



OVERVIEW



MAKING YOUR MONEY WORK HARDER

In the current low interest environment, many investors are seeking ways to generate additional yield from their portfolios. ANZ Global Markets provides a number of solutions





BOOST YOUR LEVEL OF INCOME



Many investors are dissatisfied with their investment returns at present and are looking for ways to generate additional yield from existing portfolios or enter into yield strategies.

These include investors who may...

- 1.hold cash and/or term deposits but are concerned about falling interest rates with liquid funds
- 2.have an existing share portfolio or are thinking about moving into equities
- 3. have a Self Managed Super Fund



INCOME ENHANCEMENT STRATEGIES OFFERED BY ANZ GLOBAL MARKETS



Fixed Income & Listed Debt Securities

- Bonds & Floating Rate Notes
- Listed Hybrids / Subordinated Notes



Equity Derivatives

- Covered Calls
- Asset Linked Notes
- WOKI Notes



FX

 Dual Currency Investment



Interest Rates

- Enhanced Yield Deposits
- Range Accrual Structured Deposits



FIXED INCOME & LISTED DEBT SECURITIES



THE CAPITAL STRUCTURE: RISK VS REWARD





EXAMPLES OF BOND DEALS

Tatts Bonds

Including subordinated notes, unsecured debt and secured debt

Key Terms		Key Investor Highlights	Key Terms		Key Investor Highlights
OFFER SIZE	A\$195m	 Senior ranking security Fixed maturity date Defensive investment Gross paying Mandatory interest payments Repayment of face value at maturity 	OFFER SIZE	A\$1,500m	Attractive marginGross paying
TERM	7 years		TERM	10.25 years	
MARGIN	3.10% pa		CALL	5.25 years	 • Mandatory interest payments
MARKET RATE	3m BBSW		MARGIN	2.75% pa	 Repayment of face value a maturity
RANKING	Senior, unsecured		MARKET RATE	3m BBSW	Defensive investment
			RANKING	Subordinated, unsecured	

Other examples: AMP Bonds, Tabcorp Bonds, NAB Subordinated Notes, Westpac Subordinated Notes



ANZ Subordinated Notes

EXAMPLES OF HYBRID DEALS

Including mandatory converting preference shares, equity credit hybrids and subordinated notes

Λ.		7		
/\	N			_
Δ	N		_	

Crown Subordinated Notes

Key Terms		Key Investor Highlights	Key Terms		Key Investor Highlights
OFFER SIZE	A\$1,340M	 Franked, deferrable distributions subject to payments test Convertible into Ordinary Shares at maturity Defensive investment option in volatile markets 	OFFER SIZE	A\$525m	 Attractive yield Gross paying Long legal term (60 years) Strong Incentive for Issuer to Redeem at Year 6
TERM	8 years		TERM	60 years First Call Date at Year 6	
MARGIN	3.10% pa				
MARKET RATE	6m BBSW		MARGIN	5.00% pa / 1.00% pa Year 26	
RANKING	Preference Share		MARKET RATE	3m BBSW	
			RANKING	Subordinated, Unsecured	

Other examples: Westpac CPS, Westpac Capital Notes, CBA PERLS VI, AGL Subordinated Notes, MYOB Subordinated Notes

RISKS TO CONSIDER

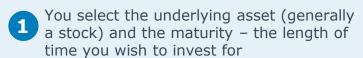
- Liquidity compared to the underlying equities (if listed) can be poor, particularly for smaller issuers
- The majority of hybrid instruments do contain deferral provisions forcing (mandatory), or allowing (optional) the issuer to defer coupon payments
- Extension risk is the risk that the issuer may choose not to or may not have the ability to repay capital at the first call date
- The more deeply subordinated an issue, the more risk is posed to your capital in the event of a winding-up event
- When interest rates are declining, income from floating rate hybrids will decrease. Conversely, income rises for floating rate securities as interest rates rise



