

Investment name	Min. Initial Investment	Type Capital Protection	Investment Term	Income	Level of protection /guarantee	Level of participation in underlying investment fund	Able to borrow to invest	Closing date	Fund choice	Wealth Focus Rebate Offer	Lonsec Rating	Notes
Citigroup - Alpha Results Series 4 (Income Option)	\$20,000	Put options	1 year	Monthly 10.25%, 12.2% or 13.5%pa irrespective of performance	100% provided lowest share does not fall > 40%	N/A. However, if lowest performing share falls > 40%, return is value of this share to max 100%.	No	9th April (available on request after this date)	Choice from 3 baskets of blue chip/large cap. shares	No initial fee	Recommended	This strategy could be considered suitable for sideways markets as capital growth is given up in lieu of receiving a fixed monthly return. Some limited protection provided - if shares fall by <40%, 100% capital return.
Citigroup - Alpha Results Series 4 (Growth Option)	\$20,000	Put options	1 year	12.1%, 17.25% or 18%pa + possible bonus at maturity	100% provided lowest share does not fall > 40%	Return is linked to lowest performing share	No	9th April (available on request after this date)	Choice from 3 baskets of blue chip/large cap. shares	No initial fee	Recommended	Strategy suited for sideways markets. Min. return provided as long as 40% barrier not breached. Final return is always = lowest performing stock with min. of up to 18% provided 40% barrier not breached. Offers some limited protection - if no shares fall by <40%, 100% capital return plus (up to) 18%
Axa North (Investment Guarantee)	\$20,000	Dynamic Hedging	6 or 8 years	Distributions reinvested until end of term	100% rising guarantee	100%	No	Ongoing	49	No initial fee		Charge for protection is explicit and can initially look more expensive than other products. Added benefit of ability to turn off when not needed. Ability to switch funds
Axa North (Growth Guarantee)	\$20,000	Dynamic Hedging	10 or 20 years	Distributions reinvested until end of term	100% rising guarantee	100%	No	Ongoing	49	No initial fee		Charge for protection is explicit and can initially look more expensive than other products. Added benefit of ability to turn off when not needed. Early encashment benefits from an "accrual" of protection level.
Axa North (Retirement Guarantee)	\$20,000	Dynamic Hedging	Lifetime	5% pa guaranteed for life	100% rising guarantee	100%	No	Ongoing	49	No initial fee		Charge for protection is explicit and can initially look more expensive than other products. Added benefit of ability to turn off when not needed. Ability to switch funds
HSBC - 100+ Series China Region Investment (Income option)	\$20,000	Bond + Call	5 years	Annual gains distributed each year (up to cap)	100%	100% (capped at annual income cap, approx 13%)	100% through Leveraged Equities	18th June 2010	Equally weighted exposure to China, Hong Kong and Taiwan	1% (2% if loan applied for)	Recommended	Investors looking at a loan should consider the income option over the growth option to try and ensure interest on loan is tax deductible
HSBC - 100+ Series China Region Investment (Growth option)	\$20,000	Bond + Call	5 years	No	100%	100% (capped at 115% over term)	100% through Leveraged Equities	18th June 2010	Equally weighted exposure to China, Hong Kong and Taiwan	1% (2% if loan applied for)	Recommended	Bullish investors are likely to find Growth Option overall cap of 115% more attractive than Income Option cap of 13%pa
INstreet - Reliance Funds	\$5,000	CPPI	open ended	Gains over the \$1 unit price distributed each quarter	75c of each \$1 unit	(CPPI) Starts at 100%, drops if fund falls in value. BlackRock fund can increase allocation to 125% if fund rises.	No	Ongoing	2 funds available - Blackrock Global Allocation Fund and Schroders Commodity Fund	No initial fee	Highly Recommended (Blackrock) & Recommended (Schroders)	All gains over \$1 distributed each quarter The Schroders fund is likely to have a low level of participation, we feel this fund should be avoided. We consider that the CPPI nature of this product disadvantages it relative to other capital protected products
INstreet - Mast ARC	\$25,000	Bond + Call	3 years	Distributes annual gains as income each year	100%	100%	100% must be taken (available for SMSFs)	30th June 2010	Absolute Return Commodities Index (Risk Stabilised Aquantum Pegasus EL1 Strategy Index)	No initial fee	Investment Grade	100% loan is in-built to this product. Low cost of borrowing (6.85% pa). Can walk away at any time if investment falls in value without any liability. Annual reset feature is attractive RBS is the issuer of product.
Macquarie - Fusion Funds	10,000	CPPI + put option	5.5 years	Distributions from funds	100%	(CPPI) Starts at 100%, drops if fund falls in value	100% loan must be taken	30/06/2010	16	No initial fee	Recommended	Actively managed funds are typically unable to use Bond + Call protection. CPPI enables this at a relatively low cost. In light of the recent cash locking we are surprised to see a number of the funds offered within this structure. We favour funds that can short sell within Fusion.
Macquarie - Winton Global Opportunities Trust 2	\$20,000	Bond + Call (with CPPI and volatility overlay)	5.5 years	25% of growth distributed each year (capped at 7.5% pa)	100%	33%-150% dependent on inv. returns and volatility. Higher volatility or low inv. returns = lower participation	100%	18/06/2010	1 fund - Winton Advised Account	No entry fee	Recommended	Founded by one of AHL's founders (see Man Inv.s), Winton has a strong pedigree in trend seeking programs. However, the calculation of exposure to the underlying investment seems overcomplicated in what could of arguably been a like for like competitor to Man Inv.s OM-IP series. Entry fees and break costs seem high.

