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A balanced portfolio of Investment Grade Bonds and secured private credit, bringing in nearly 9% per annum

By Victor Gugger

In this era of Trump domination and in an unpredictable market environment, equity portfolios are facing negligible returns. One thing is for certain - volatility is here to stay.

While overseas investors are well versed and have greater allocations in the corporate bond and private credit fixed income space, Australian investors typically favour real estate and equities, missing out on the stability and diversification fixed income can offer.

At IAM, we specialise in fixed income and have access to many opportunities that can provide consistent returns with lower risk. The benefits of investing in direct fixed income include:

- less complexity
- clear visibility into where your money is going
- attractive yields without the equity rollercoaster

A nicely balanced portfolio between high yielding unrated and investment grade issues can bring nearly 9% returns without the stress of waking up and seeing equity indices have been hammered while you sleep.

Get in touch if you'd like to build a more resilient portfolio.

Portfolio Summary	
Total Face Value:	1,000,000
Clean Consideration:	1,027,009.61
Accrued Interest:	13,053.67
Gross Consideration:	1,040,063.28
Margin (TM/ASW):	420.6
Running Yield:	9.871%
Yield:	8.852%

CCY	Rank	Coupon Type	Coupon Formula	Call Date	Maturity	Duration	Yield	Margin (bps)	Running Yield
AUD	Secured	FIXED	12.50%		30-Jun-28	2.566	11.96%	842.6	12.33%
AUD	Secured	FIXED	13.77%		14-Aug-26	1.144	13.76%	889	13.77%
AUD	Secured	FLOATING	BBSW3M+10.500%	2-Dec-25	29-Dec-28	2.795	13.96%	1055.9	14.63%
AUD	Unsecured	FIXED	16.00%		31-Mar-27	1.63	9.97%	-278.2	14.48%
AUD	ABS	FLOATING	BBSW3M+6.500%		18-Oct-27	2.14	8.63%	534.9	10.54%
AUD	Subordinated	FIXED	7.75%	11-Dec-29	11-Dec-54	3.847	8.07%	466.9	7.85%
AUD	Subordinated	FIXED	6.28%	11-Mar-33	11-Mar-55	6.278	5.99%	223.3	6.17%
AUD	Subordinated	FIXED	6.93%	23-Jun-33	23-Jun-38	6.301	5.44%	166.9	6.32%
AUD	Subordinated	FLOATING	BBSW3M+2.950%	18-Oct-30		0.214	5.63%	214.7	6.65%
USD	Jr Subordinated	FIXED	6.13%	8-Mar-27		1.768	5.55%	203	6.06%

- i) Yields for floating rate notes are a guide only. Returns are subject to movements in BBSW over the life of the issue.
- ii) Yields for Tier 1 and Subordinated Debt (Tier 2) are priced to the call date
- iii) Returns and pricing shown are indicative and reflect wholesale market pricing plus Income Asset Management's bid/offer spread

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