



ANZ
GEARING
STRATEGY

ANZ'S EQUITIES 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

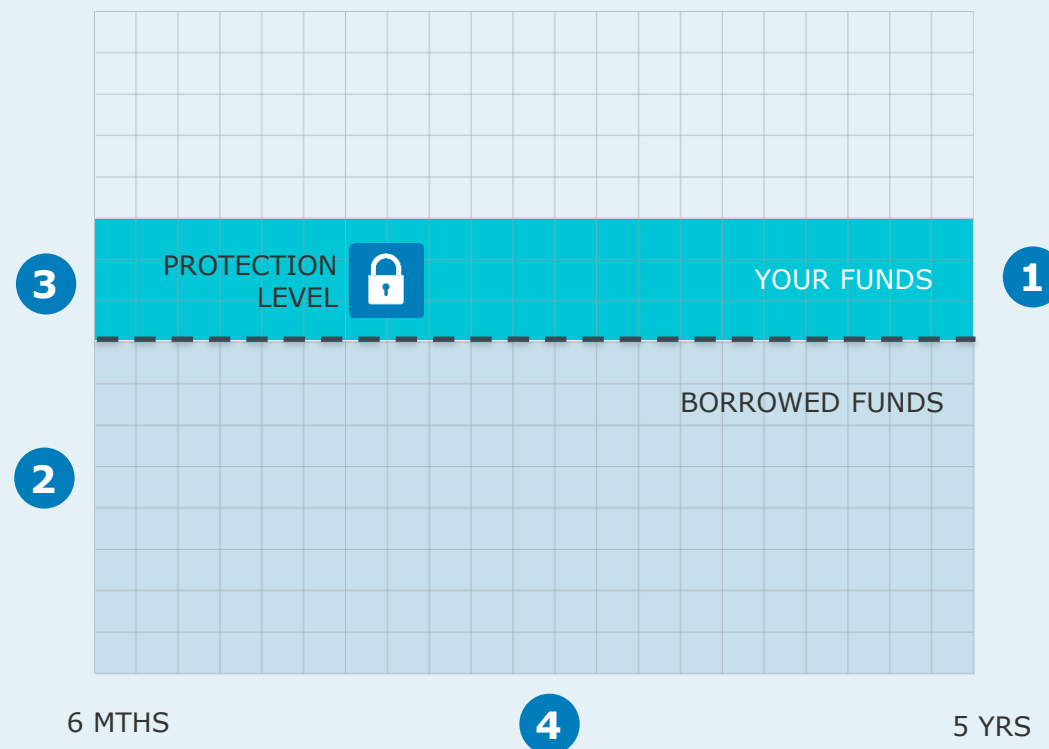
- 3.** Strategies for a large concentrated share holding

