



ANZ
GEARING
STRATEGY

ANZ'S EQUITY CAPABILITY

FLEXIBLE SOLUTIONS FOR HIGH NET WORTH INDIVIDUALS

ANZ Global Markets offers a wealth of opportunities for experienced share market investors, with strategies able to be customised to a specific market outlook.



PROTECTED PARTICIPATION STRATEGIES

For cautious investors seeking to protect a new or existing investment in ASX listed securities.

- > Protected Equity Loan
- > Option based risk management



ENHANCED PARTICIPATION STRATEGIES

For investors with a strongly positive market outlook, seeking to maximise exposure to one or more Australian shares, or global indices.

- > Protected Equity Loan
- > Purchase Call Option



INCOME GENERATION STRATEGIES

For experienced share market investors with a neutral outlook, seeking to earn an enhanced yield for taking on the risk of potentially having to sell a share at a pre-determined price.

- > Sold Call Option (Covered Call)

WHY USE ANZ'S GEARING STRATEGY?

FUND. PROTECT. ENHANCE.

ANZ's gearing strategies are designed to protect a new or existing investment whilst positioning you to profit from expected market performance in listed securities.



GEARING OPTIONS : BORROWING TO INVEST



HOME EQUITY



MARGIN LOAN



PROTECTED EQUITY LOAN

How	Borrow against equity in your home	Borrow to invest up to an agreed loan-to-value ratio	Borrow to invest in shares with capital protection at maturity
Loan level	% of value of home	Loan to value ratio 40-70%	Up to 100%
Interest	Mortgage rate	Approx 8%	Funding plus protection cost (quotes provided upon request)
Other payments	Establishment costs	Margin calls if share price falls	No (provided you hold until maturity)
Income	No	Dividends and franking credits	Dividends and franking credits
Risk	Negative equity from a falling investment value	Investment value falls and requires covering to maintain the loan-to-value ratio	If share price is below the protection level at maturity, shares are sold back to ANZ at the protection level to repay the loan
Security	Your home	Shares	Shares

WHAT YOU MIGHT BE LOOKING FOR

- 1.** Protected exposure to a share portfolio or index

- 2.** A way to generate additional income from existing portfolio

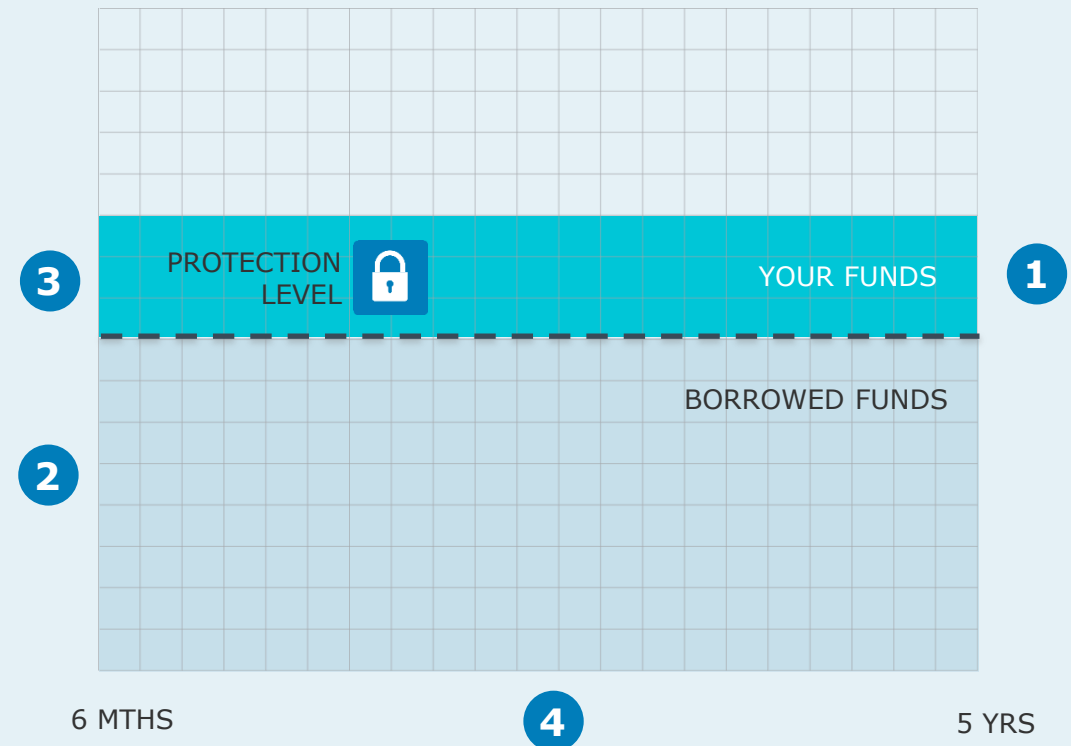
- 3.** Strategies for a large concentrated share holding

