

IN YOUR INTEREST

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A Trans-Tasman Vision

New Zealand's economy has entered a technical recession after its Gross Domestic Product (GDP) fell 0.1% in the March Quarter, marking a second consecutive period of negative growth after a December Quarter fall of -0.7%

The recession is in line with predictions after the Reserve Bank of New Zealand lifted interest rates to 5.5% p.a. across the Tasman to combat Inflation in New Zealand which hit 6.7% in March.

The economic slowdown had been engineered by the RBNZ, which has raised the official cash rate from 0.25% to 5.5% since the beginning of September, 2021. The RBNZ has relentlessly raised rates at the past 12 meetings, including an unprecedented triple hike of +75bps last November.

Inflation in Australia rose 1.4% over the March Quarter; with CPI also +7.0% over the twelve months to quarter-end. The most significant price rises were Medical and hospital services (+4.2%), Tertiary education (+9.7%), Gas and other household fuels (+14.3%), and Domestic holiday travel and accommodation (+4.7%).

In response to the latest CPI read, the RBA reacted by increasing the cash rate by +25bps to 4.1% p.a., with a firm indication that at least 2 more increases are likely near-term. Australia seems likely to follow NZ into recession later this year.

Cash and Franking

Most ASX-Listed Hybrids have recently paid their quarterly distributions, and holders will notice an increase in the next quarterly distribution in line with any increase to the reference BBSW3m rate.

Capital Notes pay a distribution of BBSW3m plus margin discounted for franking. If the distribution is fully or partially franked, investors will still receive the same gross amount, but the combination of cash distribution and franking credits will differ.

Below is an example:

	EXAMPLE 1	EXAMPLE 2
BBSW3m	4.315%	4.315%
Margin	3.000%	3.000%
Gross Rate	7.315%	7.315%
Tax Rate	30%	30%
Franking Rate	100%	40%
Franking Adjustment	70%	85%
Cash Distribution	5.121%	6.245%
Franking Credit	2.195%	1.071%
Gross	7.315%	7.315%
Cash	\$ 5.121	\$ 6.245
Franking	\$ 2.195	\$ 1.071
Gross	\$ 7.315	\$ 7.315

For this reason we continue to see value in Macquarie Group/Bank as an issuer.

As an example: At \$103.91 MBLPC is on a 3.16% trading margin or a +66bps spread over the estimated 2.50% fair margin. With a 4.70% fixed issue margin (Dec 2025 Call) and the reference BBSW3m at 4.315%; MBLPC is providing \$7.02 cash annually with \$1.20 in associated partial franking.

NABPF (Jun 2026 Call and 4.00% fixed issue margin) is on similar metrics with a forecast 8%+ return - harvesting \$5.80 cash annually and \$2.49 in associated full franking.

Westpac Tier 2 Print

Westpac printed \$3.6bn in a 3-tranche Tier 2 subordinated note offering, with the 10yr non-call 5yr series being the most popular. FRNs attracted \$1.9bn and Fixed Rate at BBSW3m plus 230bps. Paper was initially offered at BBSW3m +240bps, however demand allowed Westpac to reprice through a 10bps haircut at +230bps; highlighting again the strength in the market and widespread investor preference for yield from a prime institution. Westpac also issued a 15yr Non-call 10yr was priced at +260bps.

As this issue was offered under an "Information Memorandum" and not a prospectus, only sophisticated and professional investors are able to participate. Minimum transaction size is \$500,000.

Re-Rating Arbitrage

This month Fitch Ratings downgraded the Long-Term Issuer Default Ratings (IDRs) of UBS Group AG to 'A' from 'A+' and of UBS AG to 'A+' from 'AA-'; simultaneously upgrading Credit Suisse AG's Long-Term IDR to 'A+' from 'BBB+'. "We have upgraded the ratings of Credit Suisse AG and its subsidiaries to reflect the strong shareholder support now available from UBS, as well as the integration into, and ultimately its alignment with, UBS".

Suncorp Capital NTS 3 (SUNPI) at \$99.06 are on a 3.20% trading margin; while ANZ Capital NTS 7 (AN3PJ) at \$98.85 are on a 2.99% trading margin.

As a standalone bank Suncorp would command a rating of BBB+, the potential ANZ merger providing a similar catalyst as seen in global markets should it clear the ACCC.

