



FIXED COUPON NOTE ASX BASKET

Delivering steady income
with a safety barrier



CSL, GMG, NWL

2026

DISCLAIMER: WHOLESALE, PROFESSIONAL OR SOPHISTICATED INVESTORS ONLY

FIXED COUPON NOTE - ASX

DIVERSIFIED



STRATEGY FEATURES



Term

2 Years

Autocall from 6M



Coupon Rate

12.5%-13%pa

Pricing range



Downside Barrier

40%



Coupon Freq.

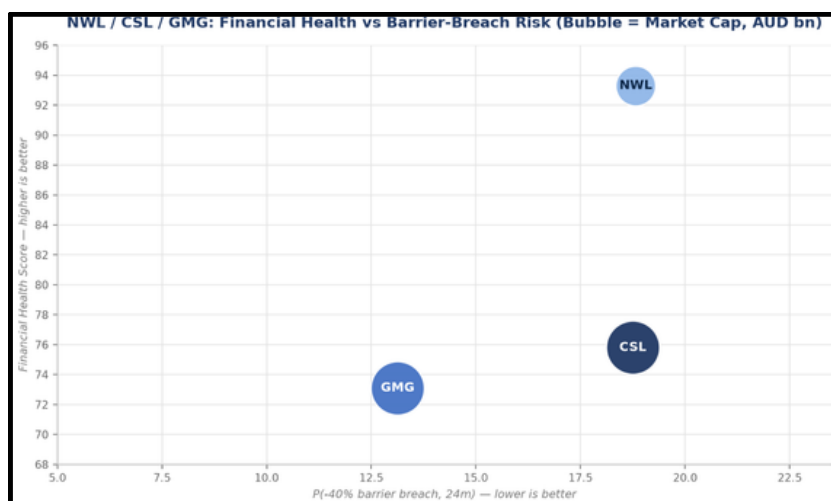
Quarterly

Strategy Profile

Fixed Coupon Note linked to a diversified basket of Australian bluechips from the real estate, healthcare and industrials sectors. The note will consist of NetWealth NWL:ASX, CSL CSL:ASX & Goodman Group GMG:ASX, providing exposure to high quality, blue chip ASX companies.

You receive a fixed annual Coupon rate of 12.50%pa to 13.00%pa*. These are paid in cash Quarterly to your nominated bank account, ensuring regular cash flow throughout the investment term

- **Term:** The investment has a duration of 2 years
 - The duration is set to 2 years to give a stock time to recover in the event of a company specific or broader market fall. **This does not mean the investors capital is tied up for 2 years.** Investors may exit after the autocall period for a penalty fee if the reference assets are below the entry or "breakeven" price. If the reference assets are above the breakeven price, the strategy will be "Autocalled"
- **Auto-call:** If all reference assets are above the entry price after 6 months, the counterparty will exit the note automatically, returning your capital in addition to the coupons
- **Downside Barrier:** Set at 40% of the initial strike price. Stocks chosen in the basket are specifically selected based on extensive back-testing and financial modelling for each company to ensure the reference assets are a low probability of ever being delivered. This feature offers partial protection against significant declines in the underlying assets' value.



Reference Asset	Piotroski Score	financial Health Score	Comments
NetWealth	6	93.3	Capital-light platform, near-zero leverage
CSL CSL:ASX	8	75.8	Solid, trading 2x assets
Goodman Group	5	73.1	Solid, Datacentre exposure

NETWEALTH NWL:ASX

NETWEALTH NWL:ASX

Financial health: a Piotroski F-Score of 6/9 and an Altman Z-Score of 65.10 put NetWealth in a different tier from the rest of this basket. The Z-Score isn't a typo. It's what happens when total liabilities sit at a fraction of total assets, which is normal for a fee-based platform business with almost no physical infrastructure to finance. Net debt/EBITDA is -0.83x, genuinely a net cash position, and interest coverage of 261.4x is close to meaningless given how little debt there is to service in the first place. Debt/equity of 0.07x. Current ratio of 8.00x. Free cash flow margin of 38.09%, together with a return on equity of 58.51%

Valuation: shares trade at \$23.81, a step down from the 52-week high of \$38.30 but well clear of the \$19.80 low, so the market has already re-rated it once this year without anything breaking. Trailing P/E of 45.71x on EPS of \$0.52 is not cheap, and I won't pretend otherwise, you're paying up for the platform model, not buying a value stock. Dividend yield of 1.76% is modest by design; NetWealth would rather reinvest than pay out.

Price/total assets of 22.71x is the outlier of the whole basket, which makes sense once you accept that a wealth-administration platform's value sits in client relationships and technology, not balance-sheet assets.

Company quality: NetWealth runs one of the leading independent wealth-management and superannuation platforms in Australia, charging fees on funds under administration with next to no marginal cost per additional dollar that flows onto the platform. Revenue grew 22.35% year on year. Margins did the rest. EBITDA margin of 52.15% shows what that scale looks like once the platform is built and growth is fee-driven rather than headcount-driven. The genuine risk here is competitive — fee compression, or a rival platform peeling off adviser flows. That kind of risk shows up gradually in flow and revenue numbers, not as a sudden 40% gap down.