- 4.** A potential wealth creation tool

HOW IT WORKS

You have the flexibility to choose which protection level you are comfortable with hence which borrowing level and cash contribution you would need or want to gain exposure to the market.

- 1 You select a stock(s) you would like to invest in and how much money you want to put in...
- 2 ...versus how much you would like to borrow with the option of borrowing up to 100% and therefore not contributing any of your own money (other than the interest and protection cost)
- 3 You set a protection level at up to 100%. By borrowing up to the protection level you can also release equity in existing holdings without the need to sell.
- 4 You select a maturity period from 6 months to 5 years



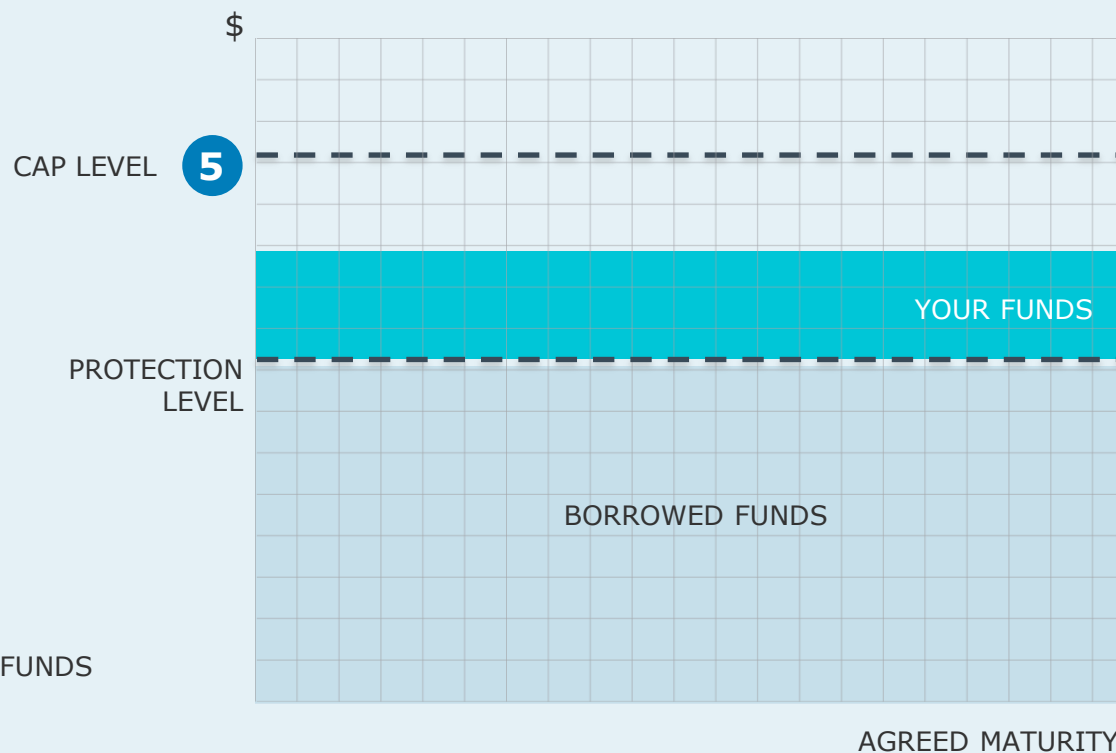
HOW IT WORKS

You have the flexibility to choose which protection level you are comfortable with hence which borrowing level and cash contribution you would need or want to gain exposure to the market.

