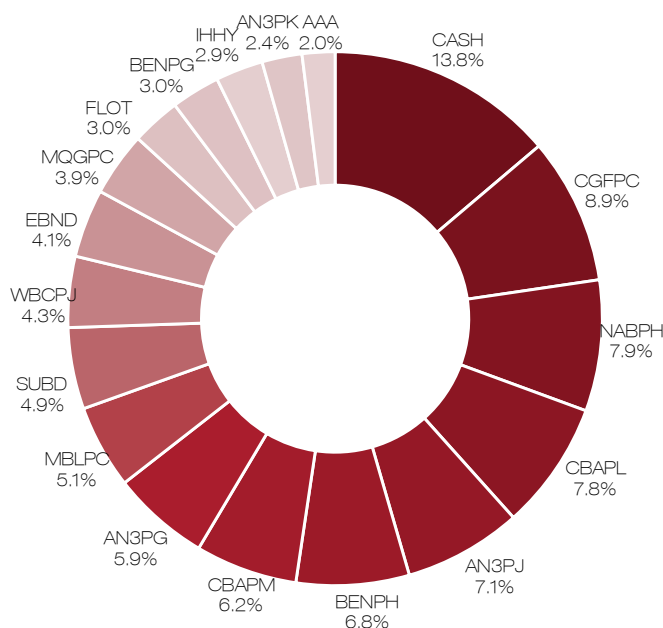


Performance*	Month	Quarter	One Yr	2 Yr pa.	3 Yr pa.	Inception	Inception pa
Yield	1.05%	2.05%	6.79%	3.46%	4.04%	15.86%	3.75%
RBA Cash	0.34%	1.02%	3.55%	2.08%	1.42%	4.96%	1.22%



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	3.8% p.a.
Benchmark Return Since Incp.	1.2% p.a.
Portfolio Manager	Will Allen

The portfolio bounced back in September with a +1.05% return. It's typical in September to get an outsized performance with many bonds and hybrids we hold paying their quarterly coupon. It also means that spreads have come in again having moved out in August. Spreads remain on the tight side as investors continue to be attracted to the 6% to 7% yields on offer.

Interest rates and interest rate expectations continue to drive the market. As the dynamic economic picture continues to evolve, we know (we think we know...) that cash rates have peaked somewhere around this 4% level BUT maybe they are going to stay at this level for a long time to come. The futures market is even suggesting up to the next 4 years in fact.

Why so? Australia debt pile isn't so bad compared to other 1st world economies, but we are a small player. The US debt pile is large and is growing. They are sucking up investor buying interest with rates that are higher than ours, and will continue to do so for the foreseeable future. When we borrow, we have to compete with the US and others, for capital. So we need to offer an incentive. That number seems to be around 4% for now. It's also because inflation, while moderating, is still higher than the RBA would like.

Never a dull moment. October is traditionally volatile and it started out that way with another sad and senseless war.

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.