The New RBS Self-Funding Instalment (SFI)

The new RBS Self Funding Instalments are a simple and effective way to obtain geared exposure to ASX listed shares, while still receiving the FULL benefits of any share price movements, dividends and franking credits. This is achieved with only a partial capital outlay. The key features of this innovative product include:

- The removal of traditionally high capital protection costs through a new Stop Loss feature.
- The dividends paid by the underlying company continue to be used to reduce the loan amount that is offset against daily interest payments added onto the loan amount.

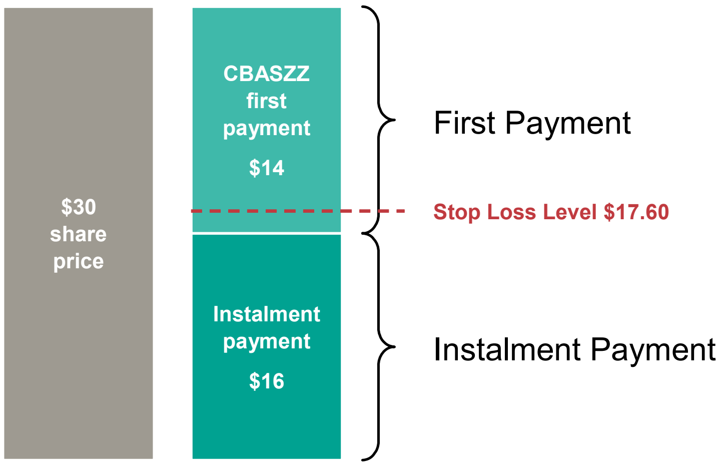
Often referred to as the 'set and forget' instalment tool, these low administration products are ideal for investors wishing to lock in leveraged exposure, with NO ongoing payments. The product is listed and traded on the ASX just like an ordinary share.

Self-Funding Instalments are one of the few products allowing geared exposure within Self Managed Super Funds (SMSF'S).

How they work

SFIs allow investors to buy shares in TWO payments. You pay the First Payment to RBS. The First payment is usually between 40-60% of the current share price. Once you make the First Payment, you are entitled to the full benefits and any share price movements, dividends and franking credits.

If you wish to take ownership of the underlying shares before expiry, you can pay the Instalment Payment (Loan Amount) at any time.



Example CBASZZ

CBA share price $30

CBASZZ Instalment payment (Loan Amount) = $16

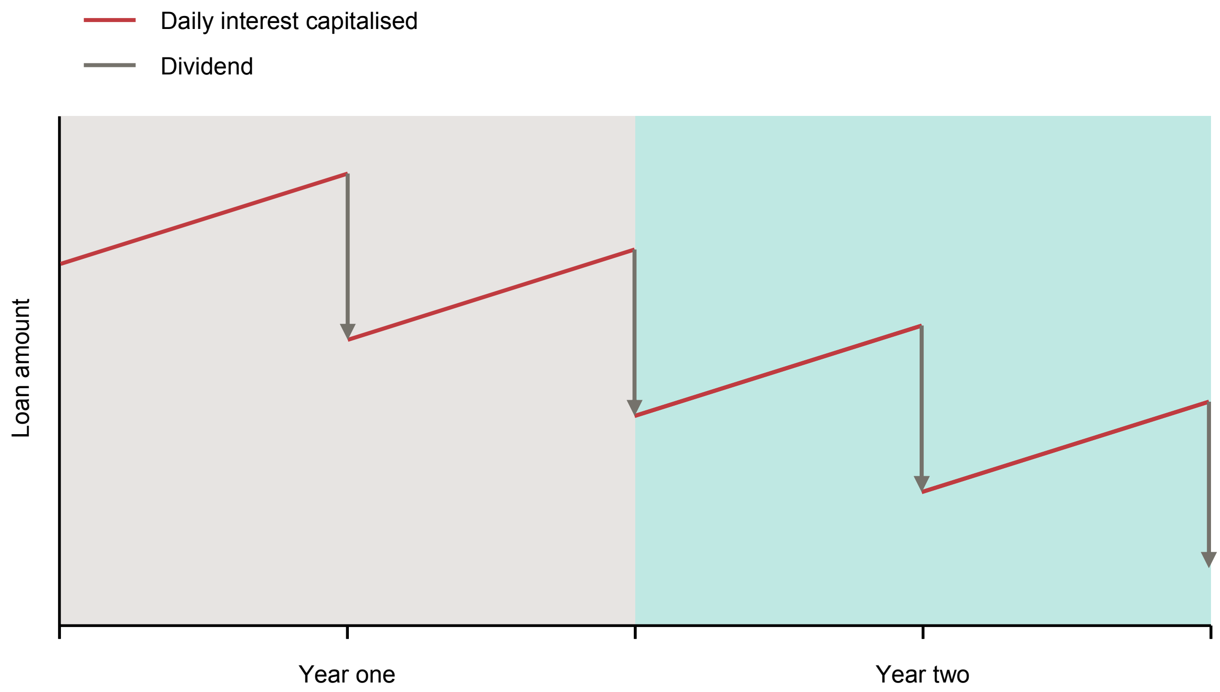
CBASZZ First Payment = **$14**

First payment (Warrant Price or Investor's Equity) = Share Price – Loan

$14 = $30 - $16

Effect of Dividends and Interest on the Instalment Payment

Rather than receive dividends as cash payments, they are used to reduce the instalment payment (Loan). Interest charges are capitalised daily. As long as the dividends being paid are greater than the interest charges, the Instalment Payment will reduce over time, resulting in you building equity in your SFI faster.



Quick Guide to using SFI's

- **Investment Term**: up to 10 years
- **Payment**: you pay the First Payment on the day you purchase your SFIs. The Instalment Payment (or loan amount) is optional
- **Dividends**: used to repay the Instalment Payment (loan). Investors receive the franking credits
- SFIs offer leverage with limited downside risk. SFIs feature a Stop Loss Level and a non recourse loan which ensures that the value of the SFI can never be negative. So in the worst case scenario, you can never lose more than your initial capital outlay
- The new SFIs are simpler and more cost effective with the removal of traditionally expensive capital protection costs associated with the Stop Loss Feature
- One of the few ways to obtain geared exposure in SMSFs
- Investing in SFIs rather than shares can accelerate the number of excess franking credits for a SMSF