- 5** You can choose to cap the upside to reduce the cost of the structure.
- 6** You acquire shares, subject to our security interest, and therefore receive all associated ordinary dividends and franking credits*

*Provided you hold the shares at risk

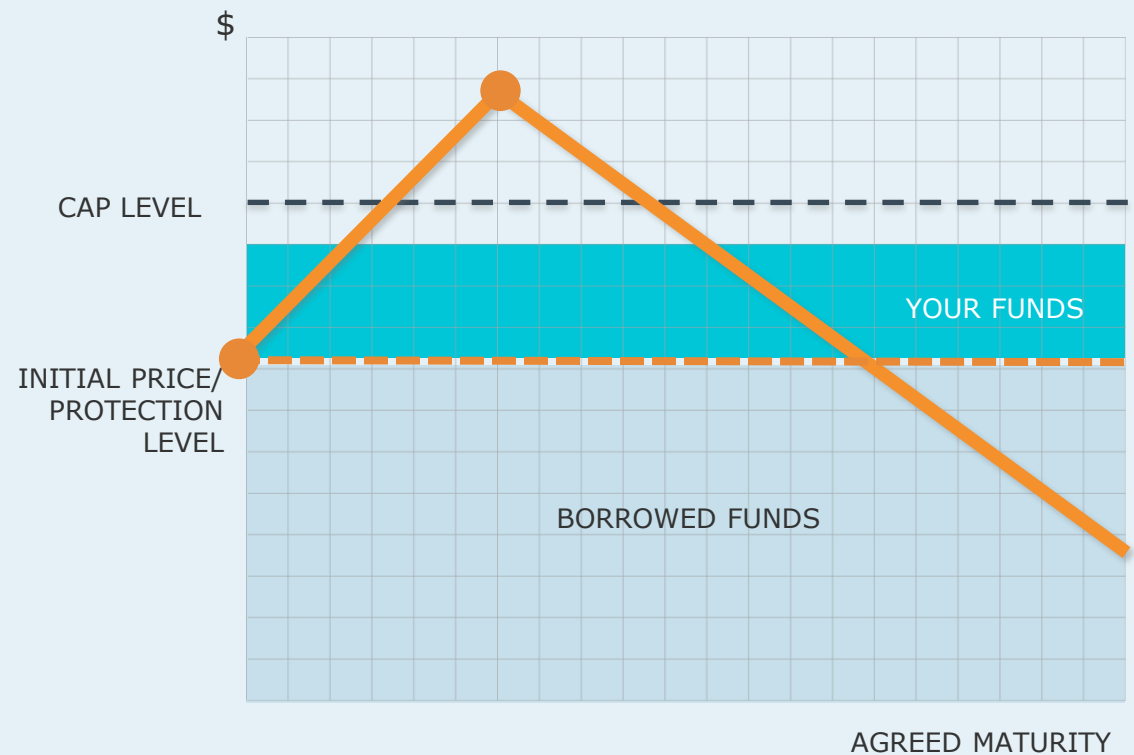
YOUR FUNDS



HOW IT WORKS

When the agreed length of time comes to an end, you have a number of choices:

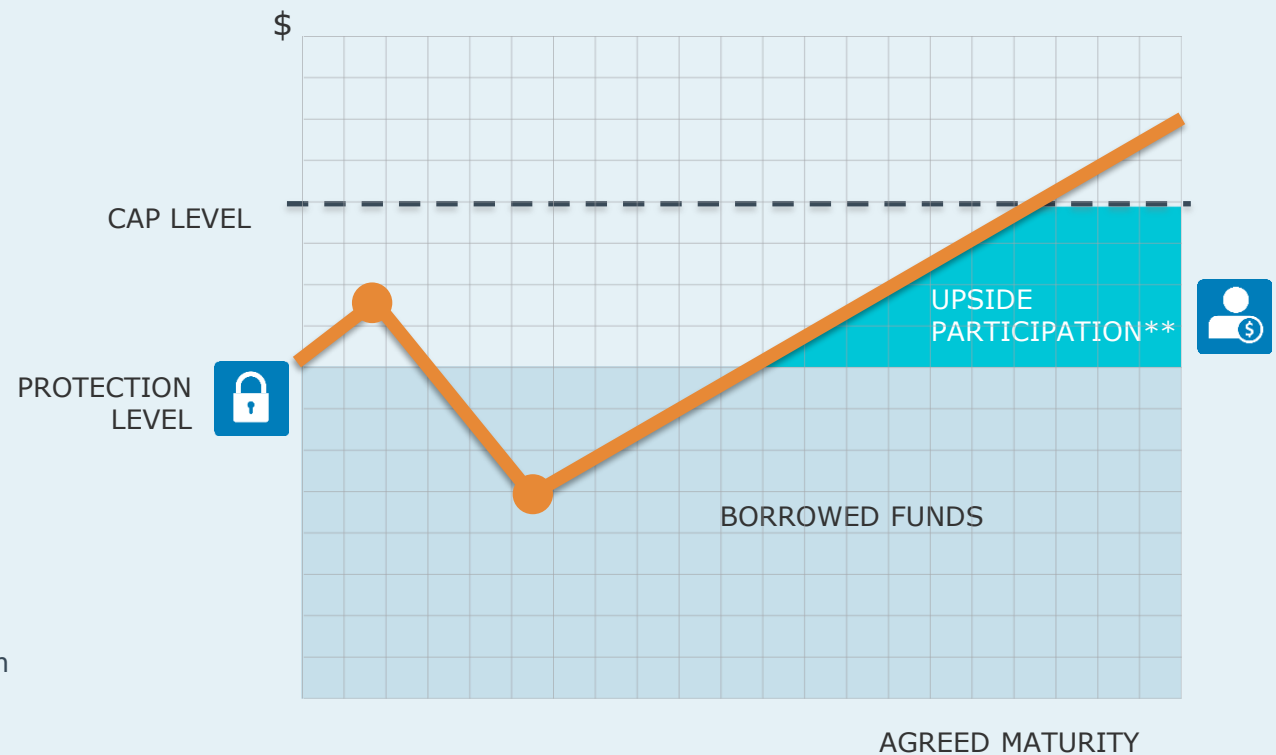
- A** If the market goes down, on the maturity date utilise the capital protection to sell the original investment at the protection level and repay the loan (you may also repay the loan with your own funds and retain the shares)



HOW IT WORKS

When the agreed length of time comes to an end, you have a number of choices:

- B** If the market goes up, sell the stock at the price at maturity and take the profit (if stock is above the Cap Level you do not receive any gains in excess of the Cap Level)