Figure 1: ASX Listed Bank Capital Notes

Issue	ASX Code	Price	Fair Value	Issue Margin	Bench Rate	Mkt Cap	First Call Date	Exchange Method	Ex Div	Div Pay	Amt	Frank	Div Freq	Accrued Income	Fair Margin	Trading Margin	Sw ap Rate	Gross Yld to Call	Gross Run Yld	Rec	Risk Rating
AMP CAP NT2	AMPBB	\$103.00	\$104.39	4.50%	90BBSW	\$283	Dec-25	Mand Conv	7-Sep-23	18-Sep-23	\$2.27	0%	Q	\$0.39	2.75%	3.33%	4.26%	7.59%	9.24%	Buy	High
ANZ CAP NT4	AN3PG	\$101.54	\$101.80	4.70%	90BBSW	\$1,647	Mar-24	Mand Conv	11-Sep-23	20-Sep-23	\$1.64	100%	Q	\$0.27	2.10%	2.92%	4.60%	7.52%	8.34%	Buy	Low
ANZ CAP NT5	AN3PH	\$101.86	\$102.27	3.80%	90BBSW	\$948	Mar-25	Mand Conv	11-Sep-23	20-Sep-23	\$1.44	100%	Q	\$0.24	2.45%	2.80%	4.38%	7.18%	7.65%	Buy	Low
ANZ CAP NT6	AN3PI	\$100.80	\$101.57	3.00%	90BBSW	\$1,512	Mar-28	Mand Conv	7-Sep-23	20-Sep-23	\$1.28	100%	Q	\$0.22	2.75%	2.86%	4.25%	7.11%	6.98%	Hold	Low
ANZ CAP NT7	AN3PJ	\$98.83	\$98.28	2.70%	90BBSW	\$1,295	Mar-29	Mand Conv	7-Jun-23	20-Sep-23	\$1.23	100%	Q	\$0.21	2.85%	3.00%	4.27%	7.27%	6.79%	Hold	Low
ANZ CAP NT8	AN3PK	\$98.49	\$98.38	2.75%	90BBSW	\$1,477	Mar-30	Mand Conv	7-Sep-23	20-Sep-23	\$1.24	100%	Q	\$0.00	2.90%	3.03%	4.30%	7.33%	6.86%	Hold	Low
BEN CFS4	BENPG	\$101.94	\$100.85	3.75%	90BBSW	\$328	Jun-24	Mand Conv	31-Aug-23	13-Sep-23	\$1.42	100%	Q	\$0.37	2.70%	2.07%	4.53%	6.60%	7.59%	Sell	Medium
BEN CAP NTS	BENPH	\$101.51	\$103.65	3.80%	90BBSW	\$510	Jun-27	Mand Conv	6-Sep-23	15-Sep-23	\$1.43	100%	Q	\$0.26	2.95%	3.43%	4.26%	7.69%	7.65%	Buy	Medium
BOQ CAP NTS	BOQPE	\$100.85	\$101.98	3.75%	90BBSW	\$353	Aug-24	Mand Conv	27-Jul-23	15-Aug-23	\$1.42	100%	Q	\$0.88	2.45%	3.77%	4.49%	8.27%	7.64%	Buy	Medium
BOQ CAP NT2	BOQPF	\$102.43	\$104.07	3.80%	90BBSW	\$266	May-27	Mand Conv	27-Jul-23	15-Aug-23	\$1.43	100%	Q	\$0.89	3.00%	3.34%	4.26%	7.59%	7.69%	Buy	Medium
BOQ CAP NT3	BOQPG	\$99.88	\$101.43	3.40%	90BBSW	\$400	Dec-28	Mand Conv	30-Aug-23	15-Sep-23	\$1.36	100%	Q	\$0.34	3.30%	3.50%	4.27%	7.77%	7.34%	Buy	Medium
CBA PERLS X	CBAPG	\$102.10	\$101.79	3.40%	90BBSW	\$1,394	Apr-25	Mand Conv	6-Sep-23	15-Sep-23	\$1.37	100%	Q	\$0.25	2.45%	2.31%	4.36%	6.67%	7.30%	Hold	Low
CBA PERLS XI	CBAPH	\$101.14	\$101.38	3.70%	90BBSW	\$1,608	Apr-24	Mand Conv	6-Sep-23	15-Sep-23	\$1.46	100%	Q	\$0.27	2.30%	2.62%	4.57%	7.19%	7.59%	Buy	Low
CBA PERLS XII	CBAPI	\$100.80	\$101.56	3.00%	90BBSW	\$1,663	Apr-27	Mand Conv	6-Sep-23	15-Sep-23	\$1.28	100%	Q	\$0.24	2.70%	2.83%	4.25%	7.08%	6.95%	Hold	Low
CBA PERLS XIII	CBAPJ	\$100.12	\$101.02	2.75%	90BBSW	\$1,181	Oct-26	Mand Conv	6-Sep-23	15-Sep-23	\$1.23	100%	Q	\$0.23	2.55%	2.79%	4.22%	7.00%	6.76%	Buy	Low
CBA PERLS XIV	CBAPK	\$98.77	\$100.51	2.75%	90BBSW	\$1,728	Jun-29	Mand Conv	6-Sep-23	15-Sep-23	\$1.24	100%	Q	\$0.23	2.80%	3.05%	4.28%	7.33%	6.83%	Buy	Low
CBA PERLS XV	CBAPL	\$100.17	\$100.99	2.85%	90BBSW	\$1,780	Jun-28	Mand Conv	6-Sep-23	15-Sep-23	\$1.25	100%	Q	\$0.23	2.80%	2.86%	4.25%	7.12%	6.85%	Hold	Low
CBA PERLS XVI	CBAPM	\$100.34	\$102.11	3.00%	90BBSW	\$1,555	Jun-30	Mand Conv	6-Sep-23	15-Sep-23	\$1.37	100%	Q	\$0.15	2.80%	2.97%	4.31%	7.27%	n/a	Buy	Low
CGF CAP NT3	CGFPC	\$104.28	\$104.19	4.60%	90BBSW	\$401	May-26	Mand Conv	16-Aug-23	25-Aug-23	\$1.57	100%	Q	\$0.65	3.55%	3.20%	4.20%	7.40%	8.16%	Hold	Medium
CGF CAP NT4	CGFPD	\$100.70	\$101.20	3.60%	90BBSW	\$352	May-29	Mand Conv	16-Aug-23	25-Aug-23	\$1.97	100%	Q	\$0.75	3.90%	3.61%	4.28%	7.89%	8.16%	Hold	Medium
IAG CAP NT2	IAGPE	\$101.02	\$103.91	3.50%	90BBSW	\$505	Jun-29	Mand Conv	6-Sep-23	15-Sep-23	\$1.52	70%	Q	\$0.28	3.10%	3.34%	4.28%	7.63%	7.43%	Buy	Medium
MBL CAP NT2	MBLPC	\$103.91	\$105.43	4.70%	90BBSW	\$666	Dec-25	Mand Conv	3-Sep-23	21-Sep-23	\$1.94	40%	Q	\$0.42	2.50%	3.16%	4.26%	7.41%	8.56%	Buy	Low
MBL CAP NT3	MBLPD	\$99.95	\$101.33	2.90%	90BBSW	\$655	Sep-28	Mand Conv	22-Aug-23	7-Sep-23	\$1.55	40%	Q	\$0.59	2.80%	3.05%	4.26%	7.31%	7.26%	Buy	Low
MQG CAP NT3	MQGPC	\$102.70	\$102.09	4.00%	90BBSW	\$1,027	Dec-24	Mand Conv	6-Sep-23	15-Sep-23	\$1.79	40%	Q	\$0.33	2.50%	2.30%	4.43%	6.73%	8.12%	Sell	Low
MQG CAP NT4	MQGPD	\$103.95	\$105.11	4.15%	90BBSW	\$941	Sep-26	Mand Conv	31-Aug-23	11-Sep-23	\$1.78	40%	Q	\$0.44	2.60%	2.92%	4.21%	7.13%	8.16%	Buy	Low
MQG CAP NT5	MQGPE	\$100.20	\$101.11	2.90%	90BBSW	\$727	Sep-27	Mand Conv	1-Sep-23	18-Sep-23	\$1.54	40%	Q	\$0.37	2.80%	2.95%	4.26%	7.20%	7.26%	Buy	Low
MQG CAP NT6	MQGPF	\$102.97	\$104.46	3.70%	90BBSW	\$747	Sep-29	Mand Conv	25-Aug-23	12-Sep-23	\$1.72	40%	Q	\$0.66	3.00%	3.23%	4.29%	7.52%	7.88%	Buy	Low
NAB CAP NT3	NABPF	\$103.02	\$104.38	4.00%	90BBSW	\$1,931	Jun-26	Mand Conv	5-Sep-23	18-Sep-23	\$1.45	100%	Q	\$0.24	2.60%	2.96%	4.20%	7.15%	7.61%	Buy	Low
NAB CAP NT5	NABPH	\$101.96	\$103.61	3.50%	90BBSW	\$2,433	Dec-27	Mand Conv	5-Sep-23	18-Sep-23	\$1.36	100%	Q	\$0.22	2.75%	3.04%	4.25%	7.30%	7.23%	Buy	Low
NAB CAP NT6	NABPI	\$101.13	\$102.47	3.15%	90BBSW	\$2,023	Dec-29	Mand Conv	5-Sep-23	18-Sep-23	\$1.32	100%	Q	\$0.24	2.85%	2.98%	4.29%	7.27%	7.03%	Buy	Low
SUN CAP NT2	SUNPG	\$100.68	\$101.04	3.65%	90BBSW	\$378	Jun-24	Mand Conv	1-Sep-23	18-Sep-23	\$1.39	100%	Q	\$0.32	2.35%	3.27%	4.53%	7.79%	7.24%	Buy	Medium
SUN CAP NT3	SUNPH	\$100.71	\$101.29	3.00%	90BBSW	\$392	Jun-26	Mand Conv	1-Sep-23	18-Sep-23	\$1.28	100%	Q	\$0.29	2.75%	2.84%	4.20%	7.04%	6.74%	Hold	Medium
SUN CAP NT4	SUNPI	\$99.06	\$101.70	2.90%	90BBSW	\$401	Jun-28	Mand Conv	1-Sep-23	18-Sep-23	\$1.27	100%	Q	\$0.29	2.70%	3.20%	4.25%	7.45%	6.74%	Buy	Medium
WBC CAP NT5	WBCPH	\$100.50	\$101.64	3.20%	90BBSW	\$1,699	Sep-25	Mand Conv	13-Jun-23	22-Jun-23	\$1.22	100%	Q	\$0.13	2.50%	3.02%	4.30%	7.32%	6.89%	Buy	Low
WBC CAP NT6	WBCPI	\$102.25	\$101.61	3.70%	90BBSW	\$1,455	Jul-24	Mand Conv	9-Sep-23	18-Sep-23	\$1.38	100%	Q	\$0.18	2.20%	1.75%	4.51%	6.26%	7.48%	Sell	Low
WBC CAP NT7	WBCPJ	\$101.40	\$102.79	3.40%	90BBSW	\$1,747	Mar-27	Mand Conv	13-Jun-23	22-Jun-23	\$1.25	100%	Q	\$0.14	2.75%	3.01%	4.25%	7.26%	7.06%	Buy	Low
WBC CAP NT8	WBCPK	\$100.01	\$101.24	2.90%	90BBSW	\$1,750	Sep-29	Mand Conv	11-Sep-23	21-Sep-23	\$1.27	100%	Q	\$0.15	2.85%	2.93%	4.29%	7.22%	6.70%	Buy	Low
WBC CAP NT9	WBCPL	\$102.04	\$103.52	3.40%	90BBSW	\$1,540	Sep-28	Mand Conv	13-Jun-23	22-Jun-23	\$1.25	100%	Q	\$0.14	2.80%	2.96%	4.26%	7.22%	7.09%	Buy	Low

