

# FIIG's Custodial Services

FIIG's Custodial Services hold your bonds safely to maturity or until you sell them.

## What are custodial services?

When you buy bonds, you are required to hold them in custody until maturity or you decide to sell them. Custodial services are where a company, licensed by ASIC to do so, holds bonds in custody for their clients. The beneficial ownership of the bond remains with you, the investor.

FIIG is authorised pursuant to its Australian Financial Services Licence issued by ASIC to provide custodial services for its clients.

## FIIG – the experts in fixed income

As Australia's largest fixed income specialist, FIIG is committed to helping Australians secure their financial future by enabling direct investment in the fixed income market. FIIG delivers access to investments that offer income and capital stability. At FIIG we put you the client first by providing:

- o Fixed income expertise through our fixed income specialists, our research and our market knowledge;
- o Direct access to a wide variety of fixed income products and services; and
- o Control and transparency through industry best practice custody and reporting services.

FIIG is privately owned and not owned by any financial institution. Whether you're a private investor, intermediary or an institution, we're wholly committed to providing you with direct access to an extensive range of high quality fixed income investments you can trust.

## Why fixed income?

As you're no doubt aware, a strategy of diversification is essential to the stability of your investment portfolio. Fixed income is a fundamental element of any balanced investment portfolio. It:

- o May deliver greater capital stability than equities
- o Can produce higher yields than those earned from cash.
- o Provides a regular income stream through interest payments and liquidity, via an extensive over-the-counter (OTC) market for buying and selling fixed income products.
- o Provides direct investment in the debt of corporates, financial institutions, property trusts, resource companies, infrastructure assets and mortgage-backed securities.

Please note that a corporate bond is not a bank deposit. Corporate bonds have a greater risk of loss of some or all of an investor's capital compared to bank deposits.

## About FIIG's Custodial Services

FIIG's Custodial Services supports your direct investment in fixed income across a range of investment sizes, starting from \$10,000 per bond with a minimum portfolio balance of \$50,000. This is carried out through safe keeping of your investments, the management of coupon collections and maturities on your behalf, and the provision of portfolio reporting and analysis.

With FIIG's Custodial Services:

- You can have full confidence in your fixed income holdings being securely held on your behalf.
  - o You retain beneficial ownership of the bonds held in your FIIG Custodial Account.
  - o A GS007 audit is performed by KPMG usually on an annual basis, ensuring an independent review of FIIG's Custodial Service practices and procedures.
  - o AUD and foreign currency denominations bonds can be held in your FIIG Custodial Account.
  - o FIIG is an incidental provider of custodial services, fully licensed to provide custodial services, and regulated by ASIC.
- You're kept completely informed. You have secure 24/7 online access to your portfolio information, via the MyFIIG portal, detailing:
  - o Investments
  - o Fixed income holding monthly valuations
  - o Investment income
  - o Fixed income transactions
  - o Credit ratings (wholesale clients only)
  - o Review contract notes, coupons and maturity advice
  - o Funding Account balances (when you open a Funding Account (a Macquarie Bank CMA))

You also have access to **portfolio tools** and up-to-date market data, to help you stay right on top of your investments. FIIG provides cash flow forecasting tools to help you analyse your portfolio and expected future income.

- You save time. FIIG administers corporate actions on your behalf, including processing coupons and investment maturities. In addition, your annual statement from us provides you and/or your accountant with information to assist in the completion of your tax return.
- You have timely access to funds. Your income and funds from maturing investments are paid into your nominated bank accounts generally within two days of the issuer paying the funds to FIIG.

## Paying for your bonds

The easiest way to pay for your bonds is via the FIIG Funding Account provided by Macquarie Bank. The FIIG Funding Account will act as a hub for your fixed income investments with FIIG and provide you significant benefits including:

- o Same day settlement meaning you'll continue to earn interest up until settlement day.
- o Your cash holdings will be included in your MyFIIG reporting on our website at [www.fiig.com.au](http://www.fiig.com.au) as well as on your monthly Holding Statement so you'll be able to see your fixed income and cash holdings in one place.
- o FIIG will pay funds directly into your FIIG Funding Account, making them speedily available.
- o You'll earn interest on funds held in your FIIG Funding Account.
- o If there's a delay between transactions when switching bonds (selling one bond and buying another), funds may be deposited in your interest bearing FIIG Funding Account. These funds will earn interest between transactions.

## Fees

FIIG charges a:

### Custody and Administration Fee:

0.20% p.a. for the first \$500,000

0.14% p.a. for the next \$1.5m

0.09% p.a. for the next \$3m

0.06% p.a. for amounts over \$5m

Clients nominating an existing Macquarie Bank CMA or electing to establish a new FIIG Funding Account with Macquarie Bank will pay a minimum monthly fee of \$20. Alternatively, for clients who do not have a FIIG Funding Account, the minimum monthly fee will be \$30. The Custody and Administration Fee will be calculated daily on the value of your account holdings and charged monthly.

### Dishonour fee:

A dishonour fee of \$60 may be charged if insufficient funds are available at the time FIIG seeks to charge the fee.

### In specie transfer fee:

An in specie transfer fee may be payable should you transfer existing securities between FIIG and another custodian. This fee will vary according to the complexity of the transfer and will be agreed with you prior to the transfer occurring. However, the fee will not exceed \$300 per series of security transferred.

All the above fees are inclusive of GST.

The Custody and Administration Fee will be debited monthly from your FIIG Funding Account, or another account you nominate.

If you choose not to provide a direct debit authorisation, FIIG may deduct the fees from your coupons, maturities or disposal proceeds once they become available.

## Valuation of your bonds

The vast majority of securities available in the fixed income market is via an over the counter (OTC) market, meaning there is no one single market value as you would find on the stock exchange for equities. FIIG recognises the need to ensure that the bond valuations we provide to our clients are independent and transparent.

In doing so, FIIG uses an end of day institutional market mid-point valuation, supplied by an independent pricing provider used by many of the largest fixed income fund managers globally to value our clients' holdings.

## Minimum investment amounts

Unless otherwise stated, bonds purchased through FIIG are available in minimum \$10,000 parcels. The minimum overall account or bond portfolio size is \$50,000.

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