelve months. This was helped in part by the continued rebound of the coal price from its lows of 2015, noting however that there is limited correlation between commodity price and activity.

Typically, commodity prices will have an influence on mining companies' decisions to invest in greenfield development. Despite the coal price rebound, there remains only a very limited number of greenfield projects underway, with miners instead focusing on expansion of existing mines as a way to expand their capacity. This means that incremental tonnages are limited and can be absorbed within the spare capacity of the infrastructure assets.

Rising interest rates

Infrastructure assets typically carry a much higher leverage than traditional industrial corporates. As a result, while this does not specifically impact the infrastructure sector, rising interest rates and spread widening remain a key focus for the industry. For example, Sydney Airport has a debt to EBITDA ratio in excess of 6x. Glencore, with the same rating, has a leverage below 3x. The reason infrastructure companies are able to carry a higher leverage for the same rating is because their earnings are inherently a lot more stable than traditional industrials. This higher leverage however exposes these companies to rising interest rates.

Companies in the sector are generally much better protected against interest rate fluctuations than traditional industrials. In particular, they carry a very large amount of interest rate hedging, typically covering long period of time, which ensures that their finance costs are generally predictable and stable, even if interest rates fluctuate. While this approach means that infrastructure companies would generally not immediately benefit from falling rates, they have protection in a rising interest rate environment.

Outlook

We continue to see significant value in the infrastructure sector and are maintaining our Overweight outlook for the following reasons:

- Given our overall macro view that 2019 is likely to see increased volatility and a rising probability of a severe correction, this sector will likely demonstrate much greater stability given the predictability of its cash flows, as well as its essentiality.
- There remains a significant need for further investment in the sector which will continue to support growth and earnings. In fact, in the event of a downturn, governments have historically boosted infrastructure investment at times of weak economic growth in order to support domestic investment and employment.
- Investment in the sector is typically supported by strong financing structures with comprehensive covenant packages and security over underlying assets. This means that, in the event of a default, recovery would typically be much higher than for unsecured structures and, in fact, some studies point to recovery in excess of 80% in the majority of cases.

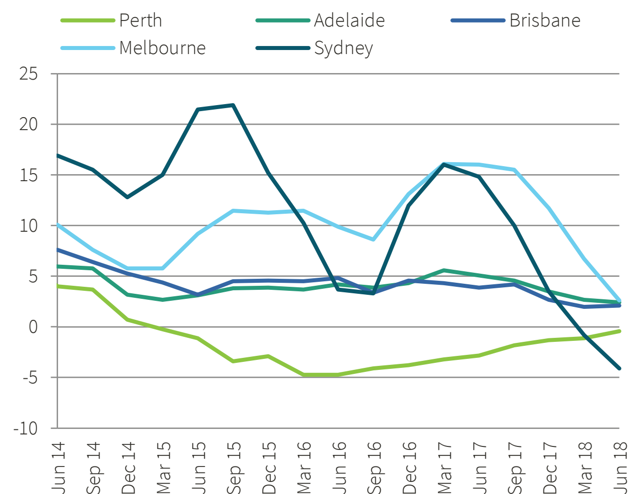
Property

Key themes

Residential

Tighter lending standards, macro prudential controls, rising mortgage rates, rising levels of unit supply, slower Chinese demand and reduced investor enthusiasm for property are all impacting the housing sector. This is most pronounced in Sydney and Melbourne, after a period of significant growth. House price growth in Brisbane and Adelaide remains comparatively stable, however unit prices in Brisbane have experienced a period of negative growth following significant supply coming to market.

House price index (% Change prior year)



Source: FIIG Securities, ABS

Dwelling approvals are falling led by new unit developments. Sales and listings are trending downward, however the listing/sales multiple remains stable at about 5 times according to Deutsche Bank. Unit approvals are still high but falling. However a large gap has emerged between unit commencements and new unit sales.

Auction clearance rates have been falling and are now around 50%, having peaked at 84% in April 2015. According to the ANZ/Property Council survey, confidence in the property sector has fallen dramatically over the last 12 months across most states.

Construction and investment

According to the ANZ/Property Council survey, expectations for construction activity over 2019 has fallen in all sectors, with residential construction dropping into negative territory for the first time in seven years. The forward work schedule measure is at its lowest level since September 2016, while the quarterly staffing expectation measure has dropped to its lowest level since September 2014.

Office segment

While remaining elevated, office vacancy rates have been improving. The aggregate vacancy rate in Australia's CBDs remained elevated at 9.1% (July 2018) however has improved from 10.5% as of July 2017, having peaked at 11.2% in January 2015, the highest rate since 1999.

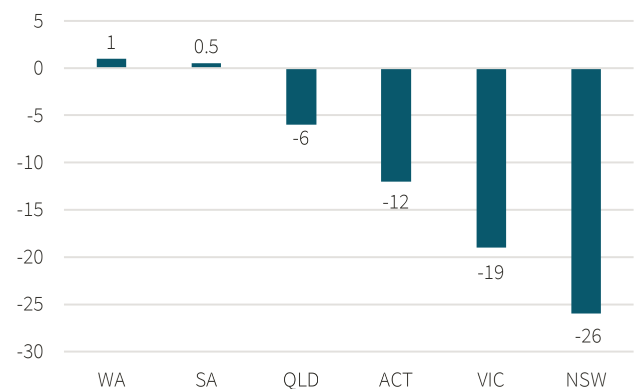
Retail segment

Discretionary spending is critical for specialty shops, which pay higher rents than anchor tenants, such as supermarkets and department stores. Australian retail discretionary sales are off highs but remain historically solid. Growth in discretionary spending is subdued with only small increases in household disposable income recorded in the past three years.