SOURCE: IRESS, BELL POTTER

PRICES AS AT 20-JUNE-2023

Figure 2: ASX Listed Debt and Hybrids

Issue	ASX Code	Price	Fair Value	Issue Margin	Bench Rate	Mkt Cap	Call Date Maturity	Exchange Method	Ex Div	Div Pay	Amt	Frank	Div Freq	Accrued Income	Fair Margin	Trading Margin	Sw ap Rate	Gross Yld to Call	Gross Run Yld	Rec	Risk Rating
AYU BONDS C	AYUHC	\$100.25	\$98.51	2.00%	90BBSW	\$250	Dec-24	Redeem	5-Jul-23	14-Jul-23	\$1.41	0%	Q	\$0.04	3.10%	1.85%	4.43%	6.29%	5.33%	Sell	Medium
AYU BONDS D	AYUHD	\$99.60	\$95.96	2.15%	90BBSW	\$250	Dec-26	Redeem	5-Jul-23	14-Jul-23	\$1.45	0%	Q	\$0.05	3.50%	2.29%	4.23%	6.52%	5.52%	Sell	Medium
CIN NOTES	C2FHA	\$99.77	\$99.30	4.25%	90BBSW	\$202	Apr-26	Redeem	11-Jul-23	20-Jul-23	\$1.98	0%	Q	\$1.28	5.05%	4.86%	4.23%	9.09%	7.64%	Hold	Medium
NAB NOTES 2	NABPE	\$100.15	\$100.31	2.20%	90BBSW	\$943	Sep-23	Redeem	11-Sep-23	20-Sep-23	\$1.64	0%	Q	\$0.02	1.00%	1.65%	4.32%	5.96%	5.88%	Buy	Low
QUBE NOTES	QUBHA	\$101.66	\$102.02	3.90%	90BBSW	\$305	Oct-23	Redeem					Q	\$1.60	2.40%	3.66%	4.32%	7.98%	7.54%	Buy	Medium
Issue	ASX Code	Price	Fair Value	Issue Margin	Bench Rate	Mkt Cap	Call Date Maturity	Exchange Method	Ex Div	Div Pay	Amt	Frank	Div Freq	Accrued Income	Fair Margin	Trading Margin	Sw ap Rate	Gross Yld to Call	Gross Run Yld	Rec	Risk Rating
LAT NOTES	LFSPA	\$87.05	\$87.42	4.75%	90BBSW	\$150	Oct-26	n/a	18-Jul-23	27-Jul-23	\$1.47	100%	Q	\$1.23	10.00%	10.15%	4.21%	14.37%	9.48%	Hold	High
NUF STEP-UP	NFNG	\$91.50	\$83.91	3.90%	180BBSW	\$251	Perpetual	n/a	5-Oct-23	16-Oct-23	\$3.82	0%	S	\$1.35	5.80%	4.89%	4.67%	9.56%	8.18%	Sell	Medium
RHC CARES	RHCPA	\$103.50	\$91.86	4.85%	180BBSW	\$260	Perpetual	n/a	28-Sep-23	20-Oct-23	\$3.06	0%	S	\$1.42	5.90%	4.64%	4.67%				
Issue	ASX Code	Price	Fair Value	Issue Margin	Bench Rate	Mkt Cap	Call Date Maturity	Exchange Method	Ex Div	Div Pay	Amt	Frank	Div Freq	Accrued Income	Fair Margin	Trading Margin	Sw ap Rate	Gross Yld to Call	Gross Run Yld	Rec	Risk Rating
AYU MCI	AYUPA	\$80.71	\$69.03	5.00%	n/a	\$340	Perpetual	n/a					S	\$0.92	6.10%	4.49%	4.67%	9.16%	6.27%	Sell	Medium
Issue	ASX Code	Price	Fair Value	Issue Margin	Bench Rate	Mkt Cap	Call Date Maturity	Exchange Method	Ex Div	Div Pay	Amt	Frank	Div Freq	Accrued Income	Fair Margin	Trading Margin	Sw ap Rate	Gross Yld to Call	Gross Run Yld	Rec	Risk Rating
NAC NOTES	NACGA	\$94.10	\$97.07	5.50%	n/a	\$16	Sep-25	Redeem	21-Sep-23	30-Sep-23	\$2.76	0%	HY	\$1.27	4.25%	5.00%	4.05%	9.05%	5.84%	Buy	Medium
NCC NOTES	NCCGA	\$86.50	\$92.11	4.50%	n/a	\$20	Sep-26	Redeem	21-Sep-23	30-Sep-23	\$2.26	0%	HY	\$1.04	4.25%	5.78%	4.01%	9.79%	5.20%	Buy	Medium
FSI NOTES	FSIGA	\$2.59	\$2.67	5.50%	n/a	\$19	Sep-24	Redeem	21-Jun-23	30-Jun-23	\$0.04	0%	Q	\$0.03	3.50%	4.86%	4.09%	8.94%	5.73%	Buy	Medium
CAM NOTES	CAMG	\$0.97	\$1.05	5.25%	n/a	\$35	Nov-25	Redeem	1-Sep-23	9-Sep-23	\$0.01	0%	Q	\$0.00	3.50%	2.79%	4.03%	6.82%	5.44%	Buy	Medium
GFL NOTES	GFLGA	\$2.90	\$3.08	5.50%	n/a	\$9	Nov-24	Redeem	21-Jun-23	30-Jun-23	\$0.04	0%	Q	\$0.04	4.25%	6.39%	4.08%	10.47%	5.88%	Buy	Medium
ECP NOTES	ECPGA	\$1.43	\$1.41	5.50%	n/a	\$11	Apr-25	Redeem	21-Jun-23	30-Jun-23	\$0.02	0%	Q	\$0.02	4.25%	1.64%	4.08%	5.71%	5.34%	Sell	Medium

