Product Assessment

Zenith Investment Partners Pty Ltd

Highly Recommended
Recommended
Approved
Not Approved
Redeem

Xenon Alpha Plus

27 October 2004

Xenon Alpha Plus (XAP) is the first Australian leveraged hedge fund offering from Deutsche Xenon, part of the Deutsche Bank Group. XAP aims to achieve a target return of 15-18% p.a. while having a low correlation to traditional investment markets. Unlike the product's closed end, leveraged hedge fund competitors (e.g. OMIP Series, HFRX), XAP differentiates itself by not having a capital protection facility and having a considerably shorter investment term of just under 4 years. A further point of differentiation is that the product is highly transparent in terms of its associated costs and potential risks, which makes a refreshing change for these types of products.

The methodology behind the product structure is to seek managers with consistently stable above cash historical returns, leverage into their funds and actively manage the leverage levels on an ongoing basis to produce extremely attractive returns for investors. Zenith believes the product is an appealing proposition in the current market environment, given equity markets appear reasonably priced and low but rising interest rates are dampening returns of traditional fixed interest investments.

The managers chosen to be linked to the Alpha Plus Portfolio (APP) are Silver Creek SV, L.L.C (Silver Creek) and Ivy Asset Management Corp. (Ivy), which are both US based fund of hedge fund managers. Both have solid long term track records of delivering consistent above cash returns with very low volatility and therefore are ideally suited to this product. Zenith has reviewed both managers and is impressed with each manager's track record, the calibre of each investment team and the robustness of their investment processes. While transparency is often an issue when reviewing hedge fund managers, Zenith has directly dealt with the key investment personnel (including founder in the case of Silver Creek) from both organisations.

In terms of the product structure, for every \$1 invested, Deutsche Bank will also provide permanent leverage of \$2.50, meaning investors will initially have \$3.50 exposure to APP. In addition to this, Deutsche may provide additional exposure of up to \$1.75 for every \$1.00 invested if pre-determined performance targets are met during the course of the investment. Therefore for every dollar invested, investors can potentially have up to \$5.25 exposure to APP. If both managers can repeat their longer term performance numbers, Zenith expects additional leverage to be utilised.

The management fees charged by the underlying managers are fair and reasonable and compare similarly to other fund of hedge fund managers we have reviewed. However, the borrowing rate (3 month Bank Bill Swap Rate +2.20% p.a.) charged by Deutsche Bank to facilitate the permanent leverage facility is higher than other internally geared products Zenith have reviewed and as a result, "raises the bar" for the underlying managers to achieve a higher hurdle rate to repay the interest levels, before generating sound returns for investors.

Zenith believes XAP is an attractive product for high risk tolerant investors that understand the risks of leveraged investments. That is, given that the allocations to each manager are highly geared, both the positive and negative performance of the managers will be heavily magnified. Given the highly leveraged nature of the product, the overall returns are sensitive to the performance of the underlying managers (more so Ivy) and the borrowing rate. Zenith also believes the product suits investors with low marginal tax rates (such as self-managed superannuation funds), as all positive performance generated will be paid to investors in the form of a dividend at maturity, which is treated as income. This means the final dividend is taxable at an investor's marginal tax rate and will not be treated as a capital gain meaning capital gains concessions will not apply.

Overall, Zenith believes the managers chosen are suitable for a product of this nature and should their strong performance continue, will provide a strong chance that the fund's investment objective is attained. As such we have rated the product APPROVED.

Key Features	Description
Asset Class	Hedge Funds
Investment Type	Redeemable Preference Shares
Investment Objective	15 – 18% p.a. (after fees)
Issuer	Deutsche Xenon Limited
Investment Managers	1. Ivy Asset Management Corp. 2. Silver Creek SV, L.L.C
Minimum Investment	\$5000 (in \$1000 lots thereafter)
Issue Price	\$1.00
Income Payment Dates	At maturity
Offer Opens	18 October 2004
Offer Closes	19 November 2004
Issue Date	25 November 2004
Investment Term	46 months
Maturity Date	5 November 2008

Overview

Xenon Alpha Plus (XAP) aims to achieve a return target of 15-18% p.a. over a period of just less than 4 years, regardless of the movements in traditional markets.

