



# Re-Strike Deferred Purchase Agreements

Brochure

Series 3 & 5 – RBS VC Australia 200 Index (AUD) ER 12%

Series 4 & 6 – Risk Stabilised Aquantum Pegasus EL1 Strategy



Capital Protection Provider



# 6½ and 7 year deferred purchase agreements linked to the performance of the RBS VC Australia 200 Index (AUD) 12% ER<sup>1</sup> or the performance of the Aquantum Pegasus EL.

## Important

This brochure should be read in conjunction with the Product Disclosure Statement (PDS) dated 16 August 2010 and consider it before making any investment decision.

Investors need to obtain their own financial, legal and taxation advice before making any investment decision. A copy of the PDS can be found at [www.rbs.com.au/structuredproducts](http://www.rbs.com.au/structuredproducts) or be obtained by calling 1800 450 005.

Capitalised terms used in this brochure have the meaning given to them in the PDS.

## What are the Re-Strike Deferred Purchase Agreements?

The Re-Strike Deferred Purchase Agreements (“Units” or “ReStrikes”) are designed to offer Investors exposure to the performance of a Reference Index – either the RBS VC Australia 200 Index (AUD) ER 12% Excess Return Index (USD) for Series 3 & 5 or the Risk Stabilised Aquantum Pegasus EL1 Strategy for Series 4 & 6 (or both should an Investor choose to invest in Series 3 & 5 and 4 & 6). The Investment Term is 7 years for Series 3 & 5 and 6½ years for Series 4 & 6. The exposure to either of these indices (the “Reference Index”) is variable because its volatility affects the level of exposure the Reference Index provides (via the “Participation Rate”). In general, the lower the volatility, the higher the Participation Rate (and hence the higher the exposure to the Reference Index) and vice versa. At Maturity, investors receive a Delivery Parcel containing ordinary shares in five ASX listed companies. The Units provide:

- **100% capital protection** if the investment is held to Maturity;
- it can **never be cash-locked**, and there is no maximum limit or “cap” on the upside;
- Fixed Coupons of 2.86% for Series 3 & 5 and 3.08% for Series 4 & 6 (compulsorily reinvested);
- Contingent **coupons** of a fixed percentage of all returns of the Reference Index Value above the hurdle rate (to be set at between 0% and 10%) of returns (subject to a high water mark);
- 100% borrowing available subject to certain conditions.

### Enhanced exposure to the market

Investors can participate anywhere between 0% and 150% for Series 3 & 5 and 0% to 145% for Series 4 & 6 in any upside growth of the Reference Index depending on the volatility of the Reference Index. Investors’ initial outlay is 80% of the Issue Price of \$1.00<sup>2</sup>. The Fixed Coupons are used to pay the outstanding Issue Price. There is a Minimum Final Value of \$1.00.

### The Participation Rate

The variable Participation Rate is designed to manage market risk associated with the performance of the Reference Index. It operates by varying the exposure that Re-Strikes have to the Reference Index depending on its volatility. The higher the volatility the lower the Participation Rate – possibly as low as zero in which case no exposure to the relevant Reference Index would be provided at that time.

### Reducing volatility

Re-Strikes use an averaging technique which seeks to reduce the effect of volatility of the Reference Index by taking five observations during the final twelve (12) months of the Investment Term to calculate the Final Value of Units. As averaging occurs over the final twelve months of the Investment Term via the undertaking of five observations, its effect is expected to decrease the impact of volatility on the Final Value of your investment.

<sup>1</sup> The RBS VC Index aims to track a notional strategy that applies a risk-stabilisation overlay to the performance of the RBS AU 200; the underlying for which is the SFE SPI. The SFE SPI is a series of rolling futures over the ASX 200. The S&P/ASX 200 Index covers approximately 80% of the Australian stock market and represents the top 200 ASX listed companies by market capitalisation.

<sup>2</sup> Investors are required to pay the remaining 20% of the Issue Price (i.e., \$0.20) during the Investment Term of the Units. Refer to the PDS for more information.

### Acquire delivery assets

At Maturity, the Issuer will deliver the Delivery Parcel to you, which comprise ordinary shares in the following ASX listed companies:

- BHP Billiton Limited
- Commonwealth Bank of Australia
- Wesfarmers Limited
- Telstra Corporation Limited
- Woolworths Limited

### Investment with No Currency Risk

Investors have the ability to take a positive view on the market. All returns are in Australian Dollar so the investor does not take any currency risk.



