Investment Manager Report –financial year to 30 June 2022

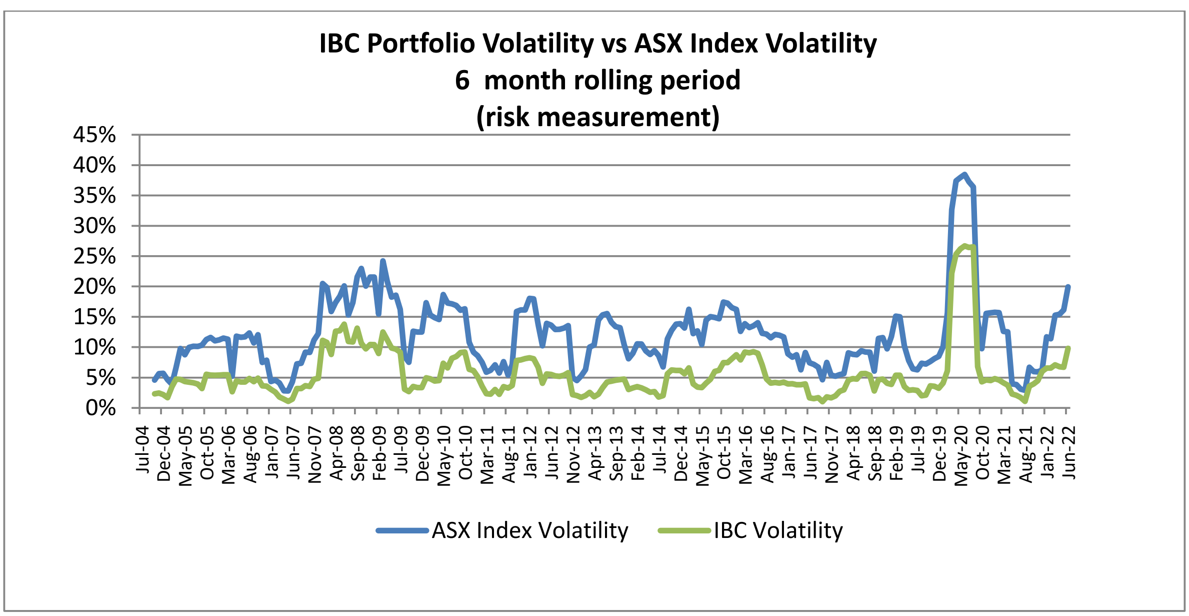
The manager's focus is to deliver consistent returns and a high fully franked dividend yield from the portfolio. IBC's performance benchmark is the 1-year swap rate plus 6% per annum.

Performance measurement includes franking credits and option premium income. Franking credits are a significant source of return from IBC's hybrid investments and for shareholders. Option premium income is generated from buy & write activity and varies with market conditions. Over the year, realised option premium income was around $1,086m (1.7% of the portfolio). The calculation of the portfolio's current running yield of 7.2% excludes option income because realised option premiums are highly variable from year to year.

IBC recorded a pleasing portfolio return of 4.1% over the financial year, outperforming declining equity and debt markets, however underperforming its benchmark return of 6.93% (1 year swap rate +6%pa). The ASX 300 Accumulation Index fell -6.78% over the year. Since inception, over 19 years including two crisis periods (GFC & Covid-19) the portfolio achieved a return of 8.8%pa with 53% of equity market risk measured in terms of volatility.

PERFORMANCE TO 30/6/22 *FUM $57.5m*	Inception 19.5yrs % pa	10 Yr % pa	5 Yr % pa	3 Yr % pa	2 Yr % pa	1 Yr % pa	6 Mths %
IBC pre fees plus franking	**8.75**	**7.70**	**6.99**	**5.06**	**10.12**	**4.05**	**-1.50**
1 yr swap +6%	9.45	7.69	7.04	6.54	6.50	6.93	3.69
Relative performance	-0.69	0.01	-0.05	-1.48	3.62	-2.89	-5.19
volatility IBC	**7.3**	**7.4**	**9.3**	**11.6**	**6.2**	**8.0**	**9.8**
volatility ASX300	13.7	13.6	15.5	18.7	13.5	14.7	19.9
ASX 300 Accum	**8.55**	**9.24**	**6.90**	**3.44**	**9.45**	**-6.78**	**-10.39**
Vol relative to ASX	53%	55%	60%	62%	46%	55%	49%

IBC's focus on income generation and capital preservation from a balanced portfolio structure has delivered very good risk adjusted returns compared to the equities market. Over the year, corporate activity in regulated utilities, the rerating of value stocks, and option premium income under the buy & write strategy, supported the defensive financial year return.