The Alpha Plus Portfolio (APP) uses leverage to increase investors' exposure to the funds. The amount of the leverage and exposure to the Funds is actively adjusted through the term of the investment. Although the leverage increases the exposure of the overall investment, investors should acknowledge that their liability is limited to the \$1.00 initially invested.

APP provides exposure to Ivy Asset Management Corp. (Ivy) and Silver Creek SV, L.L.C (Silver Creek) and their funds the Ivy Fund, which is a feeder fund into the Ivy Rosewood Diversified Fund, and the Silver Creek Fund, respectively.

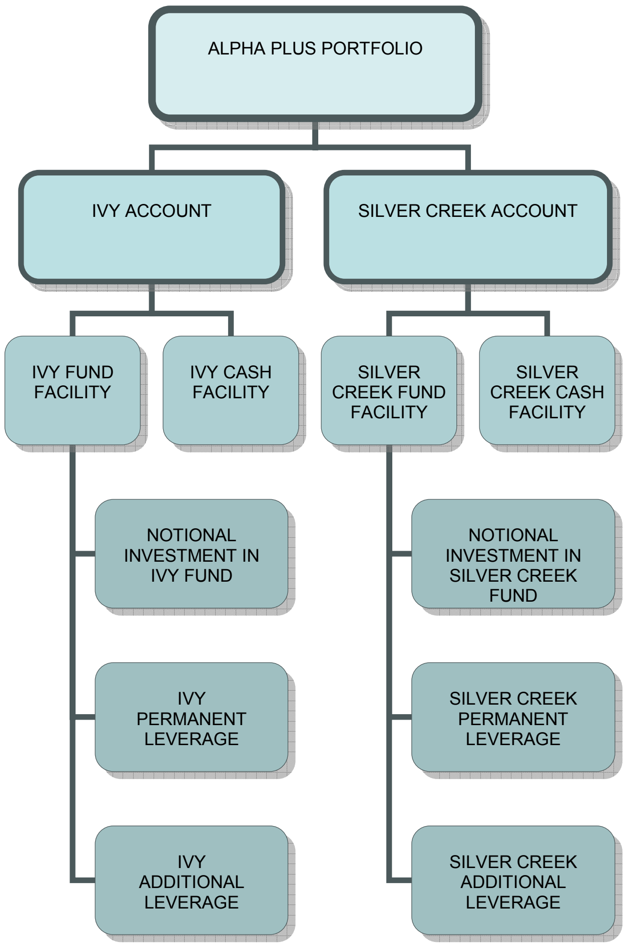
Currency exposure will be hedged on a monthly basis. This will minimise the effect of exchange rate fluctuations.

Investors will only receive returns at the maturity date of the investment, unless investors realise their shares prior to maturity. No income will be paid during the term of the investment.

Investment Structure

The investment structure works in the following way:

1. Investors subscribe for Xenon Alpha Plus, being redeemable preference shares issued by Deutsche Xenon.
2. Deutsche Xenon will place the full amount it raises from the Offer in the Structured Deposit with Deutsche Bank. Deutsche Xenon will receive a return on the Structured Deposit linked to the performance of the Alpha Plus Portfolio (APP).
3. The Alpha Plus Portfolio is a notional portfolio consisting of two accounts, the Ivy Account and the Silver Creek account. Each account comprises two facilities, a Fund Facility (providing leveraged exposure to the relevant Fund) and a Cash Facility (providing exposure to cash in certain circumstances).



4. The Alpha Plus Portfolio will be allocated between the Fund Facilities and the Cash Facilities according to an Investment Allocation Mechanism. Initially, the Alpha Plus Portfolio will be allocated 100% to the Fund Facilities.
5. On the maturity date, Investors will receive an amount for their Xenon Alpha Plus equal to the value of the Alpha Plus Portfolio per Share at that time. The value of the Alpha Plus Portfolio will be the sum of the value of the two Accounts at that time.

Why Redeemable Preference Shares?

Deutsche has developed an innovative structure by issuing the product via redeemable preference shares. An attraction of this structure is that it appears not to have the usual taxation consequences of investing in overseas registered funds (i.e. Foreign Investment Fund (FIF) taxation regulations). The key issue potential investors need to be aware of with the redeemable preference share structure is that upon maturity, all returns generated for the product are deemed to be income for taxation purposes and therefore will be assessable at the investor's marginal tax rate.

