

Capital Series *Australia*

A NEW DIMENSION IN STRUCTURED INVESTMENTS



CommonwealthBank



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The past year has been a period of unprecedented volatility in global markets which has seen in September and October alone oil trade between US\$86.30 – 130 a barrel, the Aussie dollar move in a US22 cent range, and the Australian share market trade over a range of more than 800 points or around 16 per cent.

Given all of this global turmoil, is the Australian share market an investment opportunity at these current levels?

Interesting Facts

- The biggest daily decline on the Australian share market (All Ordinaries Index) was on 20 October 1987, a slide of 25.0 per cent. The biggest points decline also happened on that day (a fall of 532 points).
- More recently, the S&P/ASX All Ordinaries Index fell from its high of 6,873 points on 1 November 2007 to 3,939 on 10 October 2008 – a fall of around 43 per cent. The S&P/ASX 200 Index over the same period fell around 42 per cent.
- The Australian share market has not traded at levels of around 4,000 since May 2005.

In the past the S&P/ASX All Ordinaries Index has experienced significant losses and gains:

Time	Months to low	% fall	Months after fall to new high	% gain in first 12 months after low
Sep 1987 – Nov 1987	2	-50.1%	75	+35%
Aug 1989 – Jan 1991	15	-32.4%	30	+39%
Feb 1994 – Feb 1995	12	-21.7%	20	+25%
Mar 2002 – Mar 2003	12	-22.3%	15	+27%

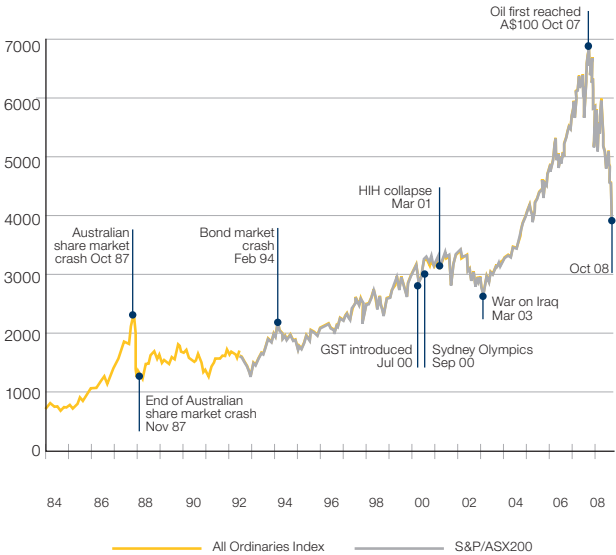
Data source: Iress

Past performance is not a reliable indicator of future performance

- Australia's economy over the last year has grown at a rate of 2.7 per cent. In its World Economic Outlook report released 9 October 2008 the International Monetary Fund (IMF) predicts a 2.2 per cent economic growth rate for Australia in 2009, putting it towards the top of the leader board of major developed nations.
- The Reserve Bank signaled a loosening bias to monetary policy by cutting the official cash rate by 100 basis points on 7 October 2008 (one percentage point) to 6.00 per cent. This was the biggest rate cut since July 1992 and follows the 25bp decline on 2 September. The cash rate now stands at 6.00 per cent – the lowest since August 2006.

Source: CommSec

The historical performance of the All Ordinaries Index since 1983 and the S&P/ASX 200 Index since 1992 is shown in the graph below.



5 Introducing Capital Series *Australia*

Capital Series *Australia* is the easy way to get exposure to the performance of our local share market.

Your investment is 100% capital protected¹ at maturity and your return is linked to the performance of the S&P/ASX 200 Index, a share market index comprised of 200 of the largest Australian listed companies by market capitalisation.

Best of all, you may be able to borrow up to 100% of your Capital Series *Australia* investment via the Capital Investment Loan and your first year's interest via the Interest in Advance Loan. Please note loans are subject to approval.

There are many reasons to consider an investment in Capital Series *Australia*:

Capital growth potential	<p>You have the potential to receive capital growth based on the price performance of the S&P/ASX200 Index.</p> <p>This Index is made up of 200 of the largest listed Australian companies by market capitalisation</p>
Capital protection¹	Your investment is 100% capital protected ¹ at maturity, so your initial capital is protected if held for the five and a half year term
Investment term	5½ years
Participation Rate	The Participation Rate will be between 100 – 120% and will be determined on the Start Date
Borrow to invest	<p>Fund your Capital Series <i>Australia</i> investment with the:</p> <ul style="list-style-type: none"> • Capital Investment Loan² • Interest in Advance Loan²
SMSF availability	Capital Series <i>Australia</i> is available to Self Managed Super Funds ²
Minimum investment	A\$10,000
At maturity	<p>You have the choice to receive the final value of your investment in either:</p> <p>(a) Physical delivery of a parcel of the SPDR S&P/ASX 200 Fund³; or</p> <p>(b) A cash payment⁴</p>

There are risks associated with an investment in Capital Series *Australia*. Please refer to both Part 1 and Part 2 of the Product Disclosure Statement for more information.

7 Who should consider investing in Capital Series *Australia*

Generally, Capital Series *Australia* may be suitable for individuals, companies, trusts & SMSFs who:

- Feel comfortable knowing their initial capital is protected at maturity
- Believe a five year investment over the S&P/ASX 200 Index will generate capital growth
- Are looking to diversify their investment portfolio in one simple transaction across an index comprising 200 of the largest Australian listed companies by market capitalisation
- Seek any possible benefits of borrowing to invest²

Key dates

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Opening Date	27 October 2008
Closing Date	5 December 2008
Start Date	16 December 2008
Maturity Date	24 June 2014

9 How to get started

To find out more, you can obtain a copy of both Part 1 and Part 2 of the Product Disclosure Statement by contacting your Financial Adviser or Commonwealth Bank Structured Investments on **1300 786 039**.



Important information

- 1 Capital Protection will only apply at the Maturity Date and is subject to risks, limitations and conditions. Please refer to the Product Disclosure Statement for more information.
- 2 The Capital Investment Loan or Interest in Advance Loans are not available to SMSF.
- 3 At the commencement of Capital Series Australia, the Delivery Asset is one unit in the SPDR S&P/ASX 200 Fund. At maturity, you will receive Delivery Assets to the value of the Maturity Value. Refer to the Capital Series Australia PDS for information about the Delivery Asset, Maturity Value and the circumstances where the Delivery Asset may be substituted for another security.
- 4 By using the Delivery Asset Sale Service outlined in the PDS.

Important Information

Capital Series *Australia* is issued by Commonwealth Bank of Australia ABN 48 123 123 124 (Commonwealth Bank) administered by its wholly owned but non-guaranteed subsidiary Commonwealth Securities Limited ABN 60 067 254 399 (CommSec). A Product Disclosure Statement (PDS) for Capital Series *Australia*, dated 27 October 2008, is available by calling 13 15 20 and should be considered before making any decision about this product. Investments in Capital Series are not deposits with Commonwealth Bank. They are contracts entered into between Investors and Commonwealth Bank on the terms set out in the Terms of Sale as contained in the PDS. Capitalised terms in this document have equal meaning to the capitalised terms in the PDS. Potential investors should refer to the PDS for risks and costs involved with an investment in Capital Series *Australia*.

The information in this document should not be taken as a recommendation to invest in Capital Series *Australia*. As the information has been prepared without considering your objectives, financial situation or needs, you should, before acting on the information in this document consider its appropriateness to your circumstances. Past performance is not a reliable indicator of future performance. Applications for finance (the "Capital Investment Loan" and "Interest in Advance Loan") are subject to the Bank's normal credit approval.

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