

## INVESTMENT OBJECTIVE

- ◆ Deliver a tax effective yield at a premium to cash with moderate levels of capital volatility.
- ◆ Outperform the benchmark by 1% after fees and taxation, over rolling three year periods.

## INVESTMENT FEATURES & BENEFITS

- ◆ Directly held, actively managed income portfolio providing a regular yield at a premium to cash.
- ◆ Predominantly floating rate, with regular distributions.
- ◆ Diversified portfolio blending a range of security types and structures ranging from government bonds through to complex hybrid subordinated securities.
- ◆ Strong focus on risk management.

## INVESTMENT STYLE

RAM is an active manager with a flexible mandate to deliver on the investment objective.

RAM has a value and quality bias to portfolio construction, with a focus on delivering risk adjusted absolute returns. We run a bottom up process with a top down macro overlay to ensure the portfolio is appropriately positioned for current market circumstances and our current economic outlook.

## TARGET CLIENTS

Investors with a long term investment horizon, seeking regular income with moderate capital volatility. The strategy is well suited to clients, eligible for the rebate of imputation credits.

## STRATEGY KEY DETAILS

|                               |  |
|-------------------------------|--|
| Asset Class                   | Australian Fixed Interest & Credit   |
| Available Platforms           | AMP, CFS Edge, Macquarie, RAM  |
| Duration Risk                 | Predominantly floating rate  |
| Minimum Investment            | \$25,000 (SMA); \$500,000 (MDA)  |
| Management Fee                | 0.51%<br>Platform and advisory fees may apply  |
| Indicative Number of Holdings | 15-25 securities (concentrated portfolio)  |
| Benchmark                     | Benchmark unaware<br>Over the longer term the strategy performance is compared relative to the Bloomberg Ausbond Bank Bills Index. |
| Franking                      | 50%-60% franked*   |
| Indicative Turnover           | 15%-20% p.a.   |
| Investment Horizon Time Frame | 5+ years   |

\*Franking percentage is based on income received year ending 31<sup>st</sup> August 2023.

## INVESTMENT UNIVERSE

ASX listed debt and credit securities including:

- ◆ Cash
- ◆ Government Bonds
- ◆ Exchange Traded Fixed Interest Funds (ETF's & ETPs)
- ◆ Corporate Senior/Subordinated Debt & Hybrids
- ◆ Financial Senior, Subordinated and Hybrid Capital Notes
- ◆ Unlisted Fixed Interest Funds

All issuers of direct securities must be at minimum Investment Grade as determined by independent credit rating agencies. Listed securities are generally subordinated and do not have credit ratings.

**ESG Exclusions** – the following sector exclusions based on company revenue/GICS industry group apply to the investment universe:

Revenue: Gambling (0.0%), Tobacco Retailing (10%), Tobacco Manufacturing (0.0%), Pornography (0.0%), Armaments (0.0%), Coal Mining (0.0%). GICS sectors following are specifically excluded: Aerospace & Defense, Casinos & Gambling, Coal & Consumable Fuels, Tobacco/Nicotine Production.

## PORTFOLIO CONSTRUCTION RISK LIMITS

|                                    |  |
|------------------------------------|--|
| Cash                               | 1.5% - 50%   |
| Fixed Interest & Credit Securities | 50%-98.5%  |
| Fixed Rate Exposure                | 0% - 50%   |
| Floating Rate Exposure             | 50% - 100%   |
| Maximum Issuer Exposure            | 15%  |
| Minimum Security Weight            | 2%   |
| Ethical Exclusions                 | Gaming, Tobacco, Coal Mining, Pornography, Armaments |
| Minimum Security Issue Size        | \$100m   |
| Minimum Issuer Credit Rating       | Investment Grade                                     |

## RATING AND AWARDS



**IMAP**  
MANAGED ACCOUNT  
AWARD WINNER  
AUSTRALIAN FIXED  
INTEREST



IMAP  
MANAGED ACCOUNT  
AWARD WINNER  
AUSTRALIAN FIXED  
INTEREST



Australian  
Fixed  
Interest  
Winner  
2022 YEAR ENDING  
ACCOUNT AWARDS



Australian  
Fixed  
Interest  
Winner  
2023 YEAR ENDING  
ACCOUNT AWARDS



Other Asset  
Classes  
Winner  
2023 YEAR ENDING  
ACCOUNT AWARDS

## INVESTMENT PHILOSOPHY

### ACTIVE MANAGEMENT

RAM believes markets and securities trading prices can move away from intrinsic value, we aim to avoid the short term noise, whilst taking advantage of short term opportunities.