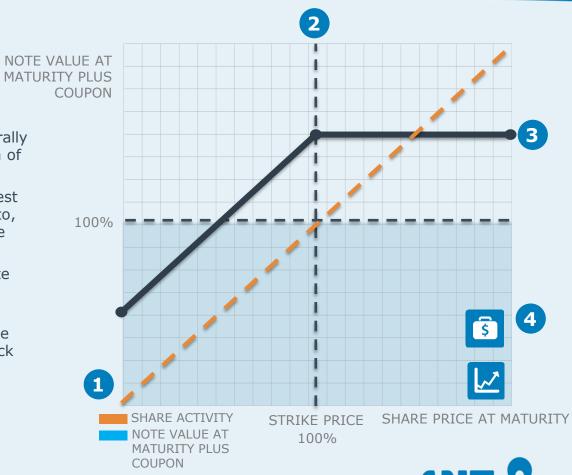
EQUITY DERIVATIVES



ASSET LINKED NOTE



- You choose the Strike Level the lowest level you believe your asset will drop to, or a price you are happy to pay for the asset.
- We pay you a fixed coupon on the Note Amount you choose to invest.
- 4 At maturity you choose whether you would like to exchange your Note value for the 'Exchange Asset' or receive back the value of your Note in cash.



ASSET LINKED NOTE - OUTCOMES

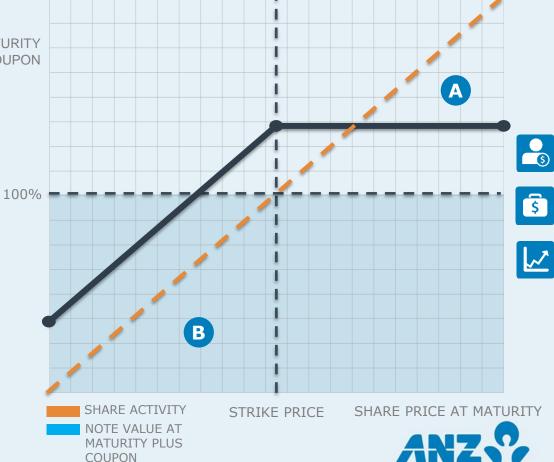
When the agreed length of time comes to an end, there will be two outcomes that impact your

coupon payable:

NOTE VALUE AT MATURITY PLUS COUPON

A Level, you receive your original investment amount (in cash or shares) and the value of the coupon

If the price is below the Strike Level, you still get the coupon, but you lose a proportionate amount of your original investment



ASSET LINKED NOTE





FEATURES AND BENEFITS



FEATURES

Pays a fixed coupon at maturity

Coupon paid regardless of market performance

Backed by ANZ

You choose the stock and maturity date

Apply through a Product Disclosure Statement

Available for SMSFs



BENEFITS

Enhanced income

Benefit from a flat or slightly positive market

Well rated counterparty

Flexibility

Easy to invest

Generate yield for retirement



RISKS TO CONSIDER

- 1 You don't benefit from any price rise in your chosen share
- If you choose to have the proceeds of your investment delivered in your chosen share at maturity, you risk losing more of you investment amount if the price drops further
- There is no capital protection and if the share price at maturity is less than the Strike Level you will receive back less than your original investment amount
- Notes are intended to be held to maturity, if you choose to terminate your Note prior to maturity (and ANZ accepts your request) you may receive back less than your original investment amount

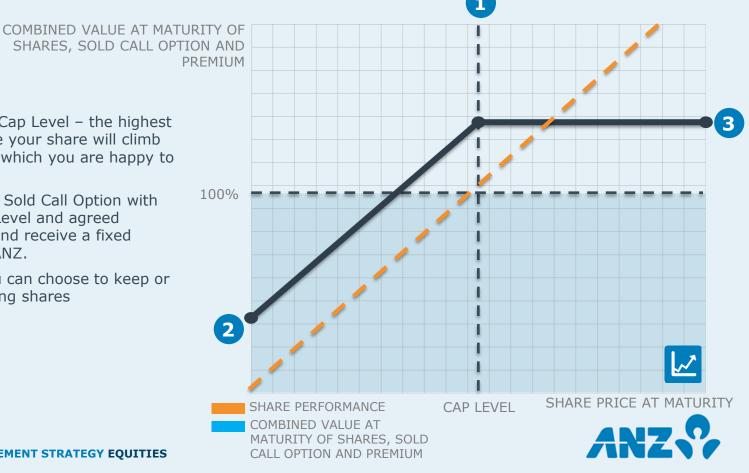


COVERED CALLS

Suitable if you think the performance of a share you already own will be flat to slightly positive. The enhanced income comes from a fixed coupon on the amount invested.