Use of Leverage

For every $1 invested, an equal share of $0.50 will be allocated to both Ivy and Silver Creek. Deutsche Bank will also provide permanent leverage (debt funding) of $1.00 for Silver Creek and $1.50 for Ivy from the beginning of this investment. These amounts are based on a maximum leverage factor of 3 for Silver Creek and 4 for Ivy. This means investors will initially have $3.50 exposure to the APP, based on their initial $1 investment ($1.50 allocated to Silver Creek and $2.00 allocated to Ivy).

The leverage factors have been set by Deutsche Bank in London in consultation with both underlying investment managers. Zenith believes the downfall of two different leverage factors, may result in the portfolio being more exposed to the performance of Ivy over the course of the investment.

In addition to the permanent leverage, Deutsche Bank may provide additional exposure to APP of up to $1.75 for every $1.00 invested if pre-determined performance targets are met. This $1.75 is split between $1.00 for Ivy and $0.75 for Silver Creek, based on the above mentioned leverage factors. Therefore for every dollar invested, investors can potentially have up to $5.25 exposure to APP ($3.00 allocated to Ivy and $2.25 allocated to Silver Creek). If both managers can repeat their longer term performance, Zenith expects additional leverage to be gradually utilised, although the full extent of the additional leverage is unlikely to "kick in" in the early period of the investment.

This additional leverage facility will be managed by an Investment Allocation Mechanism. That is, in certain circumstances, where a manager has performed well, the Investment Allocation Mechanism increases exposure to that manager. Conversely, if a manager has performed poorly, the Investment Allocation Mechanism decreases the exposure to the manager. Zenith believes this is a sensible approach to managing leverage, as it only exposes investors to very high levels of leverage if the managers are meeting their performance targets and therefore not overexposing investors to underperforming managers. However, this may also result in a further distortion of the portfolio through a higher exposure to the better performing manager.

Reallocations for releveraging and deleveraging occur on the 5th business day before the end of each calendar month. The following examples display how the Investment Allocation Mechanism works:

***Example 1:** Value of Silver Creek Facility increases by 5%, from $1.50 to $1.575 (and no additional leverage is being used).*

INVESTORS' NAV
Investors' NAV ($1.575 less permanent leverage $1.00): $0.575

↓

TARGET ALLOCATION
Target Allocation (0.575 * 3) = $1.725

↓

CURRENT ALLOCATION
Current Allocation ($1.5*1.05) = $1.575

↓

LEVERAGE AMOUNT
Leverage Amount (1.725 – 1.575) = $0.15

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RELEVERAGING AND DELEVERAGING
Releveraging will occur

Result: As additional leverage is not being used and the Releverage Amount relative to the Current Allocation is greater than 5.0%, releveraging will occur. As a result, Additional Leverage will be used to increase investors' exposure to the Silver Creek Fund (by the releverage amount of $0.15 per share), bringing investors' exposure to the Silver Creek Fund to $1.725 per share (being $0.575 Investor NAV, $1.00 Permanent Leverage, plus the additional leverage amount of $0.15).

***Example 2:** Value of Silver Creek Facility then decreases by 6%, from $1.725 to $1.6215.*

INVESTORS' NAV
Investors' NAV ($1.6215 less permanent leverage $1.00 and additional leverage of $0.15): $0.4715

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TARGET ALLOCATION
Target Allocation (0.4715 * 3) = $ 1.4145

↓

CURRENT ALLOCATION
Current Allocation ($1.725*0.94) = $1.6215

↓

LEVERAGE AMOUNT
Leverage Amount (1.4145 – 1.6215) = -$0.207

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RELEVERAGING AND DELEVERAGING
Deleverage will occur

Result: As some additional leverage is being used and the Deleverage Amount relative to the Current Allocation would cause a downward adjustment of more than 10.0%, deleveraging will occur. As a result, investors' exposure to the Silver Creek Fund will decrease (by the Deleverage Amount of $0.207 per share), reducing the Additional Leverage to zero and increasing the Cash Facility to $0.057. Investors' exposure to the Silver Creek Fund will now be $1.4145 per share (being $1.6215 less the deleveraged amount of $0.207).