CSL CSL:ASX

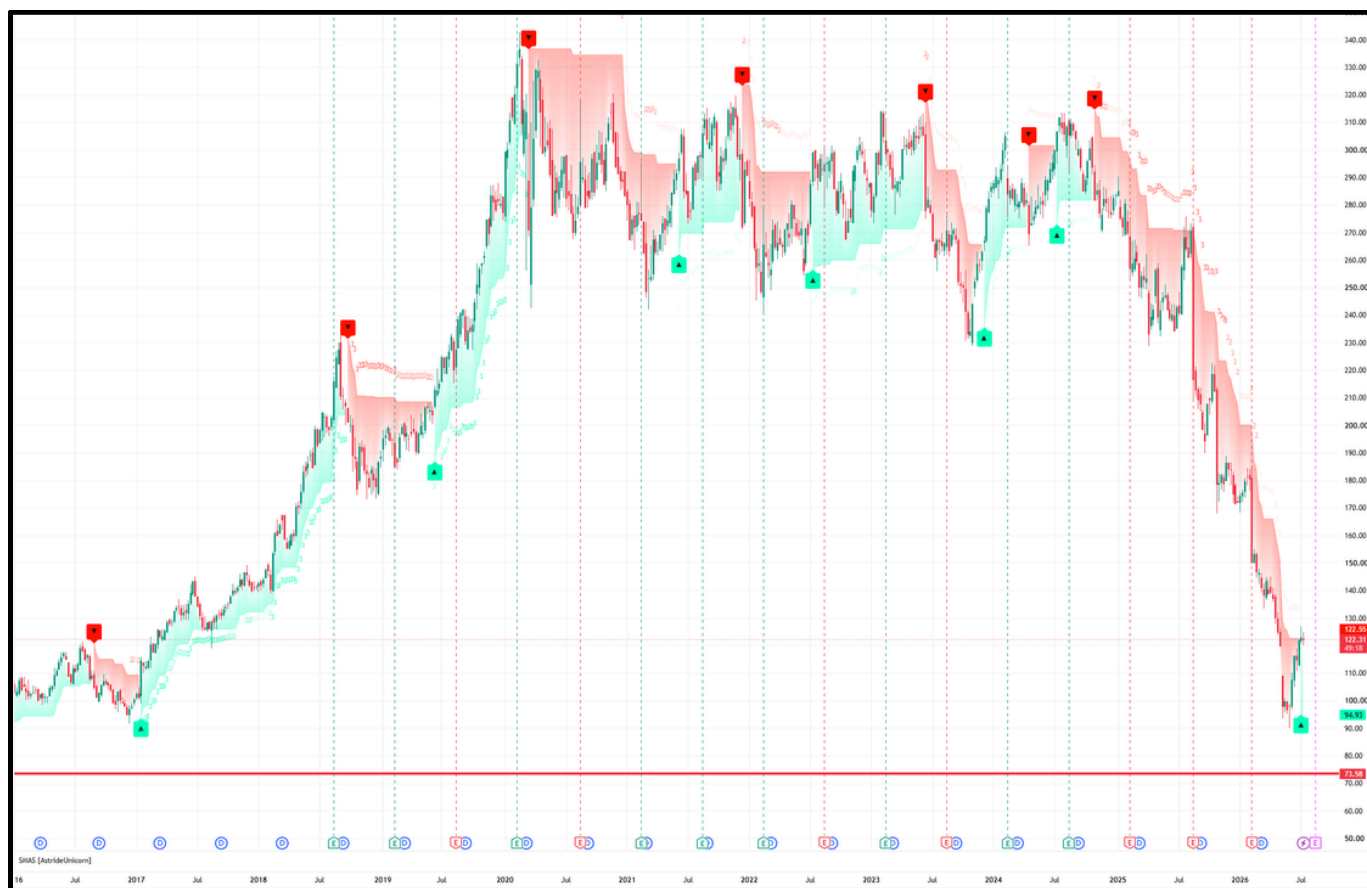
CSL CSL:ASX

CSL is the highest-coupon, highest-risk name in the basket on our model, but highest risk of the three is a long way from likely to breach.

Financial health: a Piotroski F-Score of 8/9 is the strongest in the basket, CSL passes nearly every test of profitability, leverage trend, and efficiency improvement we run. Altman Z-Score of 2.87 sits in the grey zone rather than the safe zone, but that's a common feature of large-cap pharma balance sheets carrying acquisition-related debt, not a distress signal on its own. Net debt/EBITDA of 1.82x and EBIT/interest coverage of 7.53x are both manageable, current ratio of 2.46x is healthy, and FCF margin of 16.49% with ROE of 15.53% show a business still throwing off cash while integrating recent acquisitions.

Valuation: at \$123.32, CSL trades on a trailing P/E of just 13.26x against EPS of \$9.30, cheap by CSL's own history and by global pharma standards, after a punishing 52-week range of \$90.00 to \$275.79 that has already re-rated the stock hard. Price/total assets of 1.08x is the lowest of the three names, and the 3.45% dividend yield is the richest in the basket. A lot of bad news already appears to be in the price.

