**Investment Manager Report –financial year to 31 December 2023**

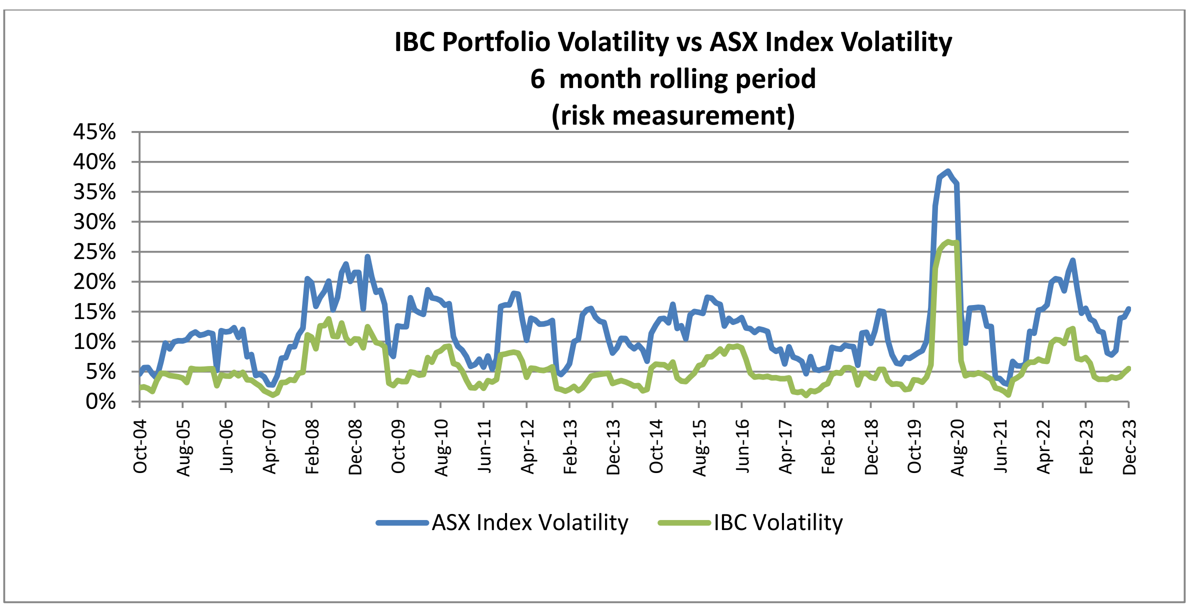
The manager's focus is to deliver consistent returns and a high fully franked dividend yield from the portfolio. IBC's performance benchmark is the 1-year swap rate plus 6% per annum.

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 half year, realised option premium income was around $0.58m (0.95% of the portfolio). The calculation of the portfolio's current running yield of 6.7% excludes option income because realised option premiums are highly variable from year to year.

The IBC portfolio recorded a good return of 5.66% over the half year, outperforming its benchmark return of 5.22% (1 year swap rate +6%pa). The ASX 300 Accumulation Index gained 7.45% over the six-month period with volatility/risk almost 3 times higher than IBC's portfolio. Since inception, covering 21 years including several crisis periods, the portfolio achieved a return of 9.1%pa with 52% of equity market risk measured in terms of volatility.

| *PERFORMANCE TO 31/12/23* *FUM $62.2m* | Inception 20yrs % pa | 10 Yr % pa | 5 Yr % pa | 3 Yr % pa | 2 Yr % pa | 1 Yr % pa | 6 Mths % |
|---|---|---|---|---|---|---|---|
| **IBC pre fees plus franking** | **9.09** | **7.56** | **9.14** | **10.20** | **8.78** | **7.77** | **5.66** |
| **1 yr swap +6%** | 9.53 | 7.87 | 7.66 | 8.32 | 9.43 | 10.17 | 5.22 |
| **Relative performance** | -0.44 | -0.31 | 1.48 | 1.88 | -0.65 | -2.40 | 0.45 |
| | | | | | | | |
| **volatility IBC** | **7.2** | **7.6** | **9.6** | **6.2** | **7.0** | **4.6** | **5.5** |
| volatility ASX300 | 13.7 | 14.1 | 16.7 | 13.6 | 16.3 | 13.0 | 15.5 |
| | | | | | | | |
| **ASX 300 Accum** | **9.02** | **7.91** | **10.27** | **8.99** | **4.95** | **12.13** | **7.45** |
| **Vol relative to ASX** | 52% | 54% | 57% | 45% | 43% | 35% | 36% |

IBC's focus on income generation and capital preservation from a balanced portfolio structure has delivered relatively lower volatility and very good risk adjusted returns compared to the equities market.