Industrial

Prime industrial yields have continued to compress across most capital cities over the past 12 months to August 2018. Solid fundamentals have supported a strong flow of capital into the Australian industrial sector from a diverse range of investors including, local privates, property syndicates, institutional investors and offshore buyers.

Change in sentiment index (12 months to Dec 2018)



Source: FIIG Securities, ANZ/Property Council

Outlook

We have an Underweight outlook on the Property sector. Many residential property indicators are around the worst levels in years. Residential prices are posting the sharpest declines since 2009, and auction results are the lowest since 2012. The ANZ/Property Council survey shows that confidence in Australia's housing sector has fallen sharply over the past two quarters, and is now at the worst levels since 2012. Due to macro prudential controls, increased risk aversion, and out of cycle mortgage rate hikes from banks, overall housing credit is growing at the slowest rate since 2013, and investor credit is growing at the slowest rate on record. The current environment is clearly weak.

The housing market is therefore likely to remain soft for some time. Price growth in Sydney and Melbourne is expected to be most impacted with the greater effect in Sydney, given its larger influence from investors. Modest house price rises are expected to continue in Brisbane and Adelaide, with these markets being dampened by weak local economic conditions. Unit price growth is likely to continue to underperform house price growth given the oversupply and restrictions on investor lending (units are more favoured by investors).

Bond snapshot

Security	Ranking	Coupon Type	Maturity
Financial Institutions			
CML BBSW+5.40% May 2021	Secured	Floating	18 May 2021
Eric Insurance 10% Aug 2026 (W)	Subordinated	Fixed	4 August 2026
IMF Bentham 7.40% Jun 2020	Secured	Fixed	30 June 2019
Liberty 5.10% Jun 2020 (W)	Senior unsecured	Fixed	1 June 2020
Liberty 5.10% Apr 2021 (W)	Senior unsecured	Fixed	9 April 2021
Moneytech BBSW+4.65% Apr 2022	Subordinated	Floating	19 April 2022
StockCo 8.75% Oct 2022	Unsecured	Fixed	6 October 2022
zipMoney Trust 2017-1 B (W)	Secured	Floating	10 May 2019
Industrials			
AAT 7.50% Nov 2020	Secured	Fixed	13 November 2020
CFAP 8.35% Nov 2020 (W)	Senior secured	Fixed	30 November 2020
Dicker Data BBSW+4.40% Mar 2020	Unsecured	Floating	26 March 2020
Lucas TCS 8.00% Sep 2022 (W)	Senior secured	Fixed	29 September 2022
Mackay Sugar 7.75% Apr 2019 (W)	Unsecured	Fixed	31 August 2022
Maurice Blackburn 7.45% Aug 2022 (W)	Subordinated	Fixed	22 June 2023
NEXTDC 6.25% Jun 2021 (W)	Senior unsecured	Fixed	9 June 2021
NEXTDC 6.00% Jun 2022 (W)	Senior unsecured	Fixed	9 June 2022
NEXTDC BBSW+3.75% Jun 2022 (W)	Senior unsecured	Floating	9 June 2022
RSEA 7.75% Oct 2021	Secured	Fixed	27 October 2021
SCT Logistics BBSW+4.40% Jun 2019	Unsecured	Floating	24 June 2019
SCT Logistics 7.65% Jun 2021	Unsecured	Fixed	24 June 2021
Virgin 7.875% Oct 2021 - USD (W)	Senior unsecured	Fixed	15 October 2021
Virgin 8.50% Nov 2019 - USD(W)	Senior unsecured	Fixed	15 November 2019
Virgin 8.25% May 2023 (W)	Senior unsecured	Fixed	30 May 2023
Infrastructure			
AAPT 7.10% May 2020	Senior Secured	Fixed	29 May 2020
AAPT 4.45% Dec 2022 - USD (W)	Senior Secured	Fixed	15 December 2022
Merredin 7.50% Nov 2022	Senior Secured	Fixed	15 November 2022
NCIGH 12.50% Mar 2031 - USD (W)	Junior Subordinated	Fixed	26 August 2031
Plenary 6.50% May 2024 (W)	Subordinated	Fixed	17 May 2024
Sydney Airport 3.76% Nov 2020	Senior Secured	CPI Linked	20 November 2020
Sydney Airport 3.12% Nov 2030	Senior Secured	CPI Linked	20 November 2030
Zenith 7.55% Aug 2025 (W)	Subordinated	Fixed	10 August 2025
Property			
Elanor 7.10% Oct 2022	Unsecured	Fixed	17 October 2022
Impact 8.50% Feb 2021	Secured	Fixed	12 February 2021
Sunland 7.55% Nov 2020	Unsecured	Fixed	25 November 2020
W.A. Stockwell 8.25% Nov 2020	Unsecured	Floating	29 June 2021

Source: FIIG Securities

Note: (W) indicates this security is available for Wholesale Clients only.

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