SOURCE: IRESS, BELL POTTER

PRICES AS AT 20-JUNE-2023

Investment Rating: Bell Potter's investment rating on ASX listed debt and hybrid securities is based on the current price relative to Bell Potter's estimate of fair value. Fair value is developed through a multi-step process based on the credit risk of the security when considering the subordination of the security. The first step involves finding a benchmark, which ideally is wholesale senior debt of the same issuer of a similar duration. Additional fair margin is added to reflect subordination and other risks associated with the issuer and security structure. For most securities, a Hold represents a security whose trading margin is +/- 25bp of the assessed Bell Potter fair valuation margin. A Buy is on a trading margin greater than 25bp above the assessed Bell Potter fair valuation margin. A Sell is on a trading margin more than 25bp below the assessed Bell Potter fair valuation margin. Certain circumstances may dictate an override of the general valuation methodology. The risk rating relates the Bell Potter assessment on risk of receiving scheduled income payments and face value at an expected date in the future.

These recommendations are current as at the date indicated and are based on our limited understanding of your investment objectives, circumstances, and needs. Because of the speed with which investment markets can change, these recommendations should be implemented within 14 days of the date hereof. We take no responsibility for any changes if implemented outside this period without further reference to us. This proposed portfolio was prepared by Bell Potter Securities Limited for your sole use, as our client. Bell Potter Securities Limited employees, consultants, advisers and officers are not liable for any loss or damage including negligence arising as a result of any reliance placed on the contents of this proposed portfolio. All such liability is excluded apart from any liability that the law does not allow to be excluded. Client advisers of Bell Potter Securities Limited may receive commission from Bell Potter Securities Limited as a result of a client dealing in the securities in this document. We believe that any recommendations and estimates contained in this document are reasonably held or made as at the time of compilation, however no warranty is made as to the accuracy or reliability of any recommendations or estimates (which may change without notice). While every effort has been made to provide you with an accurate statement, we give no warranty of accuracy of reliability and take no responsibility for any errors or omissions including negligence by any officers, employee or agents.

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Gross Yield to First Call (Maturity): Annualised internal rate of return on the security's cash flows, factoring in income returns for future interest / dividend payments grossed up for franking credits, and the capital gain/loss from the purchase (current) price of the security and the face value of the security at the first call date. The Swap Rate applied is based on the Swap Curve.

Trading Margin: Gross Yield to Maturity less Swap Rate applied.

Fair Margin: Bell Potter assessed fair valuation margin, which takes into considerations factors such as trading margins of debt securities in the wholesale debt markets, security ranking, and certainty of redemption at a set future date.

Gross Running Yield: Annualised forecast dividend based on the forthcoming declared interest / dividend payment date and the current BBSW, dividend by the last price.

Reference Rates	21-Jun-23
30 Day BBSW	4.110%
60 Day BBSW	4.220%
90 Day BBSW	4.315%
120 Day BBSW	4.435%
150 Day BBSW	4.555%
180 Day BBSW	4.653%
1 Year Sw ap	4.517%
2 Year Sw ap	4.343%
3 Year Sw ap	4.190%
4 Year Sw ap	4.258%
5 Year Sw ap	4.250%
7 Year Sw ap	4.305%
10 Year Sw ap	4.390%

