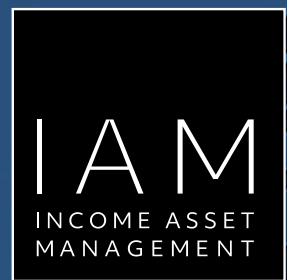


# **IAM** **Managed** **Discretionary** **Accounts**





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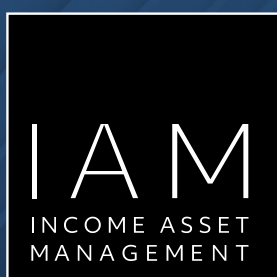
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# Offering unique opportunities in fixed income

The IAM Investment Grade Credit Plus MDA allows wholesale investors to access a mixture of investment grade and possibly the highest quality unrated debt in the Australian market – syndicated term loans.

With a portfolio of capital stable, cash generative fixed income assets offering attractive risk adjusted returns, the IAM MDA (managed discretionary account) is a compelling addition to an investment portfolio.

## The Income Asset Management advantage



### Access

IAM provides access to global corporate bond markets, aligned with the bank syndicated loan market.



### Expertise

Our experienced capital markets team has deep institutional relationships in fixed income markets, enabling us to provide our clients with the tightest pricing and the widest range of products. The Investment Committee for the managed account includes founding member of Platinum Asset Management, James Simpson, and IAM Director Danielle Press. Matthew Macreadie, Executive Director of Credit Strategy and Portfolio Management at IAM, will manage the portfolio.



### Transparency

Our clients are able to get full analysis of their portfolios, including acquisition cost, current market valuation, accrued interest, running yield and a cashflow forecast for their portfolio. Advisers and their clients can also access our fixed income calculator and switch tools to form their own opinions on value.

# Benefits of a Managed Account

Under a managed account – you invest in a model portfolio managed by a professional investment manager. All trading, administration, and investment reporting is managed by the platform administrator. Your financial adviser will assist you in determining whether an MDA is suitable to meet your investment requirements, and which MDA to select.

## The clear benefits of a managed account:



A managed account provides access to a professional manager and its research capability with the benefits of direct ownership. Unlike a managed fund, you can see exactly what investments are in your portfolio, including acquisition costs, market value and accrued interest.

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Tax events and transaction costs are not shared across clients and the cost base of your investments will be the date of your investment in the model portfolio.

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A model portfolio is typically a high conviction portfolio, with the total number of holdings in the model limited to 20~25 securities, whereas in a managed fund the number of securities is typically not specified.

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Finally, as a managed account model is administered on a platform, you do not need to manage the trading, corporate actions, or any administrative aspects of your portfolio. You will receive online access to your model portfolio holdings as well as regular reporting for taxation purposes. You pay investment management and administration fees in return for the management and administration of the managed account.

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# About Australian Investment Grade Bonds and Syndicated Term Loans

## Australian Investment Grade Bonds



High-quality investment grade bonds provide consistent returns and strong potential for performance, making them a cornerstone of a solid investment strategy. Investment-grade bonds in Australia are widely recognised for their stability, defensiveness, and lower risk profile. These bonds typically offer fixed returns of 6% to 7%, translating to real returns of 3% to 4% after accounting for inflation. Generally, Australian credit fundamentals are stronger than those in the US, with higher average credit ratings and more favourable credit metrics.

S&P releases a report every year that examines default rates by credit rating over time. The statistics show that global default rates in IG have been extremely low historically.

Notably, Australian default statistics are lower than global averages, partly due to a largely investment-grade market and a concentration on major banks (all rated AA-). The only default in 2023 from an Australian corporate was from Genesis Care Pty Ltd, which was rated CCC+ just one year prior to its default.

### **Investors can have a high degree of confidence in Australian investment-grade bonds.**

The phasing out of bank hybrids in Australia is expected to accelerate the shift toward bonds and other fixed income instruments. This regulatory change, driven by APRA, aims to replace hybrids with more reliable forms of capital, resulting in a significant shift in the investment landscape.

## Syndicated Term Loans



### **IAM is the only financial services business offering direct ownership of institutional syndicated loans.**

Loan investments are positioned to complement investment grade (IG) bond and cash holdings that can be easily liquidated. Syndicated term loans (STL) typically offer higher yields compared to traditional fixed-income securities. Adding loans to a portfolio reduces overall risk through diversification across issuers and geographies that is unachievable in the AUD IG bond market.

IAM targets large senior secured bank syndicated term loans to large corporates with significant assets, equity, and cash flows. We aim to buy senior secured bank loans from banks. For example, IAM typically purchase \$20m parcels of \$500m bank-funded term loans. We operate under a Metrics Credit Partners model, but we lack the pressure to deploy capital like traditional fund managers.

Also, unlike vanilla private credit funds, our investors are lending alongside banks – their capital is strategic and patient, not subject to retail capital flight.

STLs are of the highest quality credits supported by Australasia's largest debt investors. The STL market is bank-dominated, which means the market is characterised by high credit quality and low loss rates. You benefit from the rigorous due diligence conducted by banks pre-transaction and continued surveillance post-issuance.

Loan documents are negotiated by large global money managers. Corporate loans enable private investors to invest alongside banks and institutional entities, accessing high-quality opportunities. Loan market lenders have strict ongoing maintenance covenants that check and test the loan compliance of borrowers continuously. Loans are typically priced wider than IG bonds with a similar credit quality bond issuance.



# IAM Investment Grade Credit Plus MDA

## Portfolio features

### Details:

A portfolio of capital stable, cash generative, fixed income assets that offer attractive risk-adjusted returns.