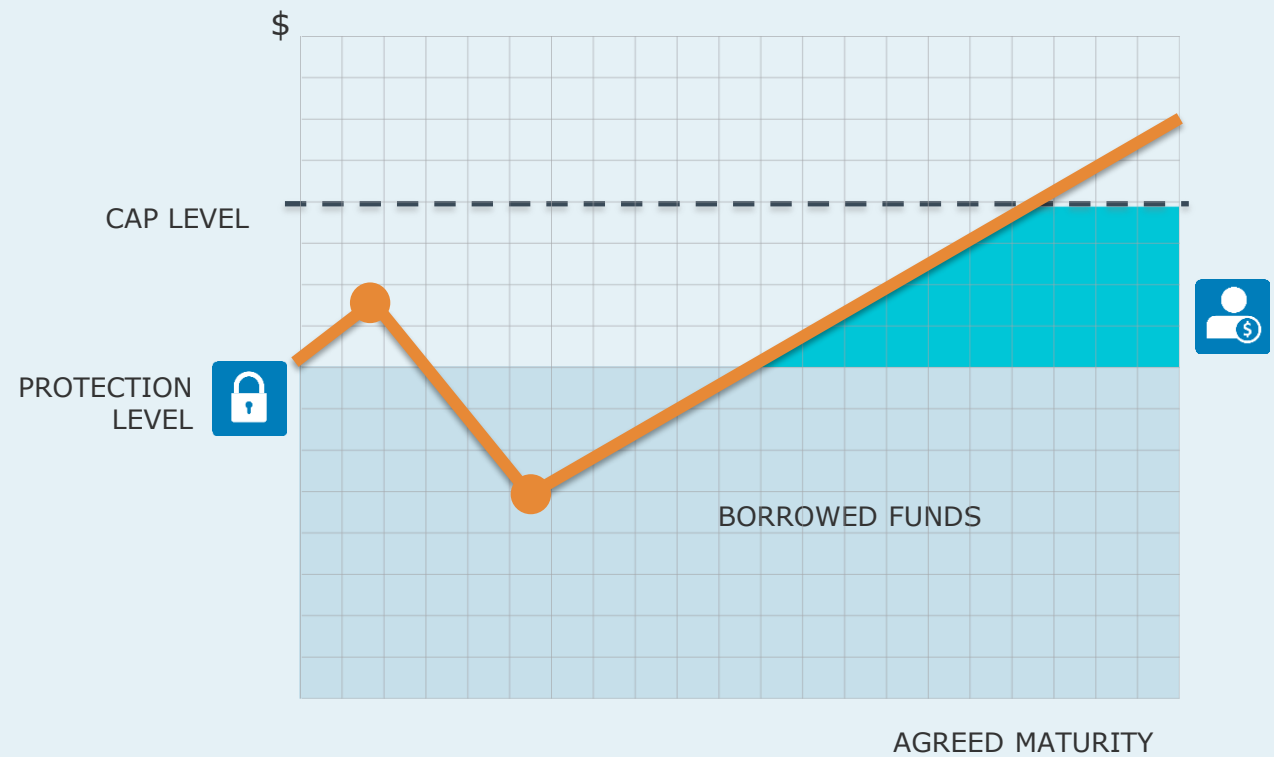


*Not including interest cost and cost of protection

HOW IT WORKS

When the agreed length of time comes to an end, you have a number of choices:

- C** If you wish to lock in the profit and still believe the market will go up, roll into another structure*