## Who might consider investing in Re-Strikes?

You should seek professional advice which considers your individual objectives, financial situation and needs before making any investment decision.

Re-Strikes have been designed for investors who:

- are seeking a leveraged investment to the Reference Index;
- are seeking the potential for an income distribution during the Investment Term (even if all or part of the distribution is reinvested);
- after Maturity, would like to receive a diversified exposure to a basket of ASX listed shares in leading Australian companies;
- understand and can tolerate the risk associated with leverage and how it can impact an investment in the Units both in positive and negative market conditions – that is, by enhancing potential gains but also magnifying potential losses;
- require capital protection (only available at Maturity).

## What are the key risks?

An investment in the Units would **not be a suitable** investment for Investors who:

- believe the Reference Index will be subject to consistently high levels of volatility over the Investment Term or wish to participate in the performance of the Reference Index during periods of high volatility;
- do not have a positive view of the Reference Index over the Investment Term and in particular believe that the Reference Index will not increase between the Commencement Date and the Maturity Date;
- are seeking an unleveraged investment;
- are unwilling to commit for the full Investment Term of the Units – that is, from the Commencement Date to the Maturity Date.

**This list is not comprehensive and does not take into account a potential Investor's personal needs and circumstances. Investors should read the Re-Strike Deferred Purchase Agreements Product Disclosure Statement Dated 16 August 2010, in particular Section 7 "Risks", when considering the suitability of this investment product.**

## Historical performance<sup>1</sup>

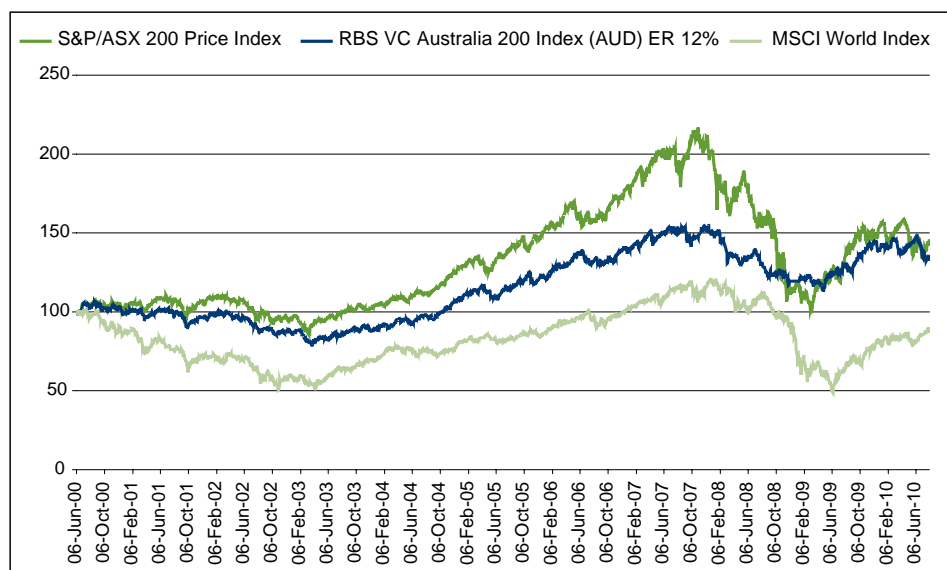
The data shown in the graph and the average annual rate of return published under the graphs are based on historic levels of:

For Series 3 & 5, the S&P/ASX 200 Index, MSCI World Index and the simulated historic levels of the RBS VC Australia 200 Index (AUD) 12% ER;

For Series 4 & 6, MSCI World Index and the simulated historic levels of the Aquantum Pegasus EL1 Excess Return Index and Risk Stabilised Aquantum Pegasus EL1 Strategy (net of fees and costs).

The table under each graph shows the average annual rate of return based on simple averaging of the respective indices.