You choose the Cap Level – the highest level you believe your share will climb to, or a price at which you are happy to sell

- You enter into a Sold Call Option with an agreed Cap Level and agreed maturity date, and receive a fixed premium from ANZ.
- At maturity, you can choose to keep or sell the underlying shares



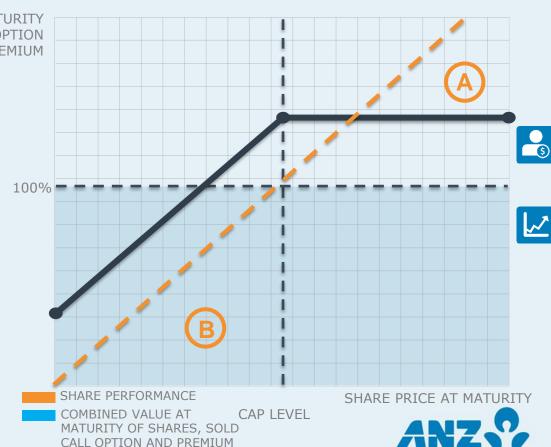
COVERED CALLS - OUTCOMES

When the agreed length of time comes to an end, there will be two outcomes that impact your coupon payable:

COMBINED VALUE AT MATURITY
OF SHARES, SOLD CALL OPTION
AND PREMIUM

You receive a fixed premium at the start of the trade. At maturity, if the share price is above the Cap Level, you can either sell those shares at that agreed Cap Level or keep your shares and pay to ANZ the amount by which the share price is above the Cap Level.

B You receive a fixed premium at the start of the trade. At maturity, if the share price is below the Cap Level, you will retain your shares and nothing further is payable or receivable.



FEATURES AND BENEFITS



FEATURES

Premium earned

Premium paid even if the price drops

You choose the Cap Level and maturity date



BENEFITS

Return from a flat market, thus generating additional yield from existing portfolio

Outperform the market if the price drops

Flexibility



RISKS TO CONSIDER

- You don't benefit from any rise in your chosen share above the agreed Cap Level
- If the share price is above the agreed Cap Level, you must sell your shares at the Cap Level or make a payment to ANZ for the value above the Cap Level if you would like to keep your shares
- You have to grant ANZ a 'Security Interest' over the shares associated with the Sold Call Option, so you can't trade or sell the shares during the period of the Sold Call Option
- You must pay any Break Costs if the option is terminated prior to the scheduled maturity date



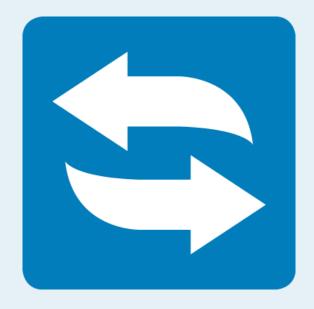
CURRENCY



DUAL CURRENCY INVESTMENTS

This product may suit sophisticated investors who are willing to risk conversion of both their investment principal and yield into another currency in return for the potential to earn a higher return on their investment.

Best suited to those investors who have a particular currency outlook and are indifferent to the risk of conversion between the specified currencies at maturity.





DUAL CURRENCY INVESTMENTS

1 You select the two currencies and the maturity – the length of time you wish to invest for

2 You sell an AUD Put Option to ANZ on your alternative currency for which you receive a premium.

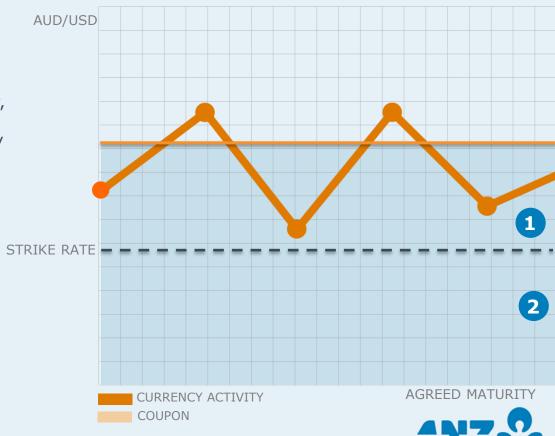


AGREED MATURITY

DUAL CURRENCY INVESTMENTS

Whatever the market activity, your investment will earn income. When the agreed length of time comes to an end, there will be two outcomes that impact your coupon payable:

- If the currency rate closes **above** the agreed strike price, you will not be converted into the alternative currency, but will receive your investment principal and yield in the base currency AUD in this example.
- If the currency rate closes **below** the strike price, there will be a conversion. You will receive your investment principal and your yield in the alternative currency, converted at the strike rate.



