



# *Portfolio Strategy*



## **IndexPro**

*A strategic approach to  
Australian equity exposure*

## PORTFOLIO STRATEGY OVERVIEW

### IndexPro Portfolio Strategy:

The IndexPro Strategy is a sophisticated investment approach designed to provide targeted exposure to Australian equities and floating rate notes over a 5-year term. It comprises two distinct components: an ASX200 Structured Investment providing growth exposure (80% allocation) and an Active Fixed Income component (20% allocation).

The structured investment offers 130% participation (1.3x) to positive ASX200 price movements, while limiting downside risk to a maximum loss of 15% at maturity (subject to issuer risk). The fixed income component, is exposed to Coolabah Floating-Rate High Yield Fund, which aims to provide regular income and additional downside protection from investment grade floating rate notes.

### How It Works

#### **Component 1: ASX200 Structured Investment (80% Allocation)**

- *Enhanced growth exposure:* Provides 130% (1.3x) to positive ASX200 price movements.
- *Limited downside:* 85% Capital Protection (Maximum loss capped at 15% at maturity).
- 5-year investment term.
- Please refer to Term Sheet for detailed risks, including but not limited to, the credit risk of the issuer.

#### **Component 2: Active Fixed Income (20% Allocation)**

- Investment in the Coolabah Floating-Rate High Yield Fund (APIR: ETL6855AU)
- Aims to provide regular income by actively investing in a portfolio of investment-grade Australian Floating-Rate Notes (FRNs).
- The Fund currently has a target running yield and yield to maturity of 9% p.a. and 11% p.a. respectively after fees and expenses.
- Please refer to the detailed "Risks" section in the PDS and to the Fund's Target Market Determination (TMD)^.

By combining both components together, it provides investors the opportunity for amplified returns in positive markets with a defined risk profile, and potentially a more favourable risk-return profile compared to direct investment in the index.

### Important Considerations

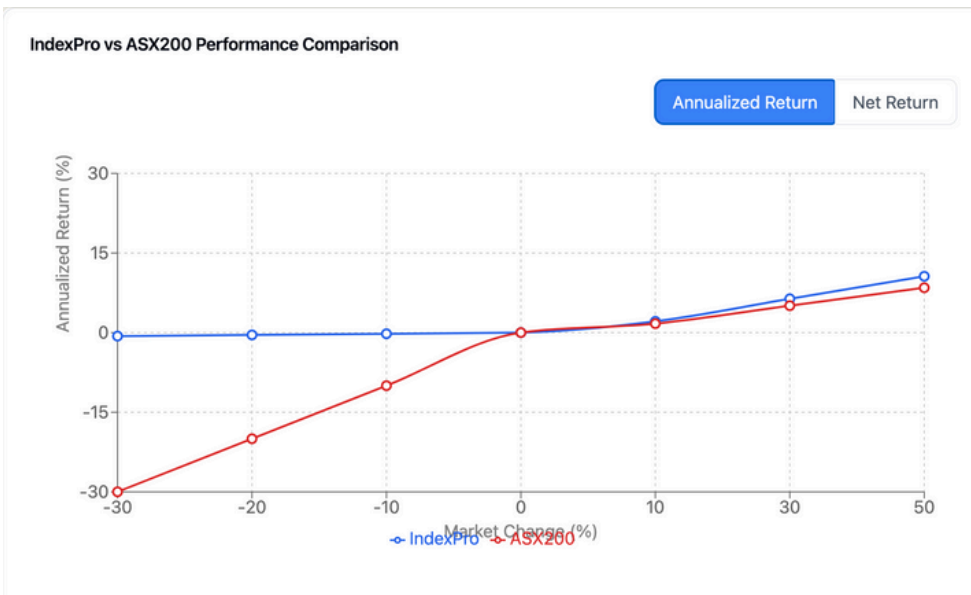
- The strategy is made up of two (2) separate investments.
- Past performance is not a reliable indicator for future performance.
- Each component does not provide guarantee of investment outcomes.
- Please refer to [Key Documents](#), including Investment Presentation, Term Sheet, IM and or Fund Documentation for key risks and terms.