### Series 3 & 5: S&P/ASX100 vs RBS VC Australia 200 Index (AUD) 12% ER vs MSCI World Performance Graphs



### Annualised Rate of Return

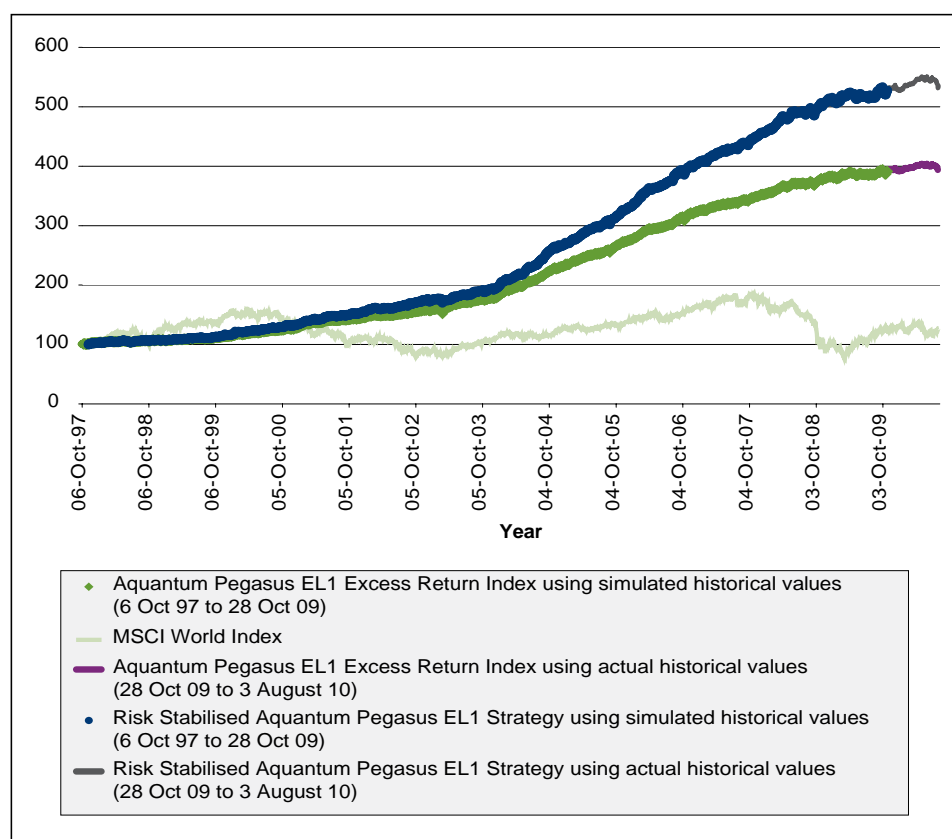
For the last	RBS VC Australia 200 Index (AUD) 12% ER (Series 3 & 5)	Performance of S&P/ASX200 Index	Performance of MSCI World Index
5 years (pa)	3.33%	0.93%	-0.86%
10 years (pa) <sup>2</sup>	3.2%	3.96%	-1.37%



<sup>1</sup> The graphs use data (simulated in the case of the RBS VC Australia 200 Index (AUD) ER 12%) ending on each Business Day from 6 June 2000 to 3 August 2010 .

<sup>2</sup> For Aquantum Pegasus, the graphs uses simulated historical data ending on each Business Day from 6 October 1997, to 28 October 2009 and actual historical data ending on each Business Day from 29 October 2009 to 3 August 2010.

### Series 4 & 6: Aquantum Pegasus Index vs Risk Stabilised Aquantum Pegasus EL1 Strategy vs MSCI World Performance Graphs



#### Historical performance and simulations

The performance of each Reference Index in the above graphs is simulated past performance based on the application of the calculations and formulae as they apply to the Reference Index in the PDS with the input of historical data dated over the periods shown. The returns shown are shown after the deduction of any fees and costs applicable to the relevant Reference Index (including any applicable taxes) as disclosed in the PDS. Returns are calculated with reference to the Participation Rates, volatility levels and, where applicable, interest rates that applied on each observation dated during the period of performance shown. **Investors should note that these returns are those that applied to the Reference Index and is NOT the simulated Final Value of Units. The graphs show the Reference Index Value that is used in calculating Coupons or the Final Value.** In calculating the historical performance and simulations for the Reference Index, the Issuer has assumed that there were no Adjustment Events or Market Disruption Events which would have resulted in the Early Maturity of the Units (although the Issuer is not aware of any events which would have resulted in the Early Maturity of the Units for the period which the graphs cover). Where there was a Market Disruption Event or other event which prevented the publishing of the level of the Reference Index in the relevant period, the Issuer has used the level which applies in accordance with clause 6.2(a)(ii) of Section 11 "Terms of the Deferred Purchase Agreement" of the PDS.

