

Capital protection comparison table

Last updated: 29th October 2010

2010 Capital Protected Products

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
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	Recommended	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	Recommended	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	Recommended	The guarantee of 5% pa of the highest annual anniversary fund value makes this an attractive alternative to lifetime annuities.
CBA - Capital Series Protect 120	\$10,000	Bond + Call	5.5 years	NIL	100% rising guarantee	100% (capped at 80%)	Yes (not available for SMSFs)	10/12/2010	S&P ASX 200 or a basket of Euro, US and China Indices	2% (1% if no loan)	Recommended	The guarantee rises to 20% if the reference index is above 20% on any of the 10 reference dates. Relative to previous incarnations of a 4-5% pa guaranteed return, this seems an expensive alternative?
CFS - CapCT Aspect Series 1	\$5,000	Bond + Call	10 years	NIL	100%	100%	No	29/10/2010	Aspect Managed Futures Fund	2%	S&P Rating Strong	Aspect was formed by 2 of the founders of AHL (Man Investments) and offers a similar strategy of seeking out trends in both rising and falling markets to the Man OM-IP range
HSBC 100+ Series - International (Income)	\$20,000	Bond + Call	5 years	Distributes up to 11%* gains each year	100%	100%	No	3/12/2010	Equal exposure to US, Korean and Singaporean Indices	1%	Recommended	Hurrah! an alternative offering to the ASX 200 and China indices. HSBC have got their thinking caps out to offer a real alternative to the same old products being rebadged each quarter. *Annual income cap is determined at issue (11% is indicative)
HSBC 100+ Series - International (Growth)	\$20,000	Bond + Call	5 years	NIL	100%	100% (capped at approx 100%*)	No	3/12/2010	Equal exposure to US, Korean and Singaporean Indices	1%	Recommended	One of our preferred products. We feel this offers exposure to some real growth opportunities over the next 5 years *The growth cap will be determined by pricing at issue (100% is the current indicative growth cap.)
INstreet - Mast ARC	\$25,000	Bond + Call	3 years	Distributes gains as income each year	100%	100%	100% must be taken (available for SMSFs)	10/12/2010	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 (6.35% 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.
INstreet - Mast ASX200	\$25,000	Bond + Call	3 years	Distributes up to 5% gains each year	100%	Volatility overlay increases and reduces participation between 0-150%	100% must be taken (available for SMSFs)	10/12/2010	ASX 200	No initial fee	Recommended	100% loan is in-built to this product (8.8% pa). Can walk away at any time if investment falls in value without any liability. Annual reset feature is attractive
Macquarie - Flexi 100 (Class U - V)	\$25,000	Bond + Call	5.5 years	4%pa	100%	100% - ASX 200 150% -Aus Eq. Basket (hurdle of 22%, capped at 100%)	100%	17/11/2010	S&P ASX 200 or Australian Equity Focus Basket	1.5% rebate on loan fee	Recommended	Fixed income is an attractive feature. Note that the final growth deducts this (the hurdle). Play off is the cap on returns Australian Equity Focus Basket participation rate is 150% Annual walk away feature means investors are not tied in

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Macquarie - Flexi 100 (Class W - X)	\$25,000	Bond + Call	5.5 years	4%pa	100%	100% (hurdle of 22%)	100%	17/11/2010	MQ Asia Long Short Fund, Asian Equity	1.5% rebate on loan fee	Recommended	Fixed income is an attractive feature, providing investors with certainty of some return. Note that the final growth deducts this (the hurdle). Annual walk away feature means investors are not tied in
Macquarie - Flexi 100 (Class Y)	\$25,000	Bond + Call	3.5 years	6.5%pa in years 1&2 + 3.25% in year 3	100%	150% (hurdle of 16.25%, capped at 65%)	100%	17/11/2010	Australian Equity Focus Basket	1.5% rebate on loan fee	Recommended	Investors receive 100% of gains over the 16.25% hurdle, ie the distributions are deducted from the final growth payout <i>Australian Equity Focus Basket participation rate is 150%</i> Annual walk away feature means investors are not tied in
Macquarie - Flexi 100 (Class Z)	\$25,000	Bond + Call	3.5 years	6.5%pa in years 1&2 + 3.25% in year 3	100%	100% (hurdle of 16.25%)	100%	17/11/2010	Asian Equity	1.5% rebate on loan fee	Recommended	Investors receive 100% of gains over the 16.25% hurdle, ie the distributions are deducted from the final growth payout. Annual walk away feature means investors are not tied in
Macquarie - Flexi 100 (Class AA - AB)	\$25,000	Bond + Call	5.5 years	Growth distributed each year as income (Class AA capped at approx. 17%)	100%	100%	100%	17/11/2010	S&P ASX 200, MQ Asia Long Short Fund	1.5% rebate on loan fee	Recommended	Annual walk away feature means that investors can walk away if the investment falls in value and reset at the lower level.
NAB - Re-Strike (Series 5&6)	\$20,000	Bond + Call (with volatility overlay)	6.5 or 7 years	Series 5 - 2.86%pa, Series 6 - 3.06%pa (+ 40% of gains over 5%pa)	100%	0-150% (depending on volatility overlay)	100%	30/11/2010	ASX 200 (Series 5) or Aquantum Pegaus Absolute Return Fund (Series 6)	No initial fee	Series 5 - Recommended Series 6 - Investment Grade	This is an unlock solution for CPPI structures such as Perpetual PPI Series and Macquarie, Reflexions and Fusion Funds. We favour ASX200 investment due to clarity of underlying investment. Can use 20% of loan to pay off shortfall on other investment loans

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