**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 6.7% inclusive of franking credits but excluding option premium income.

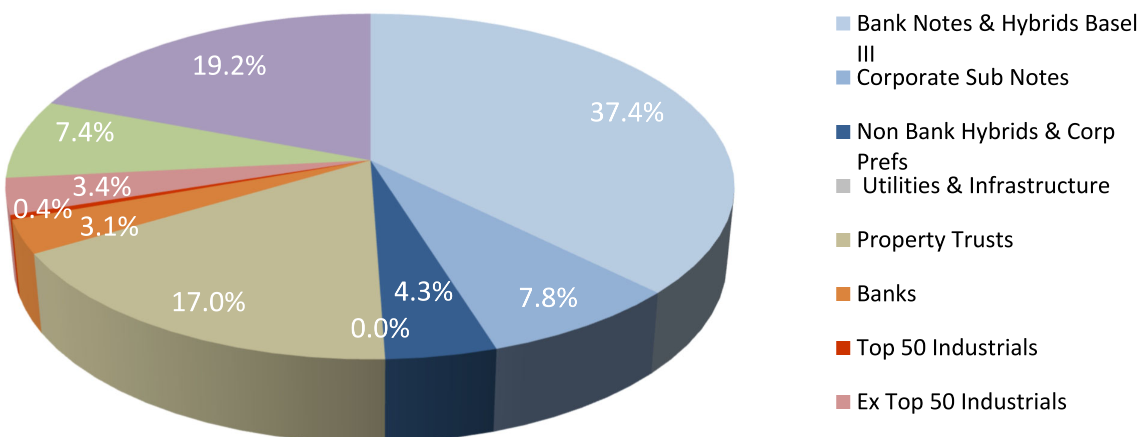
The buy & write strategy involves buying selective shares and selling, subject to appropriate timing, call options over those shares. This strategy gives away some of the upside potential from a shareholding but generates option premium income consistent with the income emphasis of the portfolio.

The portfolio is diversified across 21 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 49.5% of the portfolio was held in hybrids and corporate bonds, and 26% in buy & writes in Banks, Telstra, BHP and Woodside that reduces to 8.7% exposure after option delta. The balance was represented by 17% in property trusts, 3.4% in mid-cap and small industrial companies, 2.2% in small resources and 19.2% held in cash & option delta.

Asset allocation reflects a cautious stance.

**IRONBARK CAPITAL ASSET ALLOCATION - 31 December 2023**




***portfolio running yield 6.7%***
***(includes franking credits but excludes option premium income)***

**Portfolio Performance-half year to 31 December 2023**

The portfolio recorded a return of 5.66% over the six-month period. Buy & writes in resources and banks delivered strong gains of 12.5%. Hybrids and corporate bonds representing around 50% of the portfolio returned 4.3%, benefiting from high floating rate distributions. Property trusts detracted from returns with the portfolio holdings more weighted towards long-leased properties underperforming.

The portfolio increased its exposure to hybrids and corporate bonds by 4% to 49.5%. Investments were made in wholesale floating rate subordinate notes through new issuance by NAB, CBA, Suncorp on margins of 280bps, 205bps and 235bps respectively above the 90-day bill rate. The portfolio participated in the new Westpac hybrid (WBCPM) issued on a margin of 310bps. The holding in Qube subordinated notes matured.

Over the past 12 months the manager has tilted the portfolio towards higher ranking subordinated debt rather than hybrids to improve the risk return and liquidity profile of the fixed interest component of the portfolio. The overall running yield on hybrids and corporate bonds in portfolio was an attractive 7.1%.