Company quality: CSL is a global leader in plasma-derived therapies and vaccines, with a franchise built on scarce, hard-to-replicate blood-plasma collection infrastructure and multi-year product-development moats that don't disappear because the share price has been volatile. The modelled 24-month barrier-breach probability of 18.75% is the highest of the three basket names — a function of elevated implied volatility, not weak fundamentals, but a Piotroski score of 8/9 on a stock already trading near a low multiple isn't the profile of a company on the way to a 40% collapse.



GOODMAN GROUP GMG:ASX

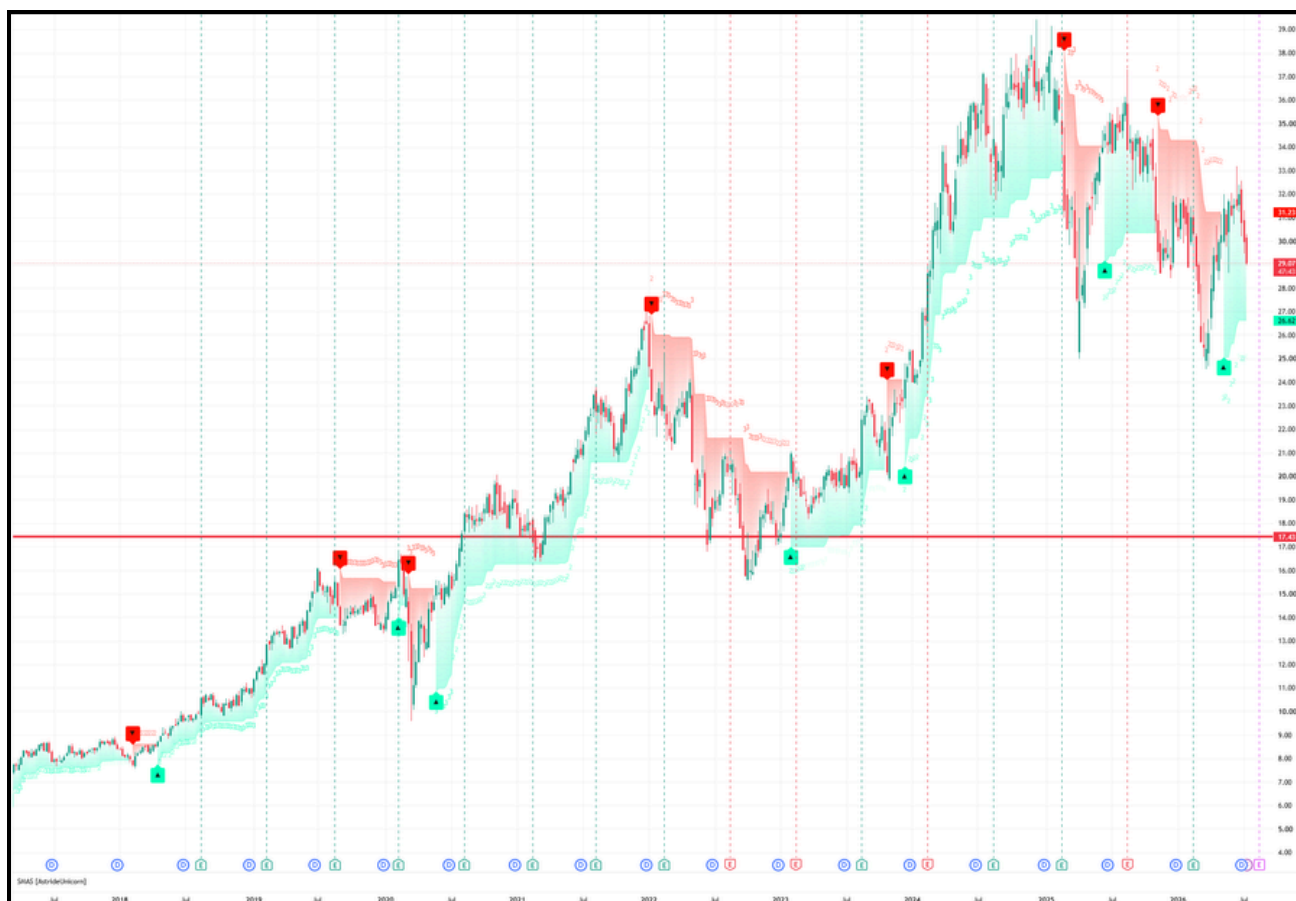
Goodman Group GMG:ASX

Goodman Group is the safest name in the basket by balance sheet metrics, and the numbers back that up cleanly.