- 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



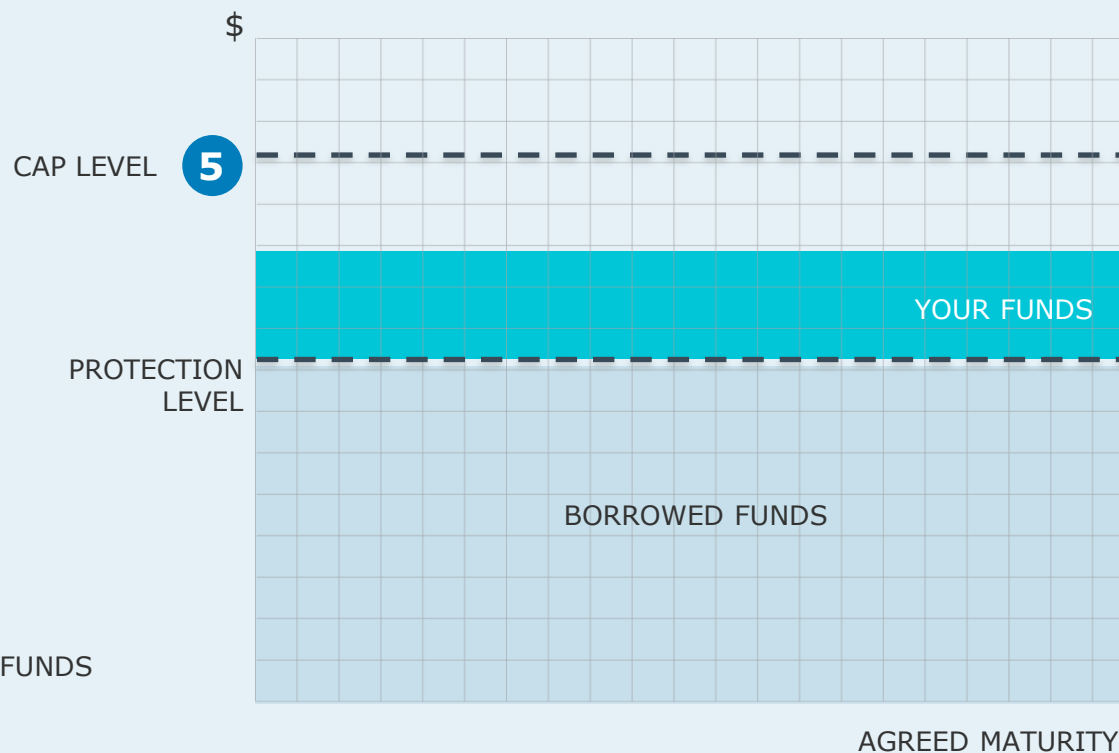
HOW IT WORKS

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

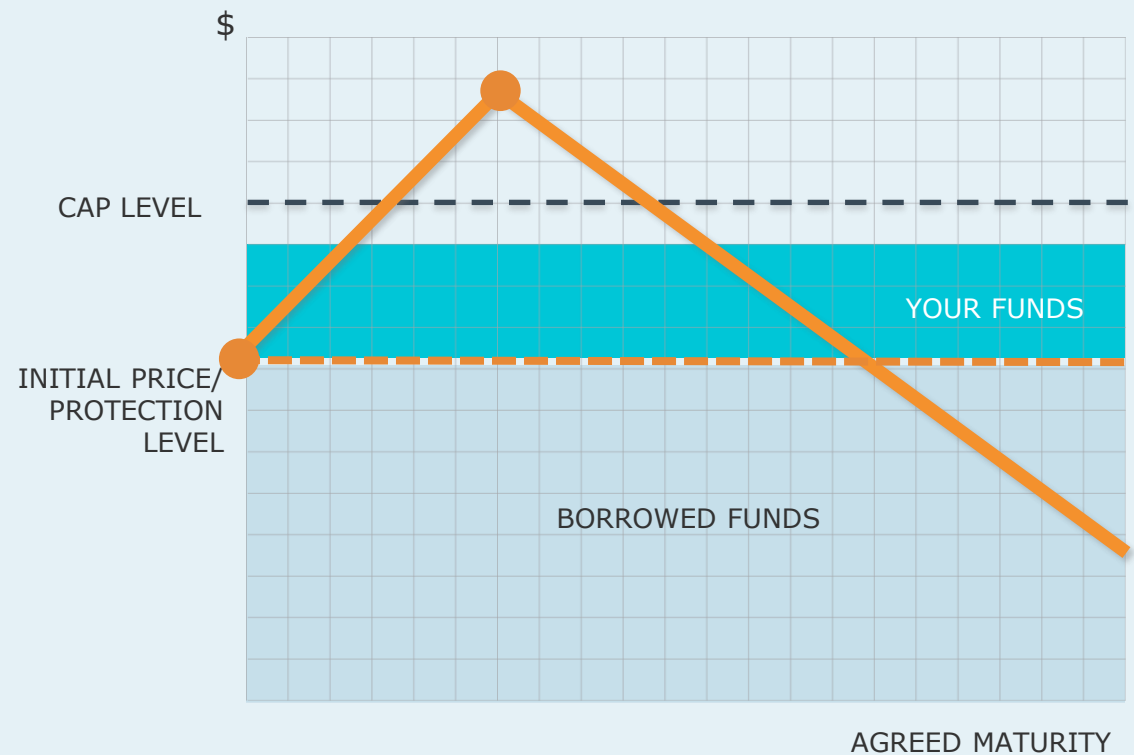
YOUR FUNDS



HOW IT WORKS

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