SOURCE: IRESS

Figure 3: Yield to Call and Margin over BBSW3m

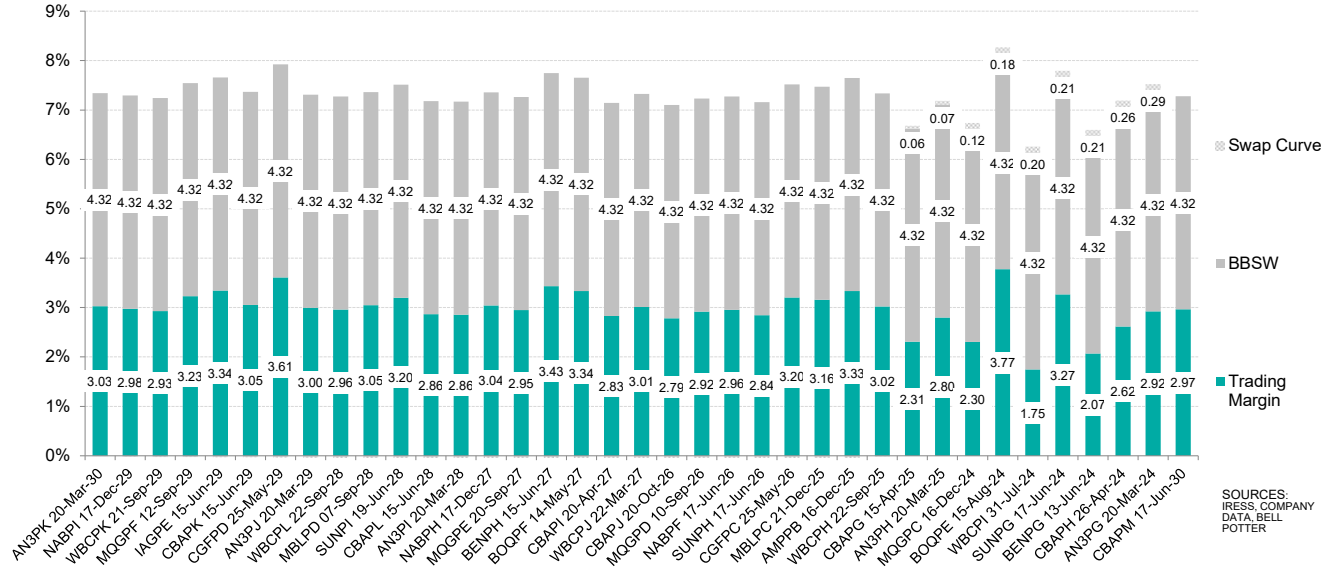


Figure 4: Forward Annual Income Projections for major Bank Prefs

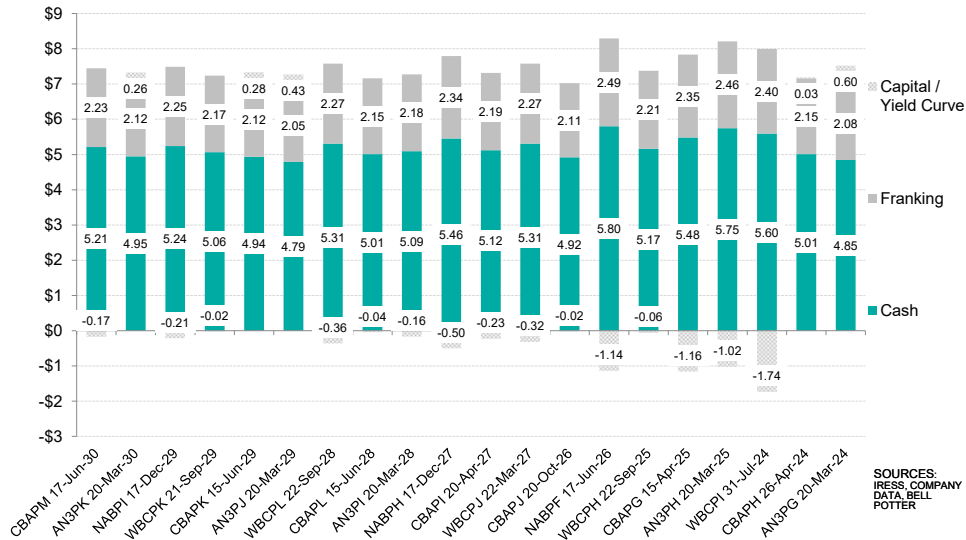
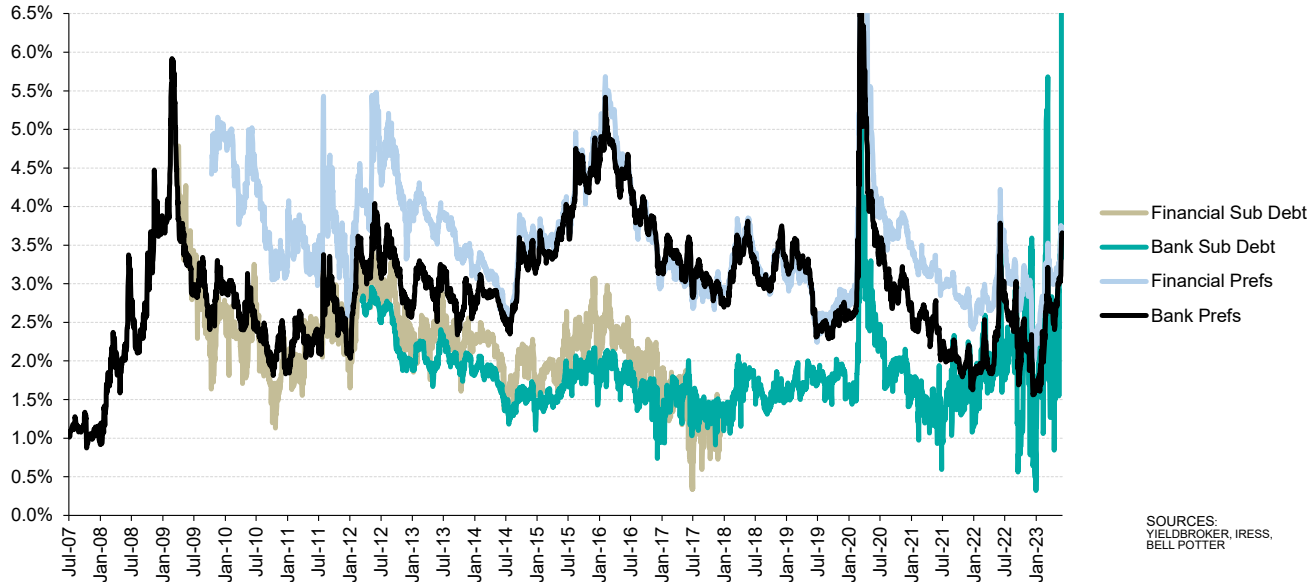


Figure 5: Trading Margins on ASX Listed Debt and Hybrid Sectors



SOURCES:
YIELDBROKER, IRESS,
BELL POTTER

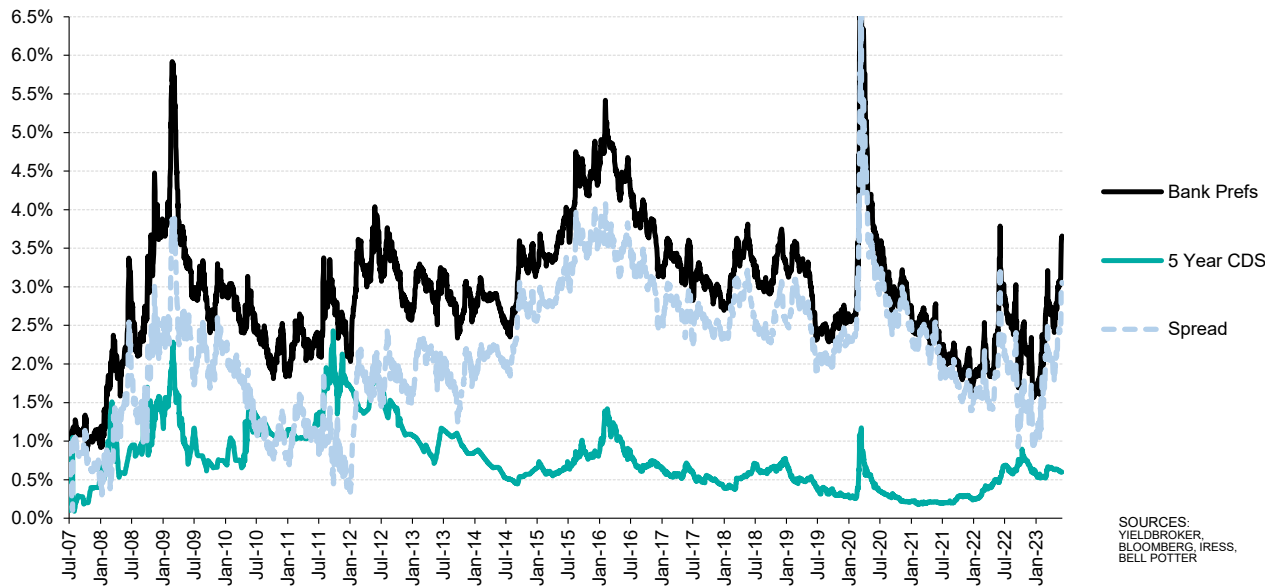
This Figure tracks the average trading margins split across four sectors:

* Financial Prefs (MBLPA, MBLPC, MBLPD, MQGPA, MQGPB, MQGPC, MQGPD, MQGPE, MQGPF, AMPPB, BENPG, BENPH, BOQPE, BOQPF, BOQPG, SUNPG, SUNPH, SUNPI)

* Bank Prefs (AN3PG, AN3PH, AN3PI, AN3PJ, AN3PK, CBAPD, CBAPH, CBAPG, CBAPJ, CBAPI, CBAPK, CBAPL, NABPF, NABPH, NABPI, WBCPI, WBCPH, WBCPJ, WBCPL, WBCPK)

* Bank Subordinated Debt (NABPE)

Figure 6: Trading Margin and Spread on Major Bank Hybrids



SOURCES:
YIELDBROKER,
BLOOMBERG, IRESS,
BELL POTTER

This Figure tracks the average trading margin for Major Bank Hybrids and compares this to prevailing credit risk:

* Bank Prefs (AN3PG, AN3PH, AN3PI, AN3PJ, AN3PK, CBAPD, CBAPH, CBAPG, CBAPJ, CBAPI, CBAPK, CBAPL, NABPF, NABPH, NABPI, WBCPI, WBCPH, WBCPJ, WBCPL, WBCPK)

* 5 Year CDS (A credit default swap is a financial derivative that allows an investor to offset their credit risk)