Portfolio

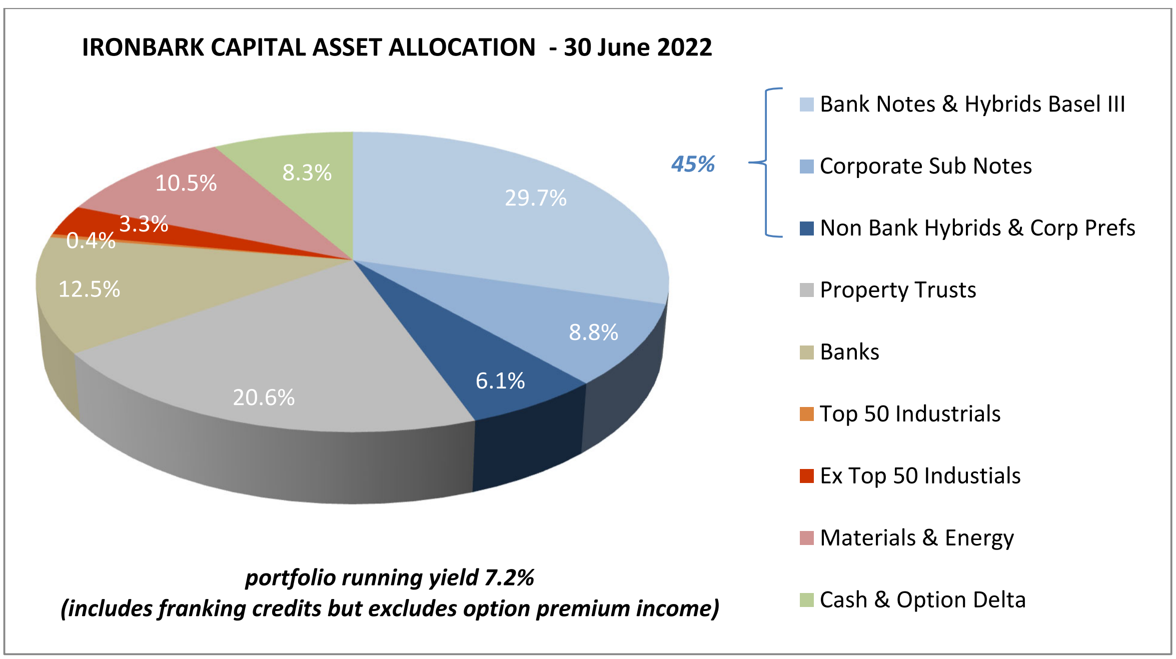
The portfolio is structured with an emphasis on income through yield orientated securities (hybrids and corporate bonds, utilities, property trusts) and buy & write positions in leading companies. The portfolio's running yield was 7.2% inclusive of franking credits but excluding option premium income.

The buy & write strategy involves buying selective shares and selling, subject to appropriate timing, call options over those shares. This strategy gives away some of the upside potential from a shareholding but generates option premium income consistent with the income emphasis of the portfolio.

The portfolio is diversified across 24 different entities. Higher risk exposures in banks, industrials and resources are largely held through buy & write option positions for income enhancement or added protection. The portfolio's hybrid and corporate bond holdings are mostly floating rate securities with little duration risk.

Approximately 45% of the portfolio was held in hybrids and corporate bonds and 20% in buy & write exposures in Banks, BHP and Woodside. The balance was represented by 21% in property trusts, 3% in mid-cap and small companies, 3% in small resources and 8% held in cash & option delta.

Asset allocation reflects a cautious stance.



Portfolio Performance-financial year to 30 June 2022

The portfolio recorded a return of 4.05% for the financial year period.

The 5% holding in Spark Infrastructure (SKI) was exited under takeover and delivered a return of 31%. Proceeds were largely reinvested into hybrids and corporate bonds and buy & writes.

Buy & writes returned 8.7% and were mainly held in the major banks, resources (BHP and Woodside) and Telstra. Buy & write exposure was 20% after option delta. High volatility option premiums provided good downside protection against a fall in the equities market of -10.4% in the second half. Option profits (realised and unrealised) provided nearly half of the portfolio's total one year return.

Property trust holdings returned -0.5% with a strong return from healthcare property offsetting weakness in listed REITS.

Hybrids and corporate bonds comprised 45% of the portfolio and recorded a slight loss of -0.4% from spread widening in a very difficult period for fixed interest investments. The portfolio's holdings are floating rate securities that benefit from higher interest rates. Market swap rate pricing (30/6/ 22) implied yields to first call for floating rate bank hybrids of: 6.0%pa (2 yrs), 6.6%pa (4 yrs) and 7.2%pa (6 yrs), which are considered attractive levels.