### FOCUS ON QUALITY

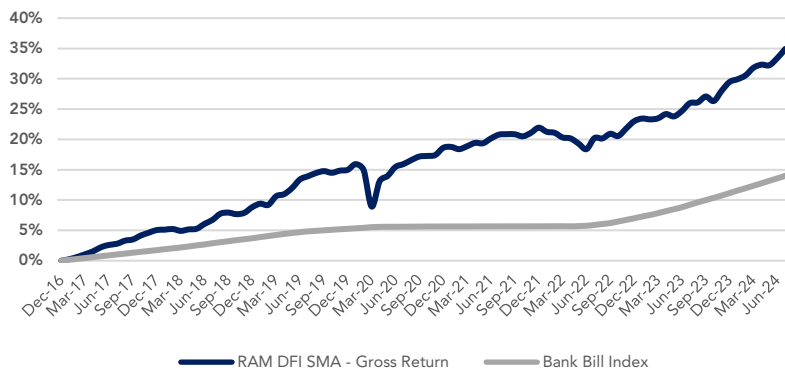
By focusing the portfolio on the higher quality end of the universe we produce a more stable portfolio outcome, more certain income stream with lower likelihood of large drawdown and equity conversion / defaults within the portfolio.

### DIVERSIFICATION

RAM believes blending a range of security types and maturities can reduce portfolio volatility whilst helping achieve the strategy objective. This includes holding negatively correlated assets such as government bonds, as well as a diversified and risk adjusted approach to portfolio construction.

## STRATEGY PERFORMANCE

Diversified FI & Credit SMA Since Inception – December 2016



## RISK MANAGEMENT

RAM focuses on risk management at the portfolio and security specific level:

- ◆ Ongoing active portfolio management and research
- ◆ High quality investment universe
- ◆ Minimum issue size to bias the portfolio to larger and more liquid securities
- ◆ Maximum position and exposure limits
- ◆ Detailed review of each securities terms of issue and particular risks, including analysis of complex securities

## CERTIFIED RESPONSIBLE INVESTMENT



CERTIFIED BY RIAA

The RAM Diversified Fixed Income & Credit SMA has been certified by the Responsible Investment Association Australasia according to strict disclosure practices required under the Responsible Investment Certification Program.

RIAA's RI Certification Symbol signifies that a product or service offers an investment style that takes into account environmental, social, governance or ethical considerations. The Symbol also signifies that the RAM Diversified Fixed Income & Credit SMA adheres to the strict operational and disclosure practices required under the Responsible Investment Certification Program for the category of Product. The Certification Symbol is a Registered Trademark of the Responsible Investment Association Australasia (RIAA). Detailed information about RIAA, the Symbol and RAM Diversified Fixed Income & Credit SMA's methodology, performance and stock holdings can be found at [www.responsiblereturns.com.au](http://www.responsiblereturns.com.au), together with details about other responsible investment products certified by RIAA.<sup>1</sup>

| RAM Diversified FI & Credit Strategy Performance 31 <sup>st</sup> July 2024 | 1 Month      | 3 Months     | 6 Months     | 1 Year       | 2 Year p.a.  | 3 Year p.a.  | 5 Year p.a.  | Since Inception p.a. |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------------|
| Strategy Cash Return  | 1.11%        | 1.65%        | 3.23%        | 5.85%        | 4.87%        | 2.91%        | 2.68%        | 3.30%                |
| Strategy Imputation Credits   | 0.02%        | 0.32%        | 0.63%        | 1.26%        | 1.09%        | 0.87%        | 0.76%        | 0.72%                |
| <b>Strategy Gross Return*</b>   | <b>1.13%</b> | <b>1.97%</b> | <b>3.85%</b> | <b>7.11%</b> | <b>5.96%</b> | <b>3.78%</b> | <b>3.44%</b> | <b>4.03%</b>         |

## CONTACT US

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Data as of 31 July 2024. Licenced Financial Advisor Use Only.

\*After taxation for a zero percent tax payer who is entitled to a rebate of imputation credits. Performance figures show RAMs model performance quoted gross of fees. Client performance may differ due to a range of factors. Past performance is no guide to future performance. Inception date 31/12/2016. This document is for general information purposes only. Personal advice can be obtained from your Client Advisor.

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