Figure 7: Relative Value

ASX Code	Optional Exch.	Price	Fair Value	Rec	Trading Margin	Fair Margin	Trading Margin vs Fair Margin	ASX Code	Optional Exch.	Price	Fair Value	Rec	Trading Margin	Fair Margin	Trading Margin vs Fair Margin
BOQPE	15-Aug-24	\$100.85	\$101.98	Buy	3.77%	2.45%	1.32%	MQGPF	12-Sep-29	\$102.97	\$104.46	Hold	3.23%	3.00%	0.23%
SUNPG	17-Jun-24	\$100.68	\$101.04	Buy	3.27%	2.35%	0.92%	BOQPG	15-Dec-28	\$99.88	\$101.43	Hold	3.50%	3.30%	0.20%
AN3PG	20-Mar-24	\$101.54	\$101.80	Buy	2.92%	2.10%	0.82%	CBAPM	17-Jun-30	\$100.34	\$102.11	Hold	2.97%	2.80%	0.17%
MBLPC	21-Dec-25	\$103.91	\$105.42	Buy	3.16%	2.50%	0.66%	WBCPL	22-Sep-28	\$102.04	\$103.52	Hold	2.96%	2.80%	0.16%
AMPPB	16-Dec-25	\$103.00	\$104.38	Buy	3.33%	2.75%	0.58%	MQGPE	20-Sep-27	\$100.20	\$101.11	Hold	2.95%	2.80%	0.15%
WBCPH	22-Sep-25	\$100.50	\$101.62	Buy	3.02%	2.50%	0.52%	AN3PJ	20-Mar-29	\$98.83	\$98.28	Hold	3.00%	2.85%	0.15%
SUNPI	19-Jun-28	\$99.06	\$101.70	Buy	3.20%	2.70%	0.50%	CBAPI	20-Apr-27	\$100.80	\$101.56	Hold	2.83%	2.70%	0.13%
BENPH	15-Jun-27	\$101.51	\$103.65	Buy	3.43%	2.95%	0.48%	AN3PK	20-Mar-30	\$98.49	\$98.38	Hold	3.03%	2.90%	0.13%
NABPF	17-Jun-26	\$103.02	\$104.38	Buy	2.96%	2.60%	0.36%	NABPI	17-Dec-29	\$101.13	\$102.47	Hold	2.98%	2.85%	0.13%
AN3PH	20-Mar-25	\$101.86	\$102.28	Buy	2.80%	2.45%	0.35%	AN3PI	20-Mar-28	\$100.80	\$101.57	Hold	2.86%	2.75%	0.11%
BOQPF	14-May-27	\$102.43	\$104.07	Buy	3.34%	3.00%	0.34%	SUNPH	17-Jun-26	\$100.71	\$101.29	Hold	2.84%	2.75%	0.09%
CBAPH	26-Apr-24	\$101.14	\$101.38	Buy	2.62%	2.30%	0.32%	WBCPK	21-Sep-29	\$100.01	\$101.24	Hold	2.93%	2.85%	0.08%
MQGPD	10-Sep-26	\$103.95	\$105.11	Buy	2.92%	2.60%	0.32%	CBAPL	15-Jun-28	\$100.17	\$100.99	Hold	2.86%	2.80%	0.06%
NABPH	17-Dec-27	\$101.96	\$103.61	Buy	3.04%	2.75%	0.29%	CBAPG	15-Apr-25	\$102.10	\$101.79	Hold	2.31%	2.45%	-0.14%
WBCPJ	22-Mar-27	\$101.40	\$102.79	Buy	3.01%	2.75%	0.26%	MQGPC	16-Dec-24	\$102.70	\$102.08	Hold	2.30%	2.50%	-0.20%
CBAPK	15-Jun-29	\$98.77	\$100.51	Buy	3.05%	2.80%	0.25%	CGFPD	25-May-29	\$100.70	\$101.20	Sell	3.61%	3.90%	-0.29%
MBLPD	07-Sep-28	\$99.95	\$101.33	Hold	3.05%	2.80%	0.25%	CGFPC	25-May-26	\$104.28	\$104.18	Sell	3.20%	3.55%	-0.35%
IAGPE	15-Jun-29	\$101.02	\$103.91	Hold	3.34%	3.10%	0.24%	WBCPI	31-Jul-24	\$102.25	\$101.61	Sell	1.75%	2.20%	-0.45%
CBAPJ	20-Oct-26	\$100.12	\$101.02	Hold	2.79%	2.55%	0.24%	BENPG	13-Jun-24	\$101.94	\$100.85	Sell	2.07%	2.70%	-0.63%

SOURCE: IRESS, BELL POTTER

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Figure 8: Trading margins on ASX listed major bank prefs and capital notes versus wholesale senior debt

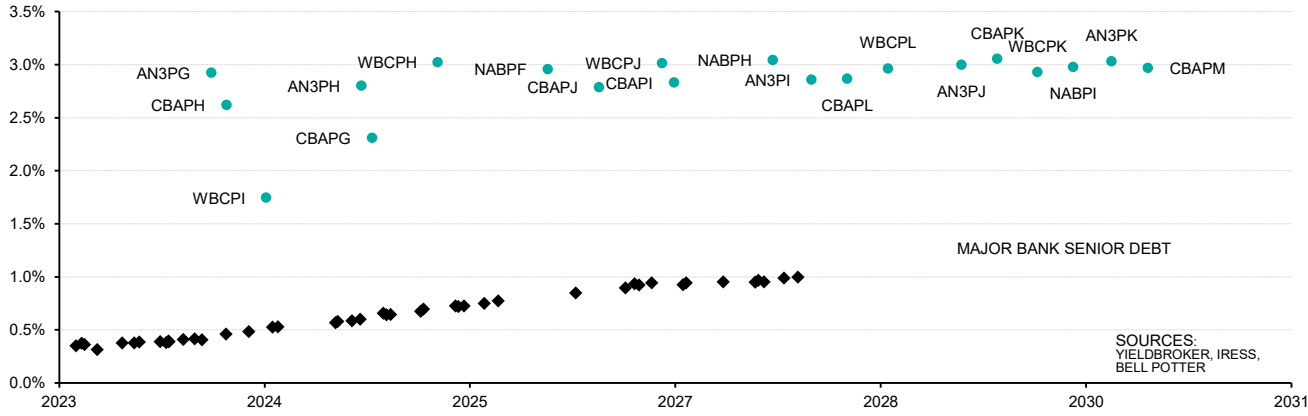


Figure 9: Trading margins on ASX listed financial prefs and capital notes versus wholesale senior debt