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Capital protection comparison table

Last updated: 14th May 2010

2010 Capital Protected Products

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Macquarie - Gateway Trust	20,000	Bond + Call	5.5 years	No	100%	95%-180% dependant on strategy chosen (rate set on date of issue)	100% loan must be taken	30/06/2010	Australian, Asian, International and Infrastructure indexes (capped & uncapped options)	No initial fee	Recommended	Previous Gateway Investors are eligible for a 1% reduction on the loan interest rate for the first year. Capped investors receive higher participation but capped at 50% increase in index (ie 50% x participation rate x growth)
NAB - Re-Strike	16,000	Bond + Call (with volatility overlay)	6.5 or 7 years	Series 1 - 2.86%pa Series 2 - 3.06%pa (+ 40% of gains over 5%pa)	125%	0-150% (depending on volatility overlay)	125%	23/06/2010	ASX 200 fund or Aquantum Pegasus Absolute Return Fund	No initial fee	Adviser Edge - Series 1 3.75 stars, Series 2, 4 stars	This is an ideal opportunity for investors looking to fund break costs and unlock cash-locked CPPI structures such as Perpetual PPI Series and Macquarie Fusion Funds. We favour Series 2 (Aquantum Pegasus) absolute return fund. Same underlying as INstreet Link ARC and Mast Series
NAB - Principal Series ASX 200 Focus	10,000	Bond + Call	3 years	3% pa (if targets met)	100%	100% (capped at 40% rise in ASX 200 Index)	100% (80% for SMSFs)	25/06/2010	S&P/ASX 200 Index	No initial fee	Recommended	Returns capped at 40% rise in ASX 200. Must hit growth targets to receive 3% pa
NAB - Principal Series ASX 200 Focus	10,000	Bond + Call	4 years	4% pa (if targets met)	100%	100% (capped at 80% rise in ASX 200 Index)	100% (75% for SMSFs)	25/06/2010	S&P/ASX 200 Index	No initial fee	Recommended	Returns capped at 80% rise in ASX 200. Must hit growth targets to receive 4% pa
NavraInvest - Navra Asia Pacific Growth Fund Series 2	\$25,000	Bond + Call	10 years	Up to 10% annual coupon, First 8% used to pay loan interest	150%	Sliding scale of 50% - 200% over investment term	100% (available for SMSFs)	15/06/2010	A managed portfolio of 30 companies in the Asia Pacific region	1% rebate		High volatility should benefit this product. Owns 30 stocks from 150 largest Asian stocks. Buys largest fallers and sells largest risers. 100% Limited Recourse Loan means that investors can walk away at any time if investment falls in value without any liability
Perpetual Protected Investments - Series 4	\$50,000	CPPI	7 years	Distributions from funds	100% + profit lock in	(CPPI) Starts at 100%, drops if fund falls in value	100%	18th June 2010	15	1% rebate	Recommended	CPPI provides relatively low cost protection of managed funds that are typically unable to use Bond + Call protection structures. In light of the number of recent cash locked CPPI funds we are surprised to see a number of the funds offered within this structure. We favour the Platinum funds within PPI 4.
Westpac Maximiser - Strategy A	20,000	Bond + Call	4 years	No	100%	indicative is 100% (to be set at start date)	100% (75% for SMSFs)	25/06/2010	S&P/ASX 200 Index	0.5% rebate	Aegis Recommended	Strategy A is a relatively simple product and easy to understand and has uncapped growth.
Westpac Maximiser - Strategy B	20,000	Bond + Call	4 years	No	75%	indicative is 200% (to be set at start date)	100% (75% for SMSFs)	25/06/2010	S&P/ASX 200 Index	0.5% rebate	Aegis Recommended	Strategy B should be attractive for bullish investors, note Strategy B is capped at 100% gain in index (x200% participation)

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