While the above examples display the effects of sharp swings in performance, these examples are in the extreme and not characteristic of Silver Creek's and Ivy's historical returns. To gain a more realistic impact of movements in leverage, Zenith independently modelled the monthly performance history of Silver Creek and Ivy over a 46 month period, using the historical data for each manager ending May-04. Based on this analysis, at certain stages both managers performance would have resulted in additional leverage being utilised.

The modelling clearly displays that if both managers continue to match their longer term performance history (i.e. approximately 10.0% p.a. after hedging into Australian dollars), this product should meet its targeted objective based on current interest rate levels. If the managers do not match their longer term performance or if interest rates rise significantly without an increase in fund performance, the expected return from this product diminishes.

<u>Investment Manager Selection Process</u>

Deutsche Bank has selected the Ivy Fund and Silver Creek Fund for inclusion in the APP.

Deutsche has a dedicated team in London that focuses on identifying conservative, low volatile fund of hedge fund managers that have very low correlation to investment markets and have historically coped well with market shocks (e.g. September 11). The reason that Deutsche focuses on this sector of the market is that they typically offer leveraged or capital guaranteed products to investors, which tend to suit more conservatively managed funds.

Deutsche conducts due diligence on many managers in the sector; however they have a very strong relationship with around five managers, which include Ivy and Silver Creek. We believe Deutsche's long term relationship with both managers adds a further layer of oversight to the overall structure of XAP.

<u>Investment Managers</u>

Silver Creek

Silver Creek is based in Seattle, Washington, USA. Silver Creek is a fund of funds business founded by Eric Dillon and Tim Flaherty in 1994, both of whom are still actively involved in the business. Silver Creek is 100% employee owned and currently manages over USD2.8 billion.

Silver Creek is focussed on gaining access to only the top tier managers and tends to hold managers for the longer term. Silver Creek's research is heavily qualitatively biased and relies on the extensive experience of a high calibre, small knit investment team, which numbers 6, to select the appropriate investments.

Silver Creek's objective is to produce superior risk-adjusted returns through investment in a diversified pool of hedge funds. Through its Silver Creek Fund, the manager targets to outperform cash investments by between 5.0-9.0% p.a. (after fees). The manager also attempts to generate at least 90.0% of positive returns on a monthly basis.

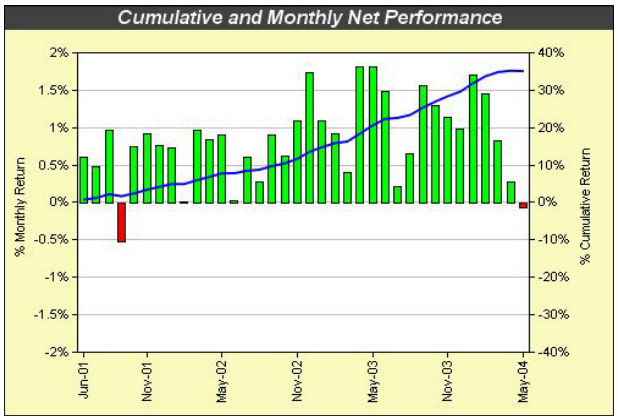
The Silver Creek investment process is focussed on three areas: strategy allocation (identify strategies with the best risk-adjusted return potential), manager selection and risk management.

Silver Creek differentiates themselves from competitors by having its principals who determine portfolio construction, strategy allocation and investor networks, having access to hedge fund managers who are closed to many new investors and having a risk-focussed investment philosophy.

Historical Performance

Performance Statistics As at 31-May-04	5 Yrs	3 Yrs	1 Yr
Silver Creek $A (%p.a)	10.67	10.51	12.10
UBS Bank Bill Index (%p.a)	5.30	4.96	5.24
Monthly Excess Return (%)	81.67	77.78	75.00
Positive Months (%)	91.67	94.44	96.67
Negative Months (%)	8.33	5.56	3.33
Sharpe Ratio	3.21	2.92	3.52
Standard Deviation (%pa)	1.67	1.90	1.95

As displayed above Silver Creek's historical performance is exceptional over all time periods measured. The Silver Creek Fund in which XAP investors will have exposure to has produced double digit (hedged into Australian dollars) returns with extremely low volatility.



In terms of consistency, Silver Creek has only produced 3 months of negative returns, and as such, produced positive returns in 96.67% of months.