Financial health: Altman Z-Score of 5.06 is comfortably the highest of the three and sits deep in safe territory. Leverage is the lowest in the basket, net debt/EBITDA of 0.60x and debt/equity of 0.23x — with a strong current ratio of 2.67x and FCF margin of 43.19%, the best cash conversion of the group. Two things need flagging rather than glossing over: interest coverage of 2.01x is the weakest in the basket by a wide margin, and the Piotroski F-Score of 5/9 is the lowest of the three, reflecting a period of leverage build as Goodman funds its logistics and data-centre development pipeline. The eye-catching 98.8% EBITDA margin is a REIT fair-value-gain effect from investment property revaluations, not a comparable operating margin, and shouldn't be read alongside an industrial company's margin.

Valuation: shares trade at \$29.41, a trailing P/E of 28.85x on EPS of \$1.02 — the richest multiple of the three, reflecting Goodman's funds-management and development earnings growth rather than a simple property-yield play. Dividend yield of 1.02% is the lowest in the basket, consistent with a growth-oriented REIT reinvesting into its pipeline. Price/total assets of 1.96x is broadly in line with Brambles.

Company quality: Goodman is a global industrial and logistics property manager with third-party funds under management that dwarf its own balance sheet, giving it fee income and development margin on top of a landlord's rent roll — a structurally different, generally more resilient model than a plain-vanilla REIT. The combination of the lowest leverage, strongest liquidity, and best cash conversion in the basket supports a modelled 24-month barrier-breach probability of 13.13%, the middle of the pack, with the interest-coverage flag the main watch item rather than a balance-sheet concern.



FIXED COUPON NOTE - ASX

DIVERSIFIED



FIXED COUPON NOTE DIVERSIFICATION STRATEGY

Diversification is key

A Single FCN is Binary - Diversification Changes the Maths

A single FCN is binary risk - either the barrier holds and you receive full coupons plus principal, or it breaches and you suffer a capital loss. That is not a strategy; it is a coin flip. Spreading capital across six or more notes turns individual binary risk into a robust, income-driven portfolio.

Note: example below is based on 3 year strategies., We use 3-year strategies where possible

INVESTMENT	RATE	AMOUNT	BARRIER BREACH	YEARS	COUPONS	CAPITAL RETURNED
Banks FCN	10.0%	\$100,000	0	3	\$30,000	\$130,000
FCN 2	12.3%	\$100,000	0	3	\$36,750	\$136,750
FCN 3	12.3%	\$100,000	0	3	\$36,750	\$136,750
FCN 4	12.3%	\$100,000	0	3	\$36,750	\$136,750
FCN 5	12.3%	\$100,000	0	3	\$36,750	\$136,750
FCN 6	12.3%	\$100,000	-45%	3	\$36,750	\$91,750

CASH INVESTED

\$600K

TOTAL COUPONS

\$213,750

CAPITAL LOSS

-\$45,000

NET YIELD P.A.

9.4%

Five notes pay full coupons totalling \$213,750. **One note** breaches its barrier at -45%, producing a \$45,000 capital loss. The coupon income more than covers the loss, leaving **\$168,750 cash profit** over three years.

Net 9.4% per annum — even with a 16.67% failure rate

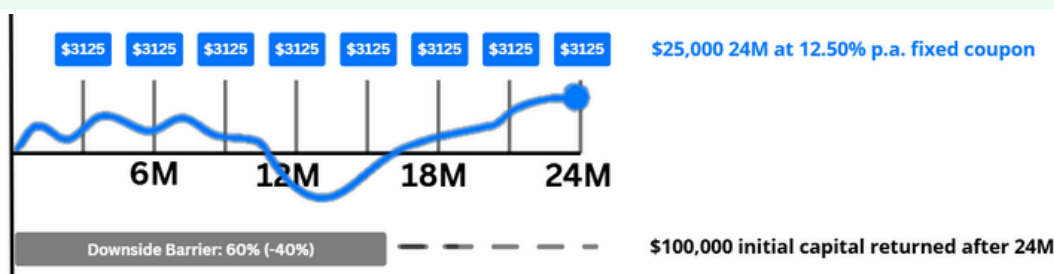
Six is the minimum where the numbers start to work. The more notes you hold, the more insulated you become from any single outcome. For risk-adjusted income investors, a diversified portfolio of A FCNs is built to deliver attractive, resilient returns.

SCENARIOS AND RISKS

Scenario 1: Stocks Remain Above the Barrier at Expiry

- The worst performing stock in the basket is +12.5%.
- The downside barrier (40% of the strike price) is not breached by any stock at maturity.

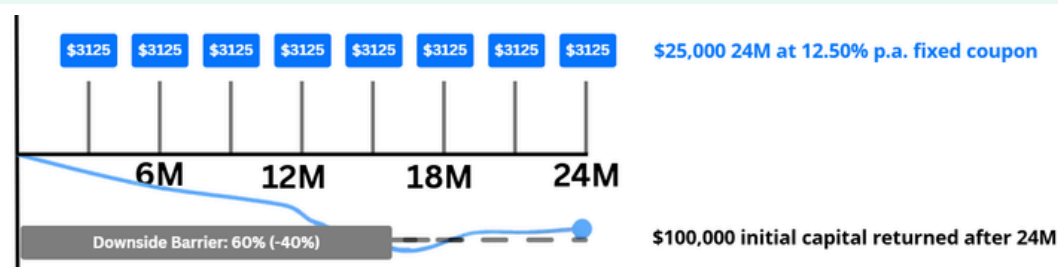
Barrier not breached at maturity: +25% ROI



Scenario 2: Stocks Drop Below the Barrier but Recover by Expiry

- During the term, one or more stocks fall below 40% of the strike price, but the final prices of all stocks recover above the barrier by expiry.
- The downside barrier (40% of the strike price) is not breached by any stock at maturity.