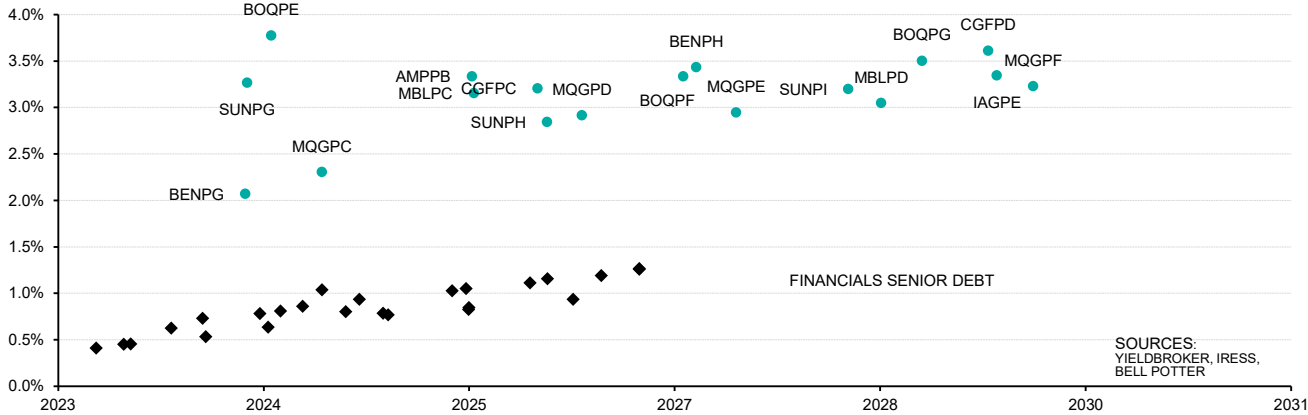


Figure 10: Mandatory Conversion Thresholds

	AN3PG	AN3PH	AN3PI	AN3PJ	AN3PK	CBAPH	CBAPG	CBAPJ	CBAPI	CBAPK	CBAPM	CBAPL	NABPF	NABPH	NABPI	WBCPI	WBCPH	WBCPJ	WBCPL
Issue Date	28-Sep-16	29-Sep-17	9-Jul-21	25-Mar-22	24-Mar-23	18-Dec-18	9-Apr-18	6-Apr-21	15-Nov-19	1-Apr-22	9-Jun-23	16-Nov-22	21-Mar-19	18-Dec-20	8-Jul-22	19-Dec-18	14-Mar-18	7-Dec-20	21-Jul-22
Optional Call Date	20-Mar-24	20-Mar-25	20-Mar-28	20-Mar-29	20-Mar-30	26-Apr-24	15-Apr-25	20-Oct-26	20-Apr-27	15-Jun-29	17-Jun-30	15-Jun-28	17-Jun-26	17-Dec-27	17-Dec-29	31-Jul-24	22-Sep-25	22-Mar-27	22-Sep-28
Mandatory Conversion Date	20-Mar-26	20-Mar-27	20-Sep-31	20-Sep-31	20-Sep-32	26-Apr-26	15-Apr-27	20-Oct-28	20-Apr-29	17-Jun-32	17-Jun-33	16-Jun-31	19-Jun-28	17-Dec-29	17-Sep-32	31-Jul-26	22-Sep-27	22-Mar-29	22-Jun-31
Conversion Discount	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Issue Date VWAP	\$26.80	\$29.70	\$28.15	\$26.38	\$23.72	\$70.31	\$74.57	\$86.32	\$79.42	\$102.53	\$98.50	\$102.99	\$25.02	\$23.24	\$27.39	\$25.62	\$30.37	\$19.42	\$19.83
50% Dilution Cap	\$13.40	\$14.85	\$14.08	\$13.19	\$11.86	\$35.16	\$37.28	\$43.16	\$39.71	\$51.26	\$49.25	\$51.49	\$12.51	\$11.62	\$13.70	\$12.81	\$15.19	\$9.71	\$9.92
Max Conv No (Face Value/Dilution Cap)	7.46	6.73	7.10	7.58	8.43	2.84	2.68	2.32	2.52	1.95	2.03	1.94	7.99	8.61	7.30	7.81	6.59	10.30	10.09
Conv Test 1 - % Issue Date VWAP	56.00%	56.00%	56.00%	56.00%	56.00%	56.00%	56.00%	56.00%	56.00%	56.00%	56.00%	56.00%	56.00%	56.00%	56.00%	56.12%	56.12%	56.12%	56.12%
Conv Test 1 Security Price	\$15.01	\$16.63	\$15.76	\$14.77	\$13.28	\$39.37	\$41.76	\$48.34	\$44.48	\$57.41	\$55.16	\$57.67	\$14.01	\$13.01	\$15.34	\$14.38	\$17.04	\$10.90	\$11.13
Conv Test 2 - % Issue Date VWAP	50.51%	50.51%	50.51%	50.51%	50.51%	50.51%	50.51%	50.51%	50.51%	50.51%	50.51%	50.51%	50.51%	50.51%	50.51%	50.51%	50.51%	50.51%	50.51%
Conv Test 2 Security Price	\$13.54	\$15.00	\$14.22	\$13.32	\$11.98	\$35.51	\$37.66	\$43.60	\$40.12	\$51.79	\$49.75	\$52.02	\$12.64	\$11.74	\$13.84	\$12.94	\$15.34	\$9.81	\$10.02
Conv Test 3 - Continuous Trading	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	n/a	n/a	n/a	n/a
Parent Share Price	\$23.80	\$23.80	\$23.80	\$23.80	\$23.80	\$101.62	\$101.62	\$101.62	\$101.62	\$101.62	\$101.62	\$101.62	\$26.50	\$26.50	\$26.50	\$21.43	\$21.43	\$21.43	\$21.43
Prem/Disc to Conversion Test 1	58.6%	43.1%	51.0%	61.1%	79.2%	158.1%	143.4%	110.2%	128.5%	77.0%	84.2%	76.2%	89.1%	103.6%	72.8%	49.0%	25.7%	96.6%	92.6%
	WBCPK	AMPPB	BENPG	BENPH	BOQPE	BOQPG	BOQPF	CGFPC	CGFPD	IAGPE	SUNPG	SUNPH	SUNPI	MQGPC	MBLPC	MQGPD	MQGPE	MBLPD	MQGPF
Issue Date	16-Sep-21	24-Dec-19	14-Dec-17	1-Dec-20	28-Dec-17	15-Nov-22	1-Dec-20	26-Nov-20	5-Apr-23	23-Dec-22	27-Nov-17	18-Dec-19	24-Sep-21	8-Jun-18	3-Jun-20	28-Mar-19	18-Mar-21	30-Aug-21	18-Jul-22
Optional Call Date	21-Sep-29	16-Dec-25	13-Jun-24	15-Jun-27	15-Aug-24	15-Dec-28	14-May-27	25-May-26	25-May-29	15-Jun-29	17-Jun-24	17-Jun-26	19-Jun-28	16-Dec-24	21-Dec-25	10-Sep-26	20-Sep-27	7-Sep-28	12-Sep-29
Mandatory Conversion Date	21-Jun-32	16-Dec-27	15-Jun-26	15-Jun-29	15-Aug-26	16-Jun-31	15-May-29	25-May-28	25-Feb-32	15-Mar-32	17-Jun-26	17-Jun-28	17-Dec-30	15-Dec-27	21-Dec-28	10-Sep-29	18-Sep-30	8-Sep-31	12-Sep-32
Conversion Discount	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Issue Date VWAP	\$25.86	\$1.91	\$11.37	\$7.80	\$12.74	\$7.05	\$7.00	\$5.14	\$6.52	\$4.76	\$13.88	\$13.20	\$13.20	\$114.15	\$104.98	\$127.75	\$147.20	\$165.60	\$166.48
50% Dilution Cap	\$12.93	\$0.96	\$5.69	\$3.90	\$6.37	\$3.53	\$3.50	\$2.57	\$3.26	\$2.38	\$6.94	\$6.60	\$6.60	\$57.08	\$52.49	\$63.87	\$73.60	\$82.80	\$83.24
Max Conv No (Face Value/Dilution Cap)	7.73	104.71	17.59	25.64	15.70	28.37	28.58	38.91	30.67	42.00	14.41	15.15	15.15	1.75	1.91	1.57	1.36	1.21	1.20
Conv Test 1 - % Issue Date VWAP	56.12%	56.00%	55.00%	55.00%	56.12%	56.12%	56.12%	55.00%	55.00%	55.00%	55.00%	55.00%	55.00%	56.00%	56.00%	56.00%	56.00%	56.00%	56.00%
Conv Test 1 Security Price	\$14.51	\$1.07	\$6.25	\$4.29	\$7.15	\$3.96	\$3.93	\$2.83	\$3.59	\$2.62	\$7.63	\$7.26	\$7.26	\$63.93	\$58.79	\$71.54	\$82.43	\$92.74	\$93.23
Conv Test 2 - % Issue Date VWAP	50.51%	50.51%	50.51%	50.51%	50.51%	50.51%	50.51%	50.51%	50.51%	50.51%	50.51%	50.51%	50.51%	50.51%	50.51%	50.51%	50.51%	50.51%	50.51%
Conv Test 2 Security Price	\$13.06	\$0.96	\$5.74	\$3.94	\$6.43	\$3.56	\$3.53	\$2.60	\$3.29	\$2.41	\$7.01	\$6.67	\$6.67	\$57.66	\$53.03	\$64.53	\$74.35	\$83.64	\$84.09
Conv Test 3 - Continuous Trading	n/a	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Parent Share Price	\$21.43	\$1.17	\$8.66	\$8.66	\$5.60	\$5.60	\$5.60	\$6.59	\$6.59	\$5.65	\$13.75	\$13.75	\$13.75	\$185.20	\$185.20	\$185.20	\$185.20	\$185.20	\$185.20
Prem/Disc to Conversion Test 1	47.7%	9.4%	38.5%	101.9%	-21.7%	41.5%	42.6%	133.1%	83.8%	115.7%	80.1%	89.4%	89.4%	189.7%	215.0%	158.9%	124.7%	99.7%	98.7%