### Trustee Services:

Trustees Australia Limited (TAL)

### Custodian:

Perpetual Corporate Trust

### Minimum Investment:

Signature Portfolio: \$1,000,000

Bespoke Portfolio: \$5,000,000

### Investment Universe:

AUD Bonds and Corporate Syndicated Loans

### Allocation:

60% / 40% Investment Grade Credit / Syndicated Term Loans

### Minimum Exposure:

20 assets

### Target Return:

RBA + 3.00%-3.50%

### Structure:

Direct Asset ownership reported to each MDA investor portfolio, no pooling of investor funds in a managed investment scheme

### Fees:

- **0.50%** Management Fee
- **0.15%** Bond custody and administration fee if held with Perpetual Corporate Trust, through TAL

### Reporting:

Formal reporting provided monthly. Semi-annual opportunity to meet with Investment Committee.

### Distributions:

Paid quarterly or reinvested.

### Further Information:

Separate and detailed investment guidelines to be provided.

## Key features compared

	<b>PIMCO Australian Bond Fund</b>	<b>IAM Investment Grade Credit Plus MDA</b>	<b>Metrics</b>
Description	Investment Grade Bond Fund	Managed Discretionary Account	Metrics Master Income Trust
Allocation	The Australian Bond Fund is a diverse, actively managed portfolio of fixed income securities that invests predominantly in a wide range of high-quality bonds from issuers in Australia and New Zealand. The average duration of the fund will normally vary within +/-2 years of the benchmark.	A direct investor holding of 60%/40% Investment Grade Credit / Syndicated Term Loans. Syndicated term loans are the highest quality unrated debt in the Australian market.	Provides investors with exposure to the Australian corporate loan market. Diversification by borrower, industry and credit quality.
Fees (excl. GST)	0.50%	<ul style="list-style-type: none"> <li>• 0.50% Management Fee</li> <li>• 0.15% Bond custody and administration fee</li> </ul>	0.75%
Target Return	RBA Cash + 1.00%	RBA Cash + 3.00%-3.50%	RBA Cash + 3.25%
Ownership	Unitised Fund	Direct	Unitised Fund
Liquidity Lock-up	Yes	No	Yes

# How we manage portfolios

IAM's approach to portfolio construction is based on our active approach to risk management in both implementation and ongoing portfolio management. Our team plays a crucial role in managing your fixed income portfolios by actively monitoring market trends and issuer developments to ensure that your portfolio is currently best addressing your goals.

**We constantly evaluate opportunities in both primary and secondary markets and seek to identify better relative value propositions.**

Furthermore, we will remove securities from your portfolio if our assessment deems there is a significant change in value or credit quality that no longer justifies the assumed risk relating to the returns that are expected to be generated.

We are prepared to adjust your portfolio's composition or weighting in the broader asset allocation when our views of the macroeconomic outlook shift due to fluctuations in core figures released. This ensures that your portfolio remains well positioned to capitalise on emerging opportunities whilst minimising potential risks.



Review any changes in value or credit quality of the current portfolio to assess whether the risk taken is justified for the expected returns.



Recommendations are made to the Investment Committee for the compositions and weightings of the current portfolio to ensure it remains fit-to-purpose.

Active monitoring of markets and issuers to search for better relative value opportunities.

Monitor changes in economic environment and investment markets.

## Service and support

### **Dedicated relationship manager:**

High-touch advisory services provide tailored support

### **Portfolio management:**

Active monitoring of markets and issuers and ongoing review of managed accounts



### **Secure holding of assets:**

Institutional grade custody with Perpetual Corporate Trust



### **Performance reporting:**

Comprehensive reporting and monthly valuation statements

# Meet the Team

## Investment Committee

### James Simpson

*Investment Committee Chair*

James has 34 years of experience in active funds management, 17 of which were alongside Kerr Neilson and more recently, management of his own family office. He has a foundation in equities but has broadened that focus toward the bond markets and private credit. As a co-founder of Platinum Asset Management (ASX:PTM) he brings a deep understanding of investment products and financial markets. James recently accepted a non-executive board position with PTM. See [\*interview with Jim\*](#) where he discusses his philosophy on investment.

### Danielle Press

*Director, Income Asset Management Group*

Danielle has extensive experience in capital markets, asset management and financial services regulation. She was a Commissioner of the Australian Securities and Investments Commission from 2018-2023. She currently chairs the Superannuation Trustee Boards of Insignia Financial. Her leadership experience includes holding the CEO role at the Myer Family Company and Equip Super. Prior to that, Danielle spent 17 years at UBS, in a range of roles focusing on investment, risk management and client solutions in Australia, Singapore and Chicago. She began her career at the Reserve Bank of Australia in the International Department. Danielle holds a Bachelor of Economics (Hons) from the University of Western Australia.

## Portfolio Manager

### Matthew Macreadie

*Executive Director - Credit Strategy and Portfolio Management*

Matthew's current responsibilities include providing credit commentary/views on the bond market and specific credit issuers with the aim of aiding investors to make better risk-return decisions. He is also part of the Debt Capital Markets (DCM) team, which provides corporates, financials, property, and infrastructure companies with flexible funding solutions and ongoing credit and governance assessment.

Prior to joining Income Asset Management, Matthew spent eight years working as a Senior Credit Portfolio Manager at Aberdeen Standard, where he was responsible for the credit portfolio construction and security selection across a wide range of investment-grade/high-yield, financial and non-financial sectors. Matthew has executed 1, 3, and 5-year credit strategies that have been consistently above benchmark. Matthew began his career at KPMG working in Auditing and Assurance within the consumer and industrials group and then spent six years at Colonial First State Global Asset Management as a Fixed Income Credit Analyst. Matthew holds a Master of Applied Finance degree from Macquarie University and a Bachelor of Commerce degree from UNSW.

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