# INDEXPRO SCENARIO PERFORMANCE

## IndexPro Payoff Chart Component 1 + 2 Combined

### Assumptions:

- Weighted Allocation: 80% to ASX 200 Structured Investment, 20% to Coolabah Floating Rate High Yield Fund.
- Coolabah Floating Rate High Yield Fund return annualised at 7.53% p.a (Based on Oct 31 2024 Running Yield to forecast the yield on the FRHYF over 5 years).



### Bear market scenario:

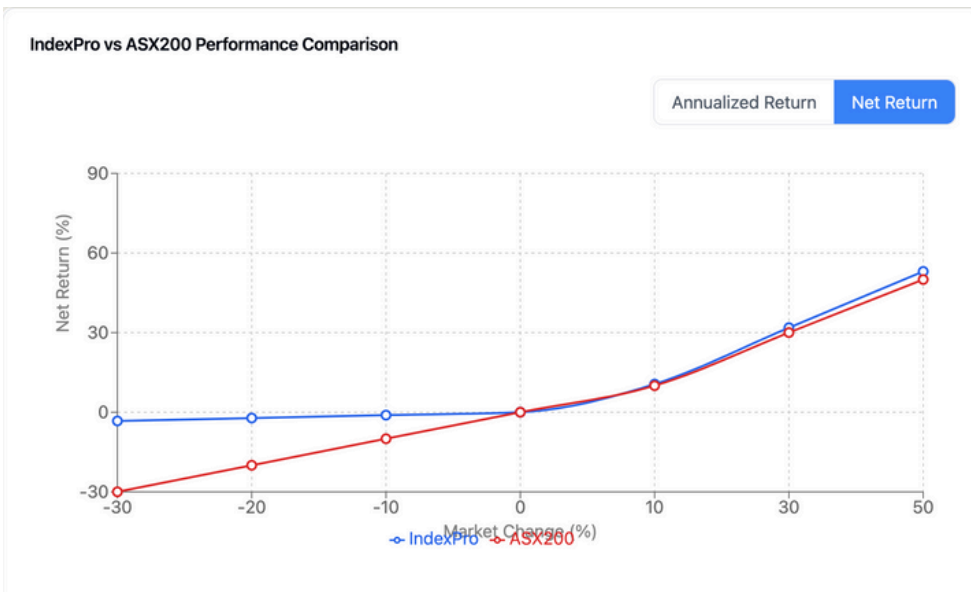
- If the ASX200 falls as much as 30%, IndexPro limits annualized losses to around -0.66%.

### Bull market scenario:

- As the ASX200 returns increase, IndexPro not only keeps pace but surpasses a direct investment in the index.

### Key Considerations:

- **ASX 200 Structured Investment:** Principal protection does not eliminate the risk of further investment losses. Investors are subject to the credit risk of the issuer.
- **Coolabah Floating Rate High Yield Fund:** This component is designed to provide potential stabilisation, but cannot fully prevent losses in severe market downturns. The fund or its underlying investments are not capital-guaranteed.
- The illustrated scenarios demonstrate a range of potential outcomes based on historical market simulations.
- Historical performance and simulations should be used a reliable indicator of future performance.



## COMPONENT 1: ASX200 STRUCTURED INVESTMENT

Component 1 of IndexPro is a structured investment product offering exposure to the ASX 200 index (excluding dividends), with additional features aimed at both downside protection and leveraged upside.

### Investment Structure

- **Principal Protection (85%)**
  - Guarantees 85% of the initial investment at maturity (subject to issuer credit risk).
  - Maximum loss is therefore capped at 15% of the initial investment, regardless of the index's performance over the 5-year term.
- **Leveraged Upside Participation (130%)**
  - Provides 1.3X leverage on any positive performance of the ASX 200 index.
  - For every 1% increase in the ASX 200, the product returns 1.3% to the investor.