SOURCE: IRESS, BELL POTTER

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Figure 11: Exchange-Traded Australian Government Bonds

ASX Code	Coupon Rate	Maturity Date	Bid Yield YTM	ASX Price/ \$100	Accrued Income	Cap Price/ \$100	Offer Yield YTM	ASX Price/ \$100	Accrued Income	Cap Price/ \$100
GSBG24	2.75	22-Apr-24	4.301	99.210	0.466	98.744	4.014	99.440	0.466	98.974
GSBU24	0.25	21-Nov-24	4.208	94.657	0.022	94.635	3.979	94.957	0.022	94.935
GSBG25	3.25	21-Apr-25	4.027	99.200	0.559	98.641	3.974	99.291	0.559	98.732
GSBU25	0.25	21-Nov-25	4.026	91.430	0.022	91.408	3.924	91.650	0.022	91.628
GSBG26	4.25	21-Apr-26	3.953	101.515	0.732	100.783	3.840	101.815	0.732	101.083
GSBQ26	0.50	21-Sep-26	3.930	89.773	0.128	89.645	3.824	90.073	0.128	89.945
GSBG27	4.75	21-Apr-27	3.883	103.870	0.818	103.052	3.813	104.120	0.818	103.302
GSBU27	2.75	21-Nov-27	3.866	95.760	0.247	95.513	3.805	96.000	0.247	95.753
GSBI28	2.25	21-May-28	3.860	93.060	0.202	92.858	3.794	93.340	0.202	93.138
GSBU28	2.75	21-Nov-28	3.833	95.000	0.247	94.753	3.777	95.260	0.247	95.013
GSBG29	3.25	21-Apr-29	3.897	97.211	0.559	96.652	3.799	97.711	0.559	97.152
GSBU29	2.75	21-Nov-29	3.924	93.650	0.247	93.403	3.842	94.090	0.247	93.843
GSBU30	2.50	21-May-30	3.925	91.670	0.224	91.446	3.838	92.170	0.224	91.946
GSBW30	1.00	21-Dec-30	3.971	80.910	0.005	80.905	3.894	81.350	0.005	81.345
GSBK31	1.50	21-Jun-31	3.951	83.344	0.008	83.336	3.870	83.844	0.008	83.836
GSBU31	1.00	21-Nov-31	3.968	79.040	0.090	78.950	3.896	79.490	0.090	79.400
GSBG33	4.50	21-Apr-33	3.967	105.070	0.775	104.295	3.910	105.550	0.775	104.775
GSBK35	2.75	21-Jun-35	4.035	87.890	0.015	87.875	3.954	88.600	0.015	88.585
GSBG37	3.75	21-Apr-37	4.125	96.721	0.645	96.076	4.047	97.521	0.645	96.876
GSBK39	3.25	21-Jun-39	4.207	88.960	0.018	88.942	4.133	89.760	0.018	89.742
GSBI41	2.75	21-May-41	4.251	81.560	0.247	81.313	4.185	82.290	0.247	82.043
GSBE47	3.00	22-Mar-47	4.257	82.086	0.758	81.328	4.196	82.886	0.758	82.128
GSBK51	1.75	21-Jun-51	4.236	59.473	0.010	59.463	4.168	60.273	0.010	60.263

SOURCE: IRESS, BELL POTTER

PRICES AS AT 21-JUNE-2023

INVESTOR INFORMATION: [HTTP://WWW.ASX.COM.AU/DOCUMENTS/PRODUCTS/AGB_INVESTOR_INFORMATION_STATEMENT_EXCHANGE-TRADED_TREASURY_BONDS.PDF](http://www.asx.com.au/documents/products/AGB_investor_information_statement_exchange-traded_treasury_bonds.pdf)

IN YOUR INTEREST

21 JUNE 2023

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Additional disclosure:

Bell Potter Securities Limited has acted as Co-Manager or Lead Manager to the following issues: ANZPD, ANZPE, AN3PK, AYUPA, BENPH, CBAPD, CBAPE, CBAPF, CBAPH, CBAPI, CBAPK, CBAPL, CGFPC, MBLPC, MBLPD, MQGPB, MQGPC, MQGPD, MQGPE, MQGPF, NABPB, NABPD, NABPF, NABPH, NABPI, NFNG, WBCPF, WBCPG, WBCPH, WBCPI, WBCPJ, WBCPK and WBCPL. Bell Potter Securities Limited received fees for these services.

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There are additional risks associated with this kind of investment as compared to a term deposit with the same issuer. These risks include: A 'trigger event' occurring leading to a deferral of interest payments or the Issuer repaying the hybrid early or much later than expected;

Credit spreads widening making the return from the investment less attractive in comparison to other products;

- Additional new issuance at a higher margin;
- Market price volatility;
- Liquidity risk for hybrids is generally greater than shares in the Issuer company;

Subordinated ranking;

- Distributions are at the discretion of the issuer;
- These products may be perpetual and can only be redeemed or exchanged for either cash or equity at the Issuer's option;
- Early repayment is at the Issuer's discretion

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