

c Benefits of RMBS

Large, institutional market

- A\$114 billion market – double the size of the corporate bond market

Secured Bonds

- RMBS & ABS are **secured bonds** which typically have a track record of low capital volatility
- Multiple layers of bondholder protection – home equity, mortgage insurance, bank profits
- “Skin in the game” – originating bank takes losses before bond holders
- No equity conversion or write off
- Lower risk than hybrids and unsecured debt

RMBS historical loss performance

- No investor has ever lost a \$ of principal investing in Australian RMBS

Strong relative value

- RMBS typically offer a higher return for a given “rating” or maturity than other parts of fixed income