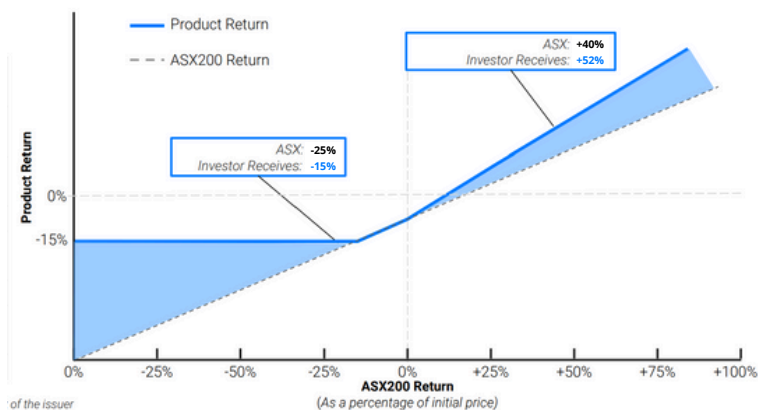
### Payoff Structure

- **Positive Market Performance**
  - **Scenario:** If the ASX 200 index rises over the 5-year term.
  - **Calculation:** Maturity Value = Initial Investment + (Initial Investment × ASX 200 Performance × 130%)
  - **Example:** If the ASX 200 rises by 40% over 5 years:
    - $\$100,000 + (\$100,000 \times 40\% \times 130\%) = \$152,000$
- **Negative Market Performance**
  - **Scenario:** If the ASX 200 index declines over the 5-year term.
  - **Outcome:**
    - Losses are limited to a maximum of 15% of the initial investment.
    - At maturity, investors receive at least 85% of their initial investment.
  - **Example:** If the ASX 200 falls by 30% over 5 years:
    - \$85,000 (minimum payout on a \$100,000 investment)

### Key Features

- **Investment Term:** 5 years
- **Principal Protection:** 85% (subject to issuer credit risk)
- **Upside Leverage:** 130%
- **Maximum Return:** Uncapped
- **Reference Asset:** ASX 200 index

### Payoff Chart



## COMPONENT 2: ACTIVE FIXED INCOME

### Coolabah Floating-Rate High Yield Fund

This component of the strategy aims to provide enhanced income and additional downside protection through active management of a portfolio of investment-grade Australian Floating-Rate Notes (FRNs).

**Key features include:**

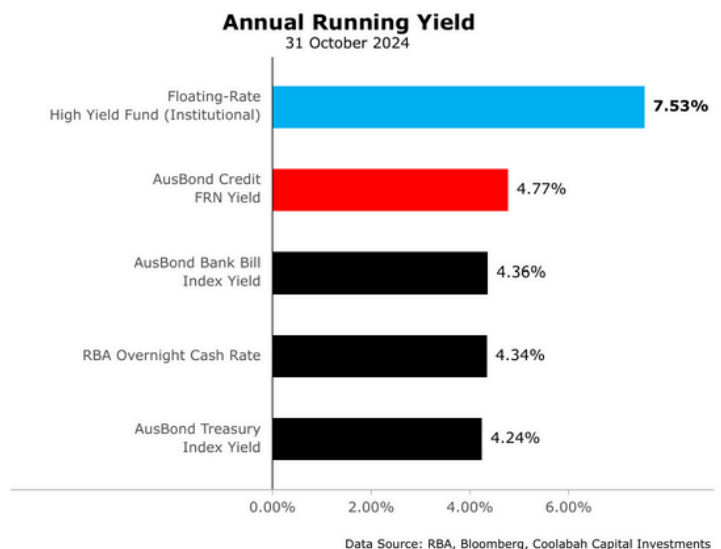
- **Investment Focus:** Primarily invests in cash securities and investment-grade floating-rate Australian bank-issued senior and tier 2 bonds.
- **Interest Rate Sensitivity:** Very low interest rate risk due to the variable nature of FRN payments, which reset monthly or quarterly.
- **Yield Profile:** As of October 2024, the fund had a running yield of 7.53% pa.
- **Credit Quality:** Maintains a weighted-average credit rating of A+.
- **Performance:** Since inception in December 2022, the fund has returned 12.20% pa gross (11.30% pa net) with a volatility of 1.44% pa.

The fund's structure provides several benefits to the overall portfolio strategy:

- **Income Generation:** Offers potential for regular income, complementing the capital growth focus of Component 1.
- **Downside Protection:** Acts as a buffer during negative market performance, helping to reduce overall portfolio volatility.
- **Low Correlation:** Performance is independent of Component 1, enhancing diversification.
- **Liquidity:** Daily pricing and withdrawal requests, providing flexibility.