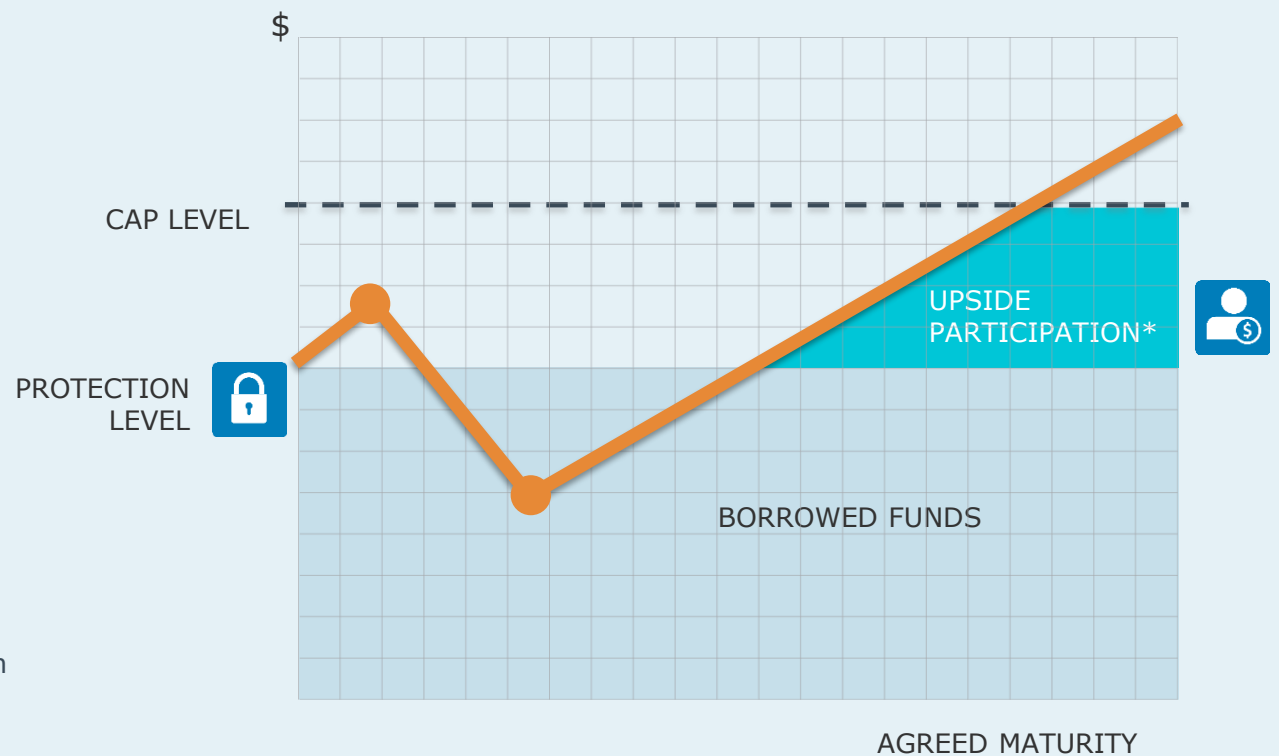
- A** If the market goes down, on the maturity date utilise the capital protection to sell the original investment at the protection level and repay the loan (you may also repay the loan with your own funds and retain the shares)



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)