Silver Creek's volatility level, as measured by standard deviation, is also similar to Ivy's. However, based on the excellent returns Silver Creek has achieved, it is superior as measured by Sharpe Ratio, which measures the excess returns above cash divided by the fund's standard deviation. It is also worth mentioning that Silver Creek's original flagship fund, was recently ranked the highest Sharpe Ratio over the past 3 and five years, which evidences the superiority of its returns (source: MAR Hedge, July 2004 Issue).

Ivy

Ivy has operated for over 20 years and is based in New York, USA, and focuses only on Fund of Hedge Fund activities. Ivy currently manages over USD14.5 billion in client assets as of September 1, 2004, which ranks them in the top 10 fund of hedge funds managers globally in terms of funds under management.

Ivy was founded by Lawrence Simon and Howard Wohl, both of whom are still heavily involved in the management of the business, which we view as a significant positive.

In terms of personnel Ivy has more than 130 full time employees dedicated to its hedge fund business based in New York, San Francisco and London. Within this team there are 33 personnel within its Investment Group. This team is structured into 4 broad divisions:

- Manager Discovery and Due Diligence
- Manager Monitoring
- Quantitative Analysis & Risk Management
- Portfolio Management

In terms of its investment strategy, Ivy only invests with managers utilising strategies that produce reasonably predictable returns with actively monitored and hedged risks. The 3 broad categories the fund invests in include:

- Event Driven (e.g. Merger Arbitrage, Distressed Investing etc).
- Equity Long/Short
- Market Neutral (e.g. Convertible Arbitrage, Statistical Arbitrage).

In terms of the due diligence undertaken, Ivy try to understand each manager's competitive edge, determine whether their investment process is repeatable, evaluate whether their business model is scalable and realistic, verify qualitative work via quantitative analysis and background checks and also negotiate accessibility to key persons and the portfolio. Ivy's portfolio management team, which includes the business's co-founders actively take part in this due diligence process.

The construction of portfolios is primarily driven by a bottom-up basis. Manager allocations typically range from 2.5% to 7.5%, depending on Ivy's internal risk analysis.

Risk of the underlying funds is closely monitored with respect to personnel, assets under management growth, changes in leverage, risk-adjusted performance and style drift. Exposure to regions, sectors as well as other quantitative measures are undertaken to ensure the portfolio does not contain any unintended risks.

Historical Performance

Ivy manages a number of Fund of Hedge Funds. The Ivy Rosewood Diversified Fund (to which XAP investors have exposure to via the Ivy Fund) is Ivy's newest market neutral, low volatility Fund of Hedge Funds. The Fund's investment objective is to return 7.0-9.0% above cash investments (before fees), with very low correlation to traditional markets and a volatility of between 4.0-5.0% p.a.

As the Rosewood Diversified Fund has not yet recorded a full year's trading history, Zenith has utilised a composite stream of returns it manages that to represent the historical performance of Ivy's dedicated market neutral, low volatility investment vehicles.

The table below illustrates the performance of the Ivy composite series over the past five years in Australian dollar terms.

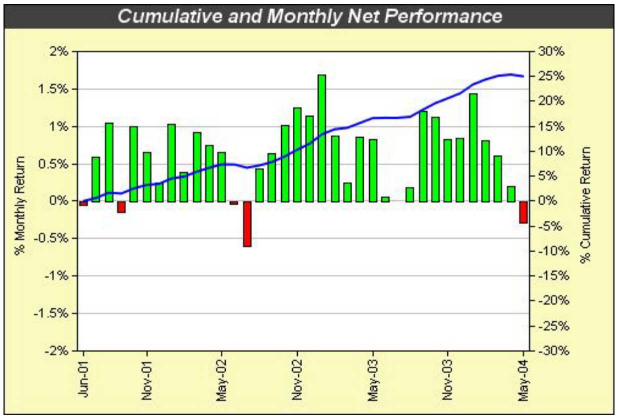
Performance Statistics As at 31-May-04	5 Yrs	3 Yrs	1 Yr
Ivy Composite $A (%p.a.)	10.02	7.70	7.19
UBS Bank Bill Index (%p.a.)	5.30	4.96	5.24
Monthly Excess Return (%)	75.00	69.44	58.33
Positive Months (%)	83.33	83.33	90.00
Negative Months (%)	16.67	16.67	10.00
Sharpe Ratio	2.51	1.55	1.08
Standard Deviation (%pa)	1.88	1.76	1.81

As displayed, the performance of the Ivy Composite stream is strong over all periods, but especially over 5 years.