Barrier not breached at maturity: +25% ROI



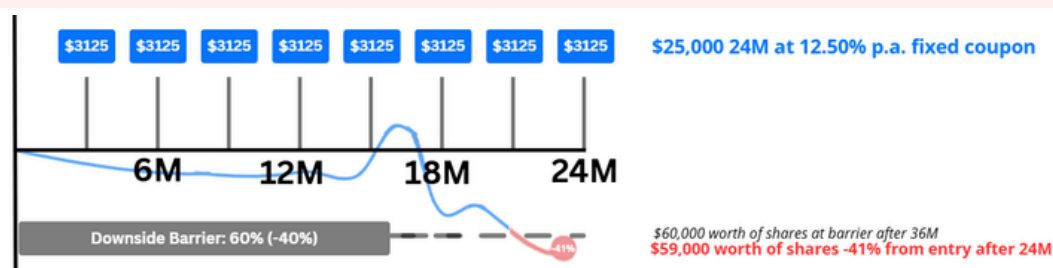
After 24 months Investor Receives = \$125,000.00

\$100,000 initial capital + \$25,000.00 (2 years at 12.5% p.a. fixed coupon)

Scenario 3: Stocks Remain Below the Barrier at Expiry

- At expiry, one or more stocks remain below the 40% downside barrier, the investor would receive \$60,000 worth of shares in that stock (or cash equivalent) at the barrier
- Outcome: If the worst-performing stock drops 41% from its initial price, the investor would receive \$59,000 worth of shares in that stock (or cash equivalent) -41% from the entry price

Barrier breached at maturity: -16% ROI



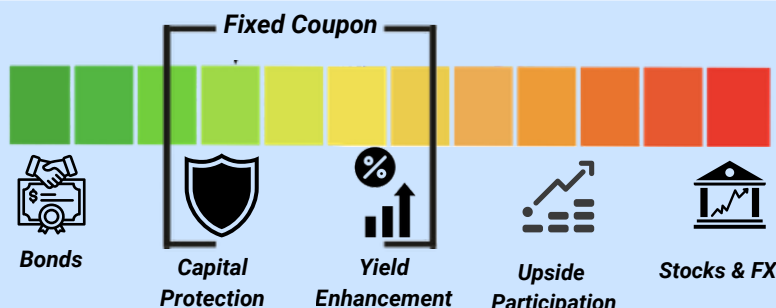
After 24 months Investor Receives = \$84,000

\$59,000 in worst stock + \$25,000 (2 years at 12.5% p.a. fixed coupon)

STRUCTURED INVESTMENT RISKS

Fixed Coupon

On the risk scale, this fixed coupon falls in the category of Capital Protection and yield enhancement on the structured products scale with income payments prioritised above upside participation



Risk profile - Where do structured Investments fit in a portfolio?