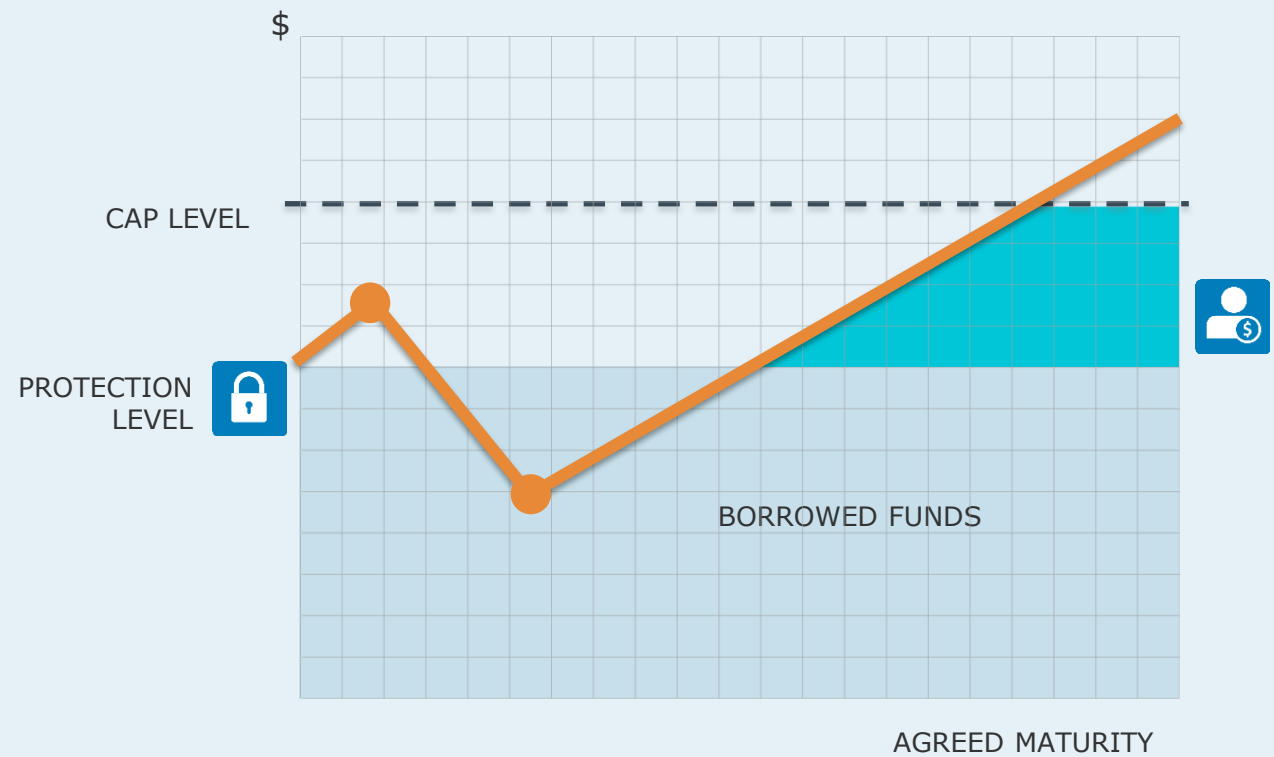


*Not including interest cost and cost of protection

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*

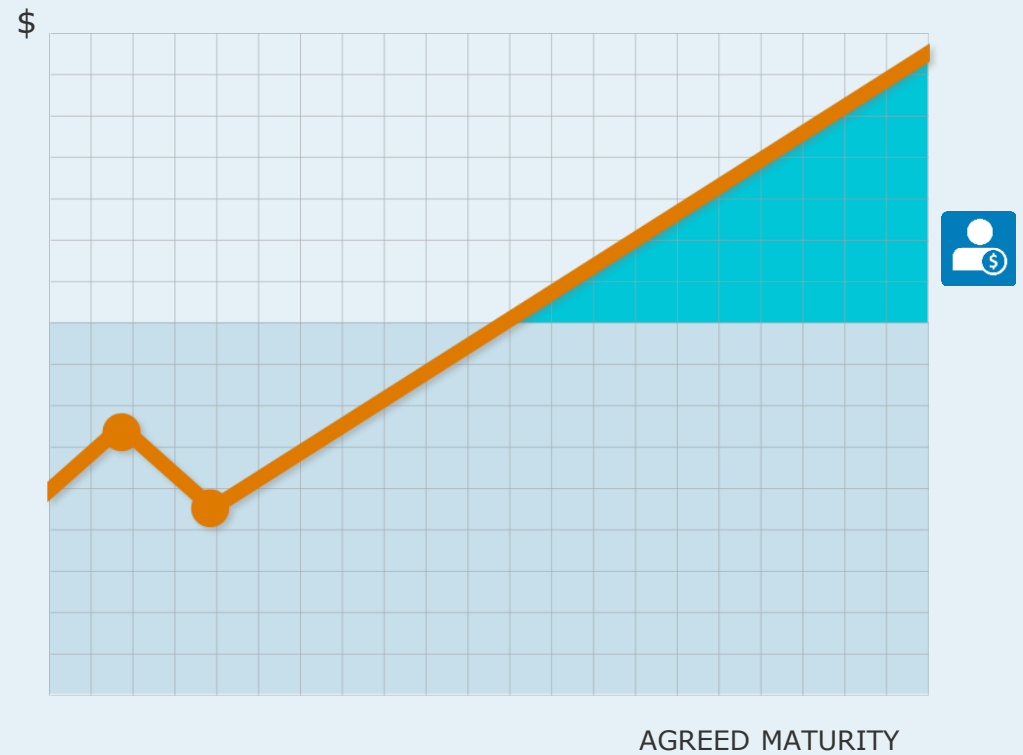


*Subject to ANZ approval

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

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