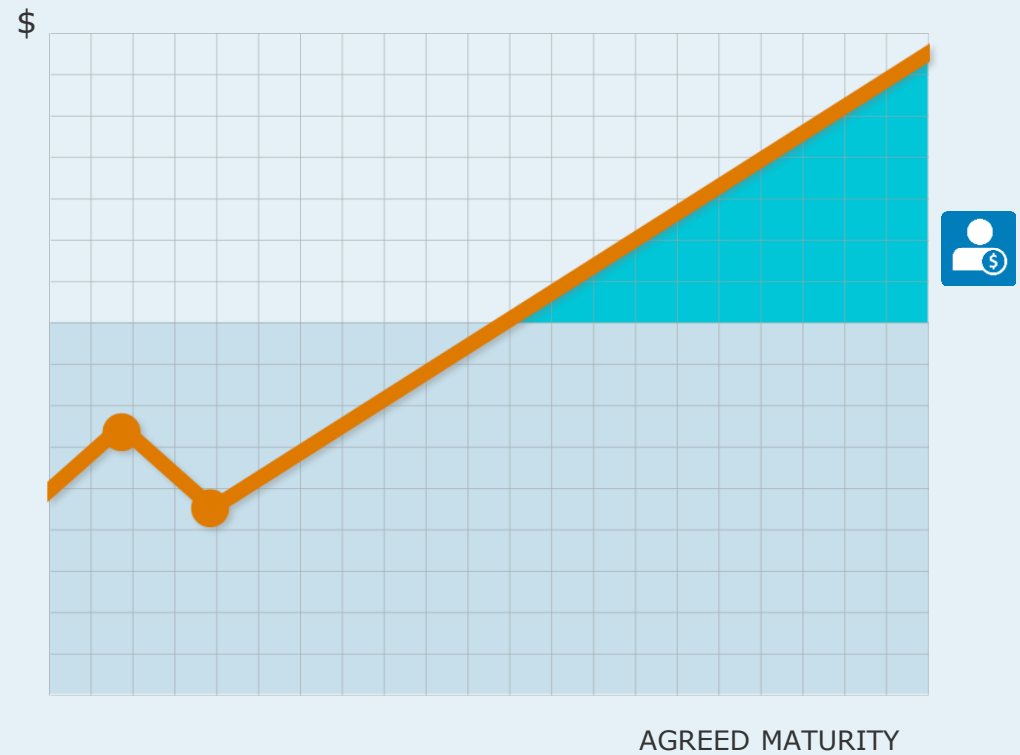
*Subject to ANZ approval

** Not including interest cost or cost of protection

HOW IT WORKS

When the agreed length of time comes to an end, you have a number of choices:

- D** If you wish to keep the asset, pay back the loan and the stock will be unencumbered



CHOOSE FROM A RANGE OF INVESTMENT OPPORTUNITIES

As an investor, you have the opportunity to select from a range of major listed securities, including:



SHARES

-
- Who:** Suitable for investors requiring direct exposure
-
- What:** Select from Australia's largest companies and trusts by ASX market capitalisation
-
- Why:** Provides exposure to major industry sectors such as financials, resources, and property



EXCHANGE TRADED FUNDS (ETFs)

-
- Who:** Suitable for investors preferring a diversified exposure
-
- What:** A listed fund providing exposure to a given market or market segment
-
- Why:** Provide exposure to broad equity indices such as the Australian ASX 200 and the US S&P 500 at a relatively low cost

FEATURES AND BENEFITS



FEATURES

Protected lending

Choice of protection levels and maturity

Borrow up to 100%

Invest in stocks and/or ETFs

ATO product ruling

Tax effective



BENEFITS

No margin calls

Flexibility

No funds required (other than interest and protection cost)

Diversification

Tax certainty (if within the scope of the ruling)

A portion of the interest may be tax deductible

The product ruling is only a ruling on the application of taxation law and is in no way expressly or impliedly a guarantee or endorsement of the commercial viability of the scheme, of the soundness or otherwise of the scheme as an investment or of the reasonableness or commerciality of any fees charged in connection with the scheme. The product ruling is only binding on the Commissioner if the scheme is implemented in the specific manner provided in the product ruling.

WHAT WILL A PROTECTED GEARING STRATEGY DELIVER?



NO MARGIN CALLS and choice of terms; 3 months to 5 years



100% capital protection at maturity and 100% finance available from ANZ



50 ASX listed securities to protect or invest in



ACCESS to dividends, distributions, and price growth



FLEXIBILITY to “lock in” unrealised gains and borrow against them

RISKS TO CONSIDER

- 1.** ANZ's recourse for repayment of any loan is limited, but not if the investor is in default, or terminates before maturity

- 2.** Capital protection only applies on the Maturity Date, not before

- 3.** There is no guarantee that a geared investment will generate a positive return (interest cost should also be taken into account)

- 4.** Where you have agreed to a 'Cap Level' you will not participate in any increase in the price of the relevant Securities beyond the Cap Level

- 5.** Laws and regulations that may impact upon a proposed investment are complex and may change over time - seek independent financial, legal, tax and other advice relevant to your particular circumstances