Protection

Help Reduce Risk

Reposition a portion of equity exposure

- Reduce downside risk
- Maintain a level of equity upside

Growth

Help Increase Returns

Reposition a portion of a balanced portfolio

- Maintain upside potential
- Establish downside protection

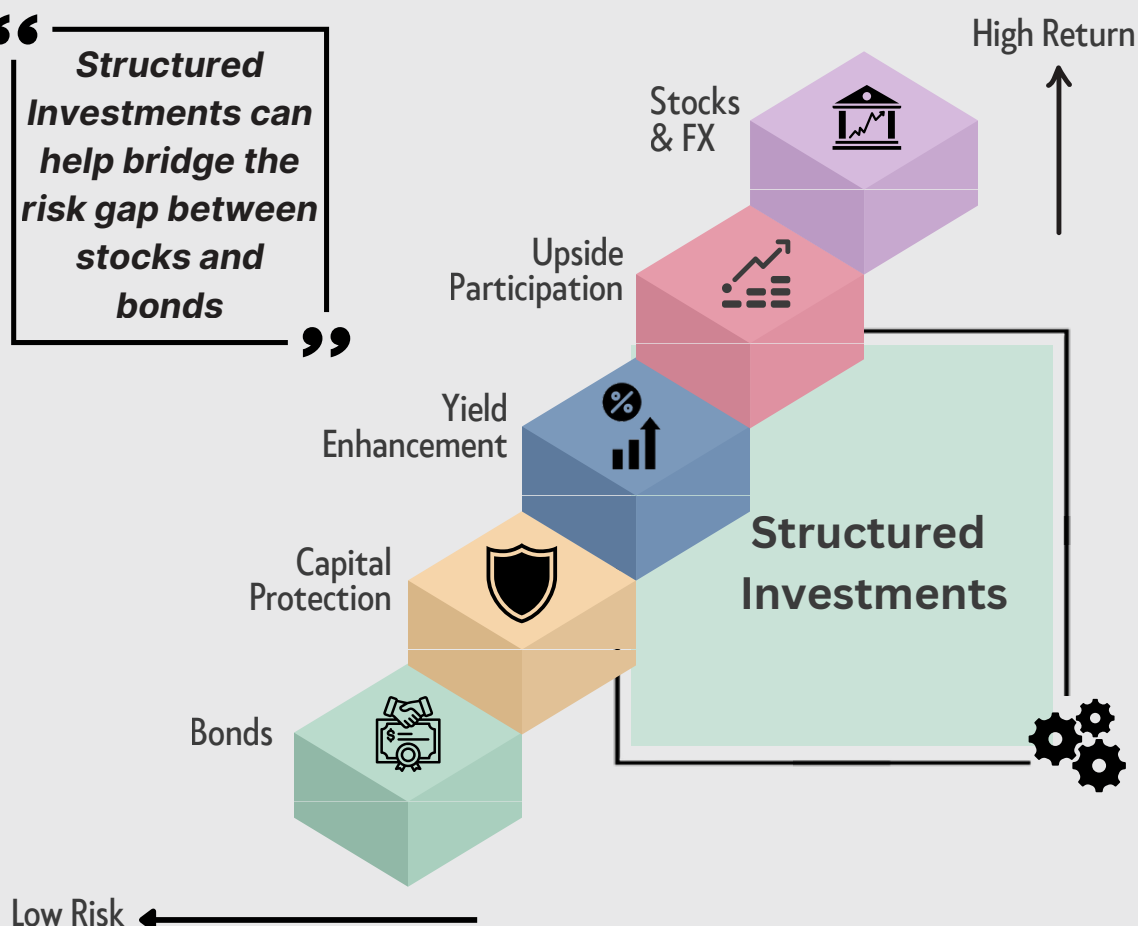
Income

Shift out of cash

Reposition a portion of cash off the sidelines

- Increase yield
- Preserve risk targets

“
Structured Investments can help bridge the risk gap between stocks and bonds
”





MORE ABOUT FIXED COUPON NOTES

DISCLAIMER: WHOLESALE, PROFESSIONAL OR SOPHISTICATED INVESTORS ONLY

FIXED COUPON NOTE (FCN)

What are they?



VS HYBRIDS AND PRIVATE CREDIT

Fixed Coupon Notes (FCNs), such as those offering a generous 12.75% p.a. yield over 3 years with a 40% downside barrier offered by MPC Markets, are innovative structured investments from major banks.

They blend zero-coupon bonds with derivatives to deliver high fixed interest payments and significant capital protection—principal is fully preserved unless the underlying asset falls more than 60% at maturity. This robust 40% barrier provides strong downside buffering, while consistent coupons are paid unconditionally, making them highly attractive for enhanced income with controlled risk.

Summary Table of Features

Feature	Fixed Coupon Notes	Private Credit	ASX-listed Hybrids
Main exposure	Equity/indices via options on structured note	Private, negotiated corporate or asset-backed loans	Bank or corporate capital instruments (debt-equity mix)
Income profile	High fixed coupons	Floating or fixed loan interest plus fees, often above public credit	Floating or fixed distributions, higher than senior bonds but deferrable
Liquidity	OTC, Daily Liquidity, issuer secondary market	Very illiquid; multi-year fund lock-ups typical	Listed on ASX with daily trading but can be thin in stress
Key risks	Equity downside, barrier/knock-in risk, issuer credit	Default and low recovery risk, illiquidity, manager selection	Conversion/write-off, subordination, deferrable income, market volatility

Scenario Performance Examples*

The table compares the expected performance of three income-focused investments—Fixed Coupon Notes (12.75% p.a., 3-year term with 40% downside barrier), Private Credit, and ASX Listed Hybrids—across three market scenarios: a Black Swan GFC-like crash, average conditions, and a high-growth stock year.

Investment Type	Black Swan (GFC-like: ~50-60% market crash)	Average Market Conditions	High Growth Year for Stocks
Fixed Coupon Notes MPC Average FCN (12.75%pa, 3 years, 40% downside barrier)	In extreme crashes like the GFC (~55% drop in major indices), the 40% barrier would likely be breached, exposing principal to the underlying's loss (e.g., ~55-60% capital reduction). However, investors still receive all fixed 12.75% coupons throughout, providing substantial income cushioning during turmoil —far better than unprotected equities suffering full declines.	In normal conditions, FCNs deliver full 12.75% annual coupons unconditionally, plus 100% principal return (barrier intact in mild fluctuations). This ensures strong, predictable enhanced yields with excellent protection. Likely result: Outstanding steady income and capital preservation.	In strong bull markets, investors enjoy the full 12.75% fixed coupons plus 100% principal (barrier easily preserved). Many include autocall features for potential early redemption with gains. Likely result: Excellent high yields with full capital return, capturing stability amid growth.
Private Credit	In GFC-like crises, private credit risks sharp default spikes (10-15% in leveraged loans), liquidity freezes akin to the 2008 MBS seizure—causing valuation plunges, fund redemption pressures, gates, or forced sales. Opacity and interconnectedness can amplify contagion, leading to 20-40% drawdowns in undiversified portfolios despite covenants. Likely result: diversified senior positions may cap net declines at 5-10% via recoveries.	Reliable 8-12%+ yields from illiquidity premiums, low correlation to markets. Likely result: Consistent high income and diversification.	Steady ~10% returns in booming economies (lower defaults), though lags pure equity upside. Likely result: Stable performance focused on income.
ASX Listed Hybrids	Significant price drops in GFC-style events (often 40-50%), with potential distribution pauses or conversions in severe stress. Likely result: Volatility and drawdowns, though some income continuity.	Solid ~6-7% running yields with liquidity and franking. Likely result: Reliable distributions in stable banking sector.	Benefits from optimism/floating rates, ~6-8% yields with price appreciation. Likely result: Good income plus moderate gains, but regulatory phase-out looms.

