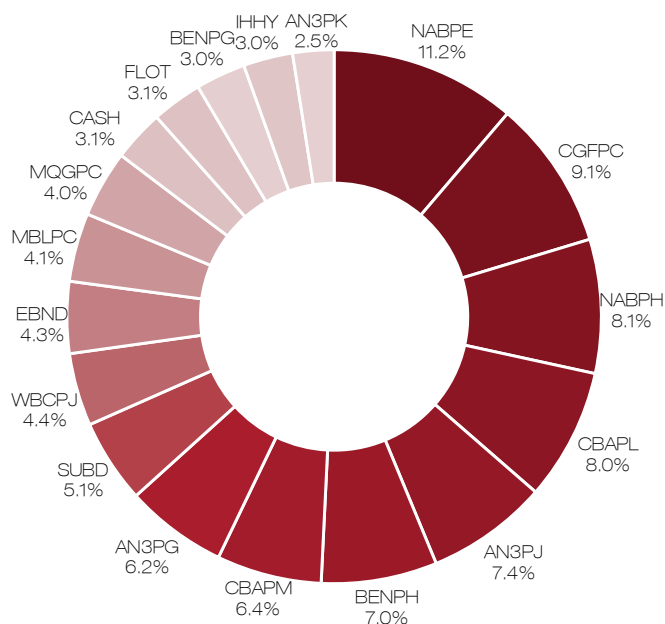


Performance*	Month	Quarter	One Yr	2 Yr pa.	3 Yr pa.	Inception	Inception pa
Yield	-0.13%	2.24%	6.40%	3.19%	3.77%	14.65%	3.55%
RBA Cash	0.34%	1.02%	3.40%	1.91%	1.31%	4.61%	1.16%



## Portfolio Strategy

This income Strategy is designed for clients who want a better return than term deposits and cash while also have at-call access to their funds. It suits a conservative risk profile. The strategy invests in hybrids issued by investment-grade Australian financial institutions. There is also an allocation to bonds, both Australian and international including sub-investment grade. The strategy targets a return of the RBA cash rate +2.5 - 3.5%.

## Portfolio Characteristics

Inception Date	2/09/2019
Benchmark	RBA Cash Rate
Return Since Inception	3.6% p.a.
Benchmark Return Since Incp.	1.2% p.a.
Portfolio Manager	Will Allen

After two really good months it wasn't surprising for the month of August to end up with a small negative return of -0.13%. The catalyst for it was the unexpected announcement of a new NAB hybrid issue. With hybrid spreads already tight, this new issue brought new supply into the market causing longer dated spreads to push out.

Prior to the NAB issue we were already taking advantage of the tight spreads by selling down some of our long dated holding in Bendigo Banks BENPH issue, replacing it with the much shorter BENPG issue. The effect of this is to reduce net portfolio duration and volatility.

As it stands right now, credit spreads are close to their long term average. Inflation, while falling, remains high, and often it's the last % or 2% that are the hardest to bring down. And there's still talk we may see another interest rate rise.

Investors can remain comfortable in the knowledge that in the medium term their investment should yield between 6% and 7%. A short, boring update this month. Boring is good!

Any questions please call me.

\*Note: Performance of the strategy group is representative of individual client portfolios, although performance can differ due to inherent differences between clients' portfolios such as initial entry timing, legacy holdings or requested stock exclusions. Performance measured is after fees, taxes and franking credits.