NEXT STEPS

IRENE DEUTSCH
HEAD OF SALES AUSTRALIA,
EQUITY & WEALTH
SYDNEY, NSW



M: +61 2 8037 0157
T: +61 418 616 894
E: irene.deutsch@anz.com

OFER GREENBERG
DIRECTOR,
EQUITY & DERIVATIVE SALES
SYDNEY, NSW



M: +61 2 8037 0158
T: +61 417 244 071
E: ofer.greenberg@anz.com

IMPORTANT INFORMATION

This document is issued and distributed by Australia and New Zealand Banking Group Limited (ABN 11 005 357 522) (“ANZ”) (Australian Financial Services License no. 234527). It is intended only for the person to whom it was directly provided by ANZ on the basis that that person is a wholesale client (as defined in section 761G of the Corporations Act) receiving this document within Australia. Its distribution may be restricted by law in other jurisdictions. Persons who receive this document must inform themselves about and observe all relevant restrictions. This document may not be reproduced, distributed or published by any recipient for any purpose. This document contains general information only. Its purpose is to highlight features of the product described above (“Product”) which is offered under an information memorandum issued by ANZ (“disclosure document”). It has been prepared without taking into account the objectives, financial situation or needs of any person. It does not contain any recommendations, statements of opinion or advice. Full details of the Product are set out in the disclosure document. The disclosure document is available upon request from your financial adviser or ANZ Private Wealth Manager. Before making an investment decision, you should read the disclosure document in full and seek independent financial, legal, tax and other relevant advice having regard to your particular circumstances. This document is not a “Prospectus” under Australian law and does not constitute an invitation to subscribe for or buy any securities or an offer for subscription or purchase of any securities or a solicitation to engage in or refrain from engaging in any transaction. The information and any views or opinions in this document are the author’s. They are based on information known by the author and on sources which the author believes to be reliable, but may involve material elements of subjective judgement and analysis. Unless specifically stated otherwise: they are current as at the date of issue of this document and are subject to change without notice. All price information is indicative only. Any views or opinions which comprise estimates, forecasts or other projections, are subject to significant uncertainties and contingencies that cannot reasonably be anticipated. Such views and opinions may not always be achieved or prove to be correct. Indications of past performance will not necessarily be repeated in the future. No representation is being made that any investment will or is likely to achieve profits or losses similar to those achieved in the past, or that significant losses will be avoided. Additionally, this document may contain ‘forward looking statements’. Actual events or results or actual performance may differ materially from those reflected or contemplated in such forward looking statements. All investments entail a risk and may result in both profits and losses. Foreign currency rates of exchange may adversely affect the value, price or income of or associated with the Product. Investing in the Product may not be suitable for all investors. ANZ and its related bodies corporate and affiliates, and the officers, employees, contractors and agents of each of them (including the author) (“Affiliates”), do not make any

representation as to the accuracy, completeness, currency or suitability of the views or opinions in this document. Except as required by law, and only to the extent so required, neither ANZ nor its Affiliates warrant or guarantee the performance of the Product or any return on any associated investment. ANZ and its Affiliates expressly disclaim any responsibility and shall not be liable for any loss, damage, claim, liability, proceedings, cost or expense (“Liability”) arising directly or indirectly and whether in tort (including negligence), contract, equity or otherwise out of or in connection with this document. If this document has been distributed by electronic transmission, such as e-mail, then such transmission cannot be guaranteed to be secure or error-free as information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete, or contain viruses. ANZ and its Affiliates do not accept any Liability as a result of electronic transmission of this document.

Disclosure of interests: This document is prepared by ANZ’s “Sales and Structuring Desk” which is a business unit of “ANZ Global Markets” and should not be viewed as independent research. Views or opinions may differ or be contrary to those of ANZ Research or those expressed by other business areas of ANZ or of its Affiliates. “ANZ Research” is a business unit of “ANZ Global Markets” which produces economics research, together with FX, commodity and interest rate market strategy research. Importantly, the Product is issued by ANZ. ANZ and its Affiliates may have an interest in the Product as follows:

As a salaried employee, your ANZ Private Wealth Manager (if applicable) does not earn any up-front or on-going/trail commissions, but may receive a bonus and/or other remuneration as a result of you acquiring the Product and/or on the basis of the performance of the Product. If you have been referred to ANZ by any person, the person may receive a benefit in respect of any transactions effected on your behalf, details of which are available on request.

ANZ Private Wealth Managers are Representatives of ANZ, the holder of an Australian Financial Services License.

ANZ, its Affiliates or their customers may have or have had interests or long or short positions in the Product, and may at any time make purchases or sales in it as principal or agent.

ANZ and its Affiliates may rely on information barriers and other arrangements to control the flow of information contained in one or more areas within ANZ or within its Affiliates into other areas of ANZ or of its Affiliates.

For a full disclosure of interests, please refer to the disclosure document. Please contact your financial adviser or ANZ Private Wealth Manager for further information about this document generally, or to correct your details, or to remove your name from this distribution list.