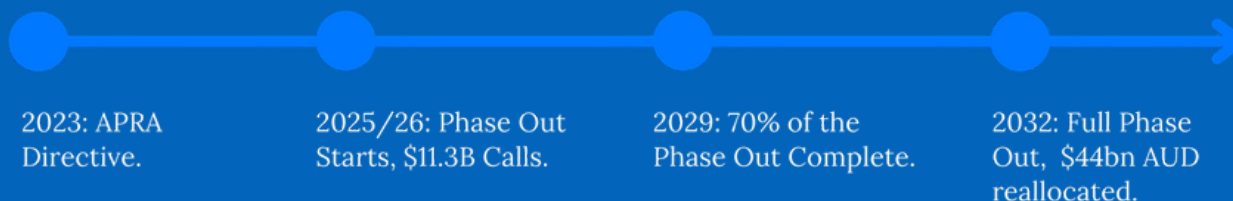
**these scenarios are examples only*

VS HYBRIDS

Why do I need to replace my Hybrids: The Australian Prudential Regulation Authority (APRA) is phasing out hybrid securities (Additional Tier 1 capital instruments) from bank capital structures by 2032 to simplify capital frameworks and enhance financial stability, following concerns about their effectiveness in absorbing losses during crises-particularly highlighted by the Credit Suisse collapse in 2023.

Regulatory Review

- Bolstering up bank balance sheets
- Complexity - conversion to equity, extension risk.
- Perceived risk low risk



With the phase out of Hybrids over the next 7 years, the switch is not urgent, but it's best to be prepared.

What does it mean for my portfolio: Many investors use Hybrids as their Fixed Income allocation in their portfolios. The impact of APRA's regulatory changes on AT1 hybrids will inevitably result in a gap in attractive income investment options

What are Structured Investments and how can they help: Structured investments are customized financial products that combine traditional securities with derivatives to achieve specific investment goals, in this case income investments with Fixed Coupon Notes

Why are Fixed Coupon Notes a suitable alternative to Hybrids: Fixed Coupon Notes have many similarities in terms of risk profile and income and liquidity

Fixed Coupon Notes:

Key Features

- **Coupon:** Periodic interest payments paid monthly or quarterly - typically between 7-12% p.a. ✓
- **Reference Assets:** Basket of market-linked assets (i.e. stocks, commodities, bonds, ETFs or funds). ✓
- **Downside Barrier:** A defensive feature that secures capital up to a certain level of downside risk. ✓
- **Term:** 6 months - 5 years ✓
- **Callability** ✓
- **Daily Liquidity** ✓

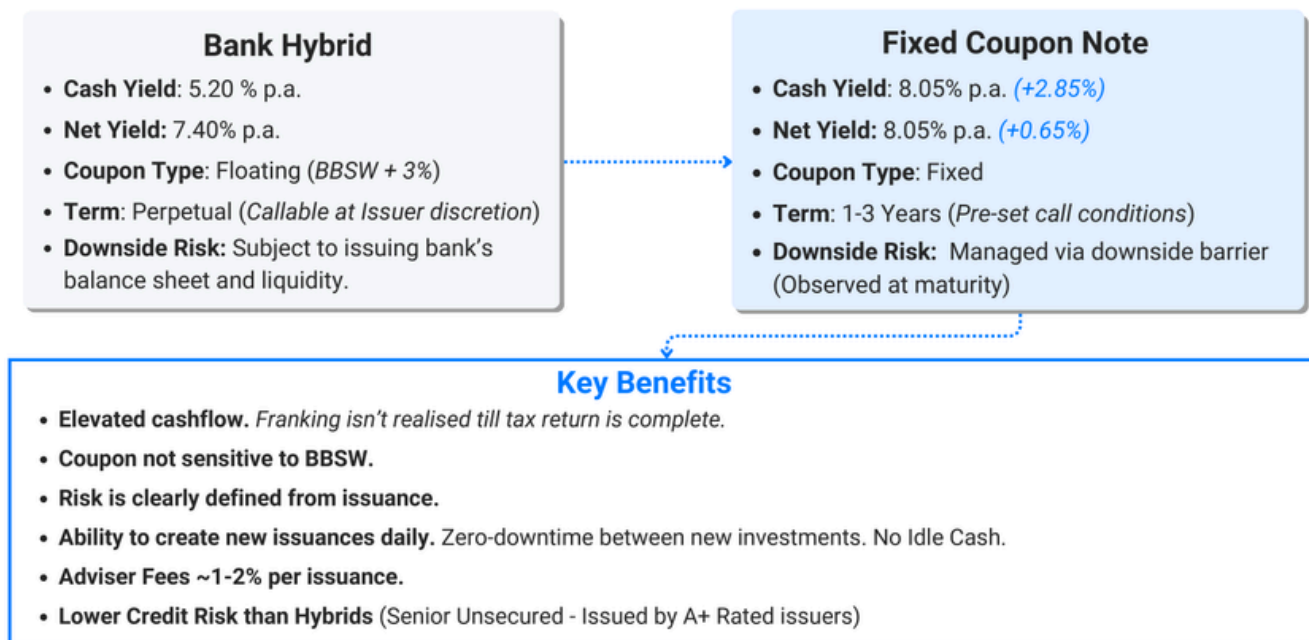
Example FCN (Australian Banks)