### Historical Performance

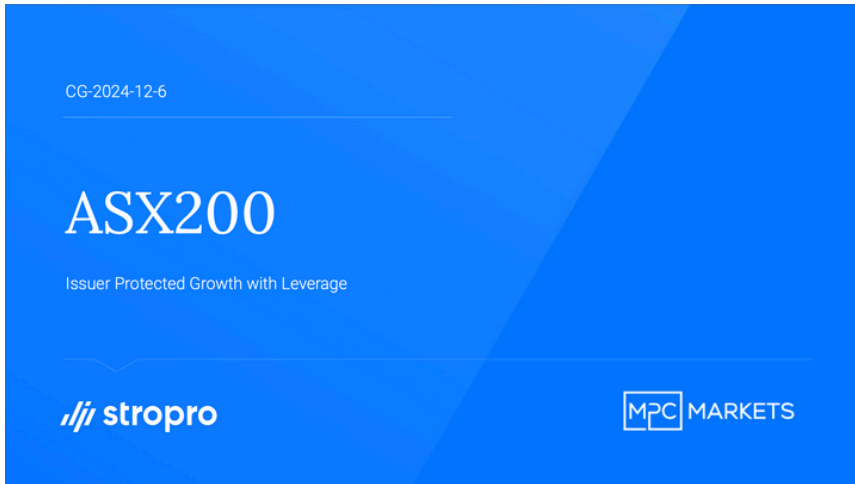
Period Ending	Gross Return	Net Return	Bloomberg AusBond Credit FRN 0+ Yr Index
2024-10-31			
1 month	1.09%	1.02%	0.50%
3 months	2.20%	2.00%	1.36%
6 months	5.13%	4.70%	2.83%
1 year	11.88%	10.99%	5.86%
Inception pa Dec. 2022	12.20%	11.30%	5.35%



## KEY DOCUMENTS

For specific information on each component to the portfolio strategy please click the images below to view the product deck

### ASX200 Structured Investment



### Coolabah Capital Floating Rate High Yield Fund (Institutional Class)

<b>COOLABAH CAPITAL INVESTMENTS</b> <small>THE INTELLECTUAL EDGE: MAKING EVERY BASIS POINT COUNT</small>		<small>Fund: Coolabah Floating-Rate High Yield Fund - Institutional Class</small> <small>Strategy: Floating-Rate High Yield</small> <small>Return (since Dec. 2022): 11.83% pa gross (10.94% pa net)</small> <small>Net return volatility (since Dec. 2022): 1.43% pa</small>		
<b>November 2024</b>				
<p><b>Objective:</b> The Coolabah Floating-Rate High Yield Fund (Managed Fund) (FRHY) aims to provide investors with higher income than other traditional fixed income investments by investing in a portfolio of investment-grade Australian Floating-Rate Notes (FRNs) with enhanced yields.</p> <p><b>Strategy:</b> The Fund predominantly invests in a portfolio of cash securities and investment grade floating-rate, Australian bank-issued senior and tier 2 bonds. It also has the capacity to invest in government bonds and corporate bonds. In contrast to fixed-rate bonds, FRNs pay a variable-rate of interest that resets monthly or quarterly and moves up and down with changes in a recognised reference interest rate. In Australia, FRNs generally track the returns of the Reserve Bank of Australia's (RBA's) cash rate via a benchmark proxy called the quarterly Bank Bill Swap Rate (BBSW) plus an additional credit spread, or interest rate margin above BBSW. Unlike a fixed-rate bond, an FRN has very low interest rate risk given the interest paid by an FRN will be highly correlated with moves in the RBA cash rate. The Fund will borrow or use leverage to provide additional exposure to these assets. Leverage can amplify gains and also amplify losses. It cannot invest in hybrid securities, equities or property.</p>	Period Ending 2024-11-30	Gross Return	Net Return	Bloomberg AusBond Credit FRN 0+ Yr Index
	1 month	0.26%	0.20%	0.37%
	3 months	1.89%	1.68%	1.31%
	6 months	4.43%	4.02%	2.69%
	1 year	10.54%	9.66%	5.77%
	Inception pa Dec. 2022	11.83%	10.94%	5.33%

### Other Key Documents - IM, Fund Documentation, Term Sheet

[Click here to view](#)

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