As an investor's initial contribution of $0.50 will be initially matched by $1.50 permanent leverage (4 times geared), Ivy will need to at least meet the interest payments on the borrowed amount before any capital growth can be attained.

As Deutsche is charging 3 month BBSW + 2.2% p.a. (approximate current borrowing cost of 7.60%) on the Permanent Leverage and 1 month BBSW +0.80% p.a. (approximate current borrowing cost 6.20%) on any Additional Leverage, the performance generated over the past 1 and 3 years would have largely been eroded by interest payments. As such, while performance is impressive in an absolute sense, performance will have to improve from more recent levels for investors' to receive the targeted returns. It should be noted however that the target of the Ivy Fund is higher than the composite data used for our historical analysis.

Cumulative and Monthly Net Performance



In terms of consistency, Ivy has consistently returned above the cash rate, although this proportion has fallen over recent years. Over the past five years, there have only been 5 months of negative returns, which means positive returns have been generated in 90.0% of months.

Based on the fund's consistently low volatility, Ivy also ranks highly as measured by the risk adjusted measure of Sharpe Ratio.

While Ivy is renowned as one of the world's leading fund of hedge fund managers, Zenith is concerned with the relatively poorer recent performance as opposed to its longer term numbers. We believe it raises the question of that Ivy's assets under management may be constraining their performance.

Risks of the Investment

Leverage

The use of leverage will magnify both positive and negative returns. The use of leverage also requires borrowing costs to be paid, which must be met before any positive performance is paid to investors. It should also be noted that some of the funds in which Silver Creek and Ivy invests, may also contain leverage.

Liquidity

XAP is designed to be a medium term investment for investors that can hold the investment for the full term. While Deutsche Australia will provide a monthly **Early Exit Facility**, this will be limited to a number of Shares equal to 5% of the Shares originally issued.

Exchange Rate Fluctuations

The AUD/USD exchange rate will be hedged on a monthly basis; however this does not completely remove the risk that the exchange rate may have a negative impact on returns to investors, should there be intra-month volatility.

Issuer/Counterparty Risk

There are multiple parties involved in this transaction and therefore there are risks that the parties may not fulfil their required obligations.

Underlying Fund Performance

The performance of XAP will largely depend on the performance achieved by Ivy and Silver Creek over the investment term. While historical performance of both managers is excellent, this may not continue in the future.

In the event that either fund performs poorly and as a result on adjustment date the prevailing value of investors' Net Asset Value falls below a knockout level (20% in the case of Ivy and 15% in the case of Silver Creek), a **knockout event** is deemed to have occurred. Where a knockout event occurs, all relevant investments in the relevant underlying fund will be reduced to zero, and the proceeds applied to first repaying the outstanding Additional Leverage and then if funds remain, to the relevant cash facility. From that point to the maturity date, the account that has experienced the knockout event will be allocated 100% to the Cash Facility.

Fund Volatility

The volatility of both managers is important, as the relevant share price may result in frequent reallocations between the Fund Facilities and Cash Facilities under the Investment Allocation Mechanism which may erode the value of XAP. It is important to the note that the volatilities, as measured by standard deviation, for both managers has been consistently low.

Interest Rate Movements

The funding charge for the Permanent Leverage and Additional Leverage is based on a margin over BBSW (Bank Bill Swap Rate). Increased interest rates will increase the Funding Charge. If returns of the Funds do not increase proportionally with interest payments, this will negatively impact investors' returns.

Fees & Expenses

There are no application or management fees applicable to Deutsche Xenon. However the performance of the Alpha Plus Portfolio, which determines Investors' returns, will be reduced by fees charged to the Funds:

- The Ivy Fund will charge a management fee of 1.50%p.a. of the Ivy Fund's Net Asset Value (NAV) and an annual performance fee equal to 10% of any increase in the Ivy Fund's NAV above a prior high watermark. Of this, Deutsche Bank will receive 0.60% p.a. of the Ivy Fund's NAV and 3% of any increase in the Ivy Fund's NAV above a prior high watermark. Deutsche's payment does not further affect the returns of the APP.
- Silver Creek charges a management fee equal to 1.30% p.a. on the Silver Creek Fund's NAV and a performance fee equal to 5% of the annual increase in the Silver Creek Fund's NAV. Of this, Deutsche Bank will receive a fee rebate equal to 0.25% p.a. of the Silver Creek Fund's NAV. Deutsche's payment does not further affect the returns of the APP.