FEATURES AND BENEFITS



FEATURES

Premium paid to you

Premium paid even if the market rises

Choice of currencies, tenor and strike rate



BENEFITS

Return from a flat market

Outperform the market if the market rises

Flexibility



RISKS TO CONSIDER

- The principal and yield can be payable in either currency and so you should be indifferent to the risk of conversation
- Once converted into the alternative currency, any adverse movements in the currency could result in a loss
- Costs associated with breaking the deposit early can be considerable
- Foreign exchange movements can potentially result in the amount returned being worth less than the principal invested.



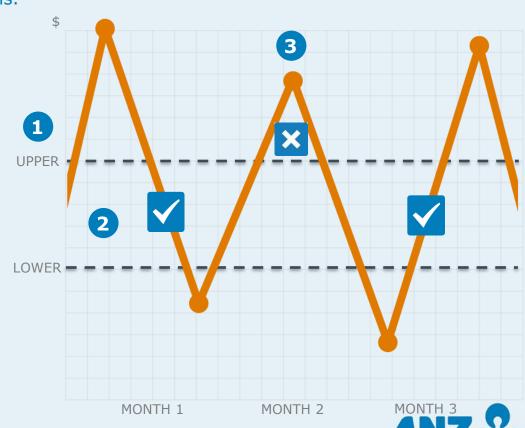
INTEREST RATES



ENHANCED YIELD DEPOSITS

An Enhanced Yield Deposit (EYD) is a structured deposit that provides the potential to yield a greater return than a vanilla deposit. The yield is linked to the performance of a variable interest rate index (e.g. BBSW), and is reset on a per roll basis.

- You set the upper and lower interest rates within which you think the BBSW will move over the period of the deposit. ANZ will assist with choosing rates, but it is essentially up to you.
- As long as the BBSW stays within that range, you will be paid an agreed 'Best Case Rate'. That range is set once a month.
- If the BBSW moves outside of that range at any time during the month, your deposit rate moves to zero. The wider the spread between the two rates, the lower the Best Case Rate you will be offered



FEATURES AND BENEFITS



FEATURES

Structured deposit

Deposit principal is capital protected

Fixed or floating rate EYD strategies available



BENEFITS

Potential to yield a greater return than a vanilla deposit

Outperform the market if the market rises

Flexibility for different investor views



RISKS TO CONSIDER

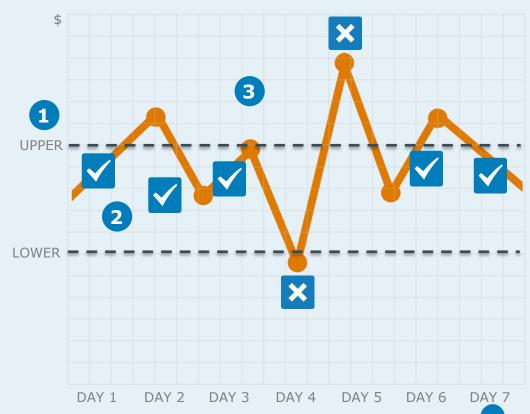
- Should the index rate set be equal to or outside the specified range on a roll date, the investor will receive the Minimum Rate for that roll period
- 2. Should the index rate set equal to or outside the specified range for that roll date but be within the specified range on the following roll date, the investor will only receive the Minimum Rate for the roll period where the index set equal to or outside of the specified range
- The deposit is only capital protected when held until maturity, any costs associated with an early termination on an EYD will be borne by the investor



RANGE ACCRUAL STRUCTURED DEPOSITS

Similar to an Enhanced Yield Deposit with the difference that the interest rate is tested on a daily basis and the 'Best Case Rate' is paid accordingly.

- You set the upper and lower interest rates within which you think the BBSW will move over the period of the deposit. ANZ will assist with choosing rates, but it is essentially up to you.
- As long as the BBSW stays within that range, you will be paid an agreed 'Best Case Rate'. That range is set once a week.
- If the BBSW moves outside of that range on any day during the period, your deposit rate moves to zero for that day. The wider the spread between the two rates, the lower the Best Case Rate you will be offered.



FEATURES AND BENEFITS



FEATURES

Transparent

You define the upper and lower rates and maturity

Principal protected if held to maturity



BENEFITS

Simple to track your investment

Control and flexibility

Peace of mind



RISKS TO CONSIDER

In the event of a market shock or surprise rate move, your deposit rate moves to zero



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.