#### Annualised Rate of Return

For the last	Risk Stabilised Aquantum Pegasus EL1 Strategy (Series 4 & 6)	Performance of Aquantum Pegasus EL Excess Return Index	Performance of MSCI World Index
5 years (pa)	15.26%	18.28%	-0.86%
10 years (pa)	32.00%	42.00%	-1.32%

**It is important that Investors note that past performance and simulated performance is not a reliable indicator of future performance and returns are not guaranteed.**

#### Historical Performance of Reference Indices

The data shown in the graphs and the average annual rate of return published in the tables under the graphs are based on:

For Series 3 and 5, actual historic levels of the S&P/ASX 200 Price Index (as published by Standard & Poor's) and MSCI World Index (as published by Bloomberg) and the simulated historic levels of the RBS VC Australia 200 Index (AUD) ER 12%. The graph uses data ending on each Business Day from 6 June 2000 to 3 August 2010.

For Series 4 and 6, historic levels of the MSCI World Index (as published by Bloomberg), simulated historic levels of the Aquantum Pegasus EL1 Excess Return Index (net of fees and costs) and Risk Stabilised Aquantum Pegasus EL1 Strategy (net of fees and costs) for the period up to 27 October 2009 (as published by Bloomberg), and actual historic levels of the Aquantum Pegasus EL1 Excess Return Index (net of fees and costs) and Risk Stabilised Aquantum Pegasus EL1 Strategy (net of fees and costs) for the period from and including 28 October 2009 (as published by Bloomberg). The graph uses simulated historical data ending on each Business Day from 6 October 1997 to 28 October 2009 and actual historical data ending on each Business Day from 29 October 2009 to 3 August 2010. In the graph for Series 4 and 6 below, different colours for the Risk Stabilised Aquantum Pegasus EL1 Strategy and the Aquantum Pegasus EL1 Excess Return Index show the periods for which simulated historical data and actual historical data was used.



## Key information

### Key dates

<b>Issue Opening Date</b>	<b>Series 3 &amp; 4:</b> 16 August 2010	<b>Series 5 &amp; 6:</b> 1 October 2010
<b>Issue Closing Date</b>	<b>Series 3 &amp; 4</b> (30 September 2010) <b>Series 5 &amp; 6</b> (30 November 2010)	
<b>Commencement Date</b>	<b>Series 3 &amp; 4:</b> 14 October 2010, <b>Series 5 &amp; 6:</b> 14 December 2010, or as soon as reasonably practicable thereafter as determined by the Issuer.	
<b>Maturity Date</b>	<b>Series 3:</b> 14 October 2017 <b>Series 4:</b> 14 April 2017	<b>Series 5:</b> 14 December 2017 <b>Series 6:</b> 14 June 2017

### Key terms

<b>Reference Index</b>	<b>Series 3 &amp; 5:</b> RBS VC Australia 200 Index (AUD) ER 12%	<b>Series 4 &amp; 6:</b> Risk Stabilised Aquantum Pegasus EL1 Strategy
<b>Issue Price</b>	<b>Series 3–6:</b> A\$1.00 Investors are required to pay \$0.80 per Unit by the Issue Closing Date – the “Initial Instalment Payment”. The remaining \$0.20 is paid by the Investor over the Investment Term through the re-investment of the Fixed Coupons.	
<b>Final Hurdle</b>	<b>Series 3 &amp; 5:</b> 14%, In calculating the Final Value, the Final Hurdle is deducted. See Section 6.5 of the PDS for details.	<b>Series 4 &amp; 6:</b> 6.5%
<b>Minimum Investment Amount</b>	20,000 Units or \$16,000 and thereafter in multiples of \$800 (i.e. 1,000 Units given the Initial Instalment Payment is \$0.80 per Unit).	
<b>Fees</b>	No upfront or stand alone fees are payable by the Investor though fees are incorporated into the calculation of the Reference Index. RBS may pay annual rebates out of its own funds to distributors. Underlying Index costs maybe incorporated into the calculation of The Underlying Index. Please refer to the PDS for more information.	

### Contact information

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