Deutsche Bank will also receive the benefit of the Funding Charge equal to the 3-month BBSW +2.20% p.a. on the Permanent Leverage and the 1-month BBSW +0.80% p.a. on any Additional leverage. The funding charge is deducted when calculating the performance of the APP.

Product Assessment

Zenith Investment Partners Pty Ltd

Highly Recommended
Recommended
Approved
Not Approved
Redeem

Zenith is of the view that the management fees charged by the underlying managers are fair and reasonable and compare similarly to other fund of hedge fund managers we have reviewed. The initial borrowing rate of the 3 month BBSW + 2.2% p.a. (approximate borrowing cost of 7.60%) is higher than most internally geared products Zenith have reviewed however this is largely attributable to Deutsche Bank covering the cost of the 3.0% initial commission and trail commission rather than this being deducted from the investor's initial investment amount. While this ensures that investors have 100% of their investment invested in the product, the higher borrowing cost "raises the bar" for the underlying managers to achieve a higher hurdle rate to repay the interest levels, prior to generating positive performance for shareholders.

Applications of the Investment

XAP aims to achieve a target return of 15-18%p.a. while having a low correlation to traditional investment markets. Unlike the product's closed end, leveraged hedge fund competitors (e.g. OMIP Series), XAP differentiates itself by not having a capital protection facility and having a considerably lower investment term of just under 4 years.

Another point of differentiation is that XAP provides access to two leading global fund of hedge fund managers, in Ivy and Silver Creek, which are not available to Australian retail investors in any other form. Zenith believes the managers chosen are suitable for a product of this nature and should their strong performance continue, they will provide a strong chance that the fund's investment objective is attained.

While we believe XAP is an appealing product, it is only suitable for high risk tolerant investors that understand the risks of leveraged investments. That is, given that the allocations to each manager are highly geared, both the positive and negative performance of the managers will be heavily magnified.

Zenith believes one of the major attractions of hedge fund investment is that it offers "downside protection" during volatile bear markets due to their low correlation with mainstream asset classes. Historical returns for both managers exhibit little correlation with traditional asset classes and therefore investors will gain diversification benefits from blending this product with a portfolio of traditional funds. Zenith believes the product is also an attractive proposition in the current market environment, where equity markets appear reasonably priced and low but rising interest rates are having a dampening effect on traditional fixed interest investments.

Taxation

Deutsche Xenon has an obligation to redeem or purchase the Shares on the maturity. As such, the shares should be classified as debt interests in Deutsche Xenon for tax purposes.

On maturity date, investors will receive a dividend on the Maturity Date equal to any positive performance of the Alpha Plus Portfolio. Deutsche Xenon will also redeem, or arrange to purchase each Share on the maturity date for $1.00.

The final dividend paid on a share is a debt interest for tax purposes and cannot be franked, and therefore cannot pass on imputation credits to Investors. Investors will be required to include the final dividend in their assessable income in the year in which the final dividend is paid is declared and paid and is dividend received is subject to the marginal tax rate of the investor in that year.

As a result, the product ideally suits those investors who are on low marginal tax rates at maturity of the product and therefore will not lose as much of their return through income tax. To this extent, the product is particularly applicable to self-managed superannuation funds where the tax rate is typically much lower than investors' marginal tax rates.

Investors should also acknowledge that the final dividend is not treated as a capital gain and therefore any positive performance generated is not subject to any capital gains tax concessions. Accordingly, investors in the top tax brackets will be disadvantaged significantly on an after tax basis.

If positive performance has not been generated by the product at maturity, which means the net assets are less than the $1.00 per share, investors will only receive that lesser amount and will not receive any final dividend. The loss incurred by an investor in this instance will be treated as a capital loss and may be offset by capital gains experienced by an investor in the year of maturity.

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