



# *Portfolio Strategy*



## **IndexPro S&P 500**

*US Equity Exposure*

DISCLAIMER: WHOLESALE, PROFESSIONAL OR SOPHISTICATED INVESTORS ONLY

## PORTFOLIO STRATEGY OVERVIEW

### IndexPro Portfolio Strategy:

The IndexPro Strategy is a sophisticated investment approach designed to provide targeted exposure to U.S. equities and floating rate notes over a 5-year term. It comprises two distinct components: an S&P 500 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 S&P 500 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: S&P 500 Structured Investment (80% Allocation)**

- Enhanced growth exposure: Provides 130% (1.3x) to positive S&P 500 price movements.
- Limited downside: 85% Capital Protection (Maximum loss capped at 15% at maturity).
- 5-year investment term.
- Please refer to the 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.

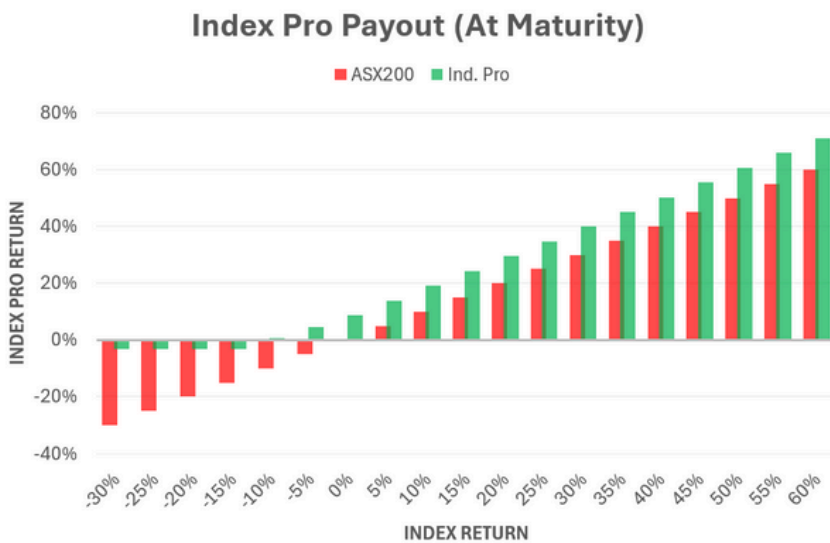
# INDEXPRO SCENARIO PERFORMANCE

## IndexPro Payoff Chart

Component 1 + 2 Combined

### Assumptions:

- Weighted Allocation: 80% to S&P 500 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 S&P500 falls as much as 30%, IndexPro limits annualized losses to around -0.66%.

### Bull market scenario:

- As the S&P 500 returns increase, IndexPro not only keeps pace but surpasses a direct investment in the index.

### Key Considerations:

- **S&P 500 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.

	ASX200 Return (5 years)	IndexPro Return (5 years)	Outperformance vs Benchmark
Protected	-30.0%	-3.3%	26.7%
	-25.0%	-3.3%	21.7%
	-20.0%	-3.3%	16.7%
	-15.0%	-3.3%	11.7%
	-10.0%	0.7%	10.7%
	-5.0%	4.7%	9.7%
Most Probable	0.0%	8.7%	8.7%
	5.0%	13.9%	8.9%
	10.0%	19.1%	9.1%
	15.0%	24.3%	9.3%
	20.0%	29.5%	9.5%
	25.0%	34.7%	9.7%
	30.0%	39.9%	9.9%
	35.0%	45.1%	10.1%
	40.0%	50.3%	10.3%
	45.0%	55.5%	10.5%
	50.0%	60.7%	10.7%
	55.0%	65.9%	10.9%
	60.0%	71.1%	11.1%
	65.0%	76.3%	11.3%
	70.0%	81.5%	11.5%
75.0%	86.7%	11.7%	
80.0%	91.9%	11.9%	

## COMPONENT 1: S&P 500 STRUCTURED INVESTMENT

Component 1 of IndexPro is a structured investment product offering exposure to the S&P 500 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 S&P 500 index.
  - For every 1% increase in the S&P 500, the product returns 1.3% to the investor.

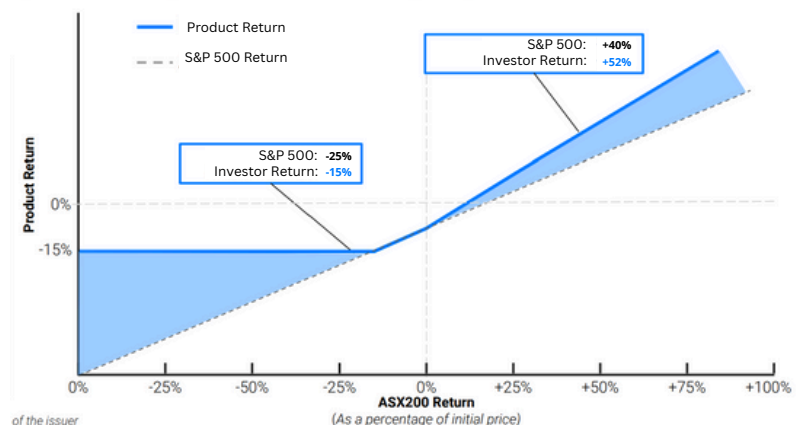
### Payoff Structure

- **Positive Market Performance**
  - **Scenario:** If the S&P 500 index rises over the 5-year term.
  - **Calculation:** Maturity Value = Initial Investment + (Initial Investment × S&P 500 Performance × 130%)
  - **Example:** If the S&P 500 rises by 40% over 5 years:
    - $\$100,000 + (\$100,000 \times 40\% \times 130\%) = \$152,000$
- **Negative Market Performance**
  - **Scenario:** If the S&P 500 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 S&P 500 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:** S&P 500 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:**

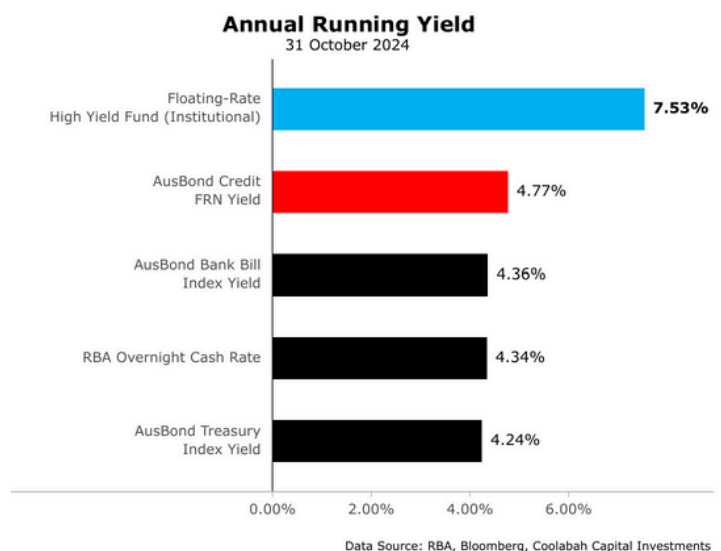
- **Investment Focus:** Primarily invests in cash securities and investment-grade floating-rate Australian bank-issued senior and tier 2 bonds.
- **Interest Rate Sensitivity:** Very low interest rate risk due to the variable nature of FRN payments, which reset monthly or quarterly.
- **Yield Profile:** 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%



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