Coupon Rate	8% p.a. (paid quarterly)
Term	3 Years
Callability	6 months, then quarterly
Downside Barrier	-40% (60% of initial price)
Reference Asset(s)	ANZ, CBA, WBC, NAB

SWITCHING YOUR HYBRIDS to FIXED COUPON NOTES

FREQUENTLY ASKED QUESTIONS

Replacing a Bank Hybrid.



How liquid are fixed coupon notes compared to Hybrids? Fixed coupon notes have daily liquidity available, so are as liquid as Hybrids

What happens if the downside barrier is breached? If a downside barrier is breached before the maturity date then the coupon payments continue. If the downside barrier is breached at maturity, this triggers a knock in event. The investor receives the stock at a reduced capital base plus all coupons

Can the yield of a Fixed Coupon Note be improved? No, the coupon rate is agreed to at the start of the investment and is fixed for the period of the investment

Can I invest via a SMSF? Yes, structured products are available for SMSFs

Are there Franking Credits? No, Fixed coupons do not have franking credits

What are the fees? The fees are included in the packaged investment. There are no additional commissions or management fees for the life of the investment

Are these investments available to retail investors? Unfortunately we can only offer Structured Investments are only available to S708 qualified investors

What do I need to get started? Opening an account is easy, it requires 2 forms of ID, an existing bank account and a current S708 certificate.

INVESTMENT COMMITTEE

Risk Methodology

The MPC Markets Investment Committee overlays its macroeconomic and market outlook directly onto its risk-scoring methodology to ensure a robust investment thesis. By leveraging a top-down approach, the committee first assesses the prevailing macroeconomic environment — such as inflation trends, employment strength, and consumer spending patterns — then integrates these insights into the risk evaluation of individual investment opportunities. The result is a dynamic portfolio-construction process where risk scores reflect both underlying asset quality and macro context, ensuring investments are positioned to thrive while minimising downside exposure.

RISK SCORING METHODOLOGY

Using the Piotroski Score alongside the Altman Z-Score provides a more comprehensive assessment of a company's financial health. The Piotroski Score evaluates fundamental strength, while the Altman Z-Score assesses bankruptcy risk. For banks and financial institutions, specialised models are used due to the unique nature of their risks: the Risk-Adjusted Z-Score modifies the traditional Z-Score by incorporating capital adequacy and risk-weighted assets, aligning with regulatory standards like Basel. Other models — such as the J-UK and L-Models, macro-financial early-warning models, logit regression and structural credit-risk models — combine bank-specific indicators with macroeconomic variables to predict systemic distress.

GLOSSARY

The Piotroski Score (F-Score)

A 0–9 scoring system evaluating the strength of a company's financial position. Based on nine criteria across profitability, leverage and liquidity, and operating efficiency. Scores of 7–9 signal strong financial health; 4–6 average; 0–3 indicate potential distress.

The Altman Z-Score

A composite metric predicting the likelihood of bankruptcy within two years. Combines five weighted ratios measuring liquidity, profitability, operating efficiency, solvency and asset turnover. > 2.99 safe; 1.81–2.99 grey area; < 1.81 high bankruptcy risk.

Downside Barrier

A defensive feature that secures capital up to a specified level of decline (in this strategy, 40% of the initial strike). Observed at maturity for FCNs.

Auto-call

If all reference assets close above the entry level on a designated observation date, the note redeems early — returning principal plus accrued coupons.

Coupon

Periodic interest payment, paid monthly or quarterly. Coupons are paid as scheduled regardless of underlying movements (subject to issuer credit).

s708 / Wholesale Investor

An investor who satisfies the wholesale-client tests under s708 of the Corporations Act 2001 (Cth). FCNs are only available to s708-qualified investors.

Disclaimer



Our Commitment

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