

AUSTRALIAN

# RESEARCH

MANAGED INVESTMENTS ANALYSIS

## Credit Suisse PL100 – Emerging Markets Infrastructure Development Trust

October 2007

Exposure to the performance of international infrastructure companies that derive revenues from and/or operate in emerging market economies with the safeguard of capital protection and the option of 100% loan

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## Australian Managed Investments

### Structured Products

**Note:** This report is based on the PDS, dated **4 October 2007**, together with other information provided by CSi as at September 2007.

### Credit Suisse PL 100 – Emerging Markets Infrastructure Development Trust

**Exposure to the performance of international infrastructure companies that derive revenues from and/or operate in emerging market economies with the safeguard of capital protection and the option of 100% loan**

#### Offer Overview

The Credit Suisse PL 100 – Emerging Markets Infrastructure Development Trust (the *Trust*) has been structured by Credit Suisse International (*CSi*). The Trust will provide exposure to the performance of international infrastructure companies that derive revenues from and/or operate in emerging market economies. The Trust also provides the safeguard of at least 100% capital protection at maturity. The Trust will be notionally exposed to a portfolio of 20 international listed infrastructure companies (the *Notional Portfolio*) that generate revenue and/or operate in emerging market countries. The Notional Portfolio will be partially rebalanced annually. Returns to investors will be in the form of capital and, to a lesser degree income during the term, the latter of which is determined by the level of dividends paid by portfolio companies. CSi's obligation to provide capital protection will be managed through the constant proportion portfolio insurance (*CPPI*) method. Protection is of a rising nature, whereby if the value of the Notional Portfolio plus the CPPI-related Fixed Income Portfolio reaches 110% and 150% of the Issue Price, the level of protection is increased by the same amount. Exposure to the Notional Portfolio will initially be 100% and, during the term, may range from 125% to a minimum of 25%, as determined by the CPPI rules. The Trust will be ASX-listed, and CSi will act as market maker.

#### Investment View

##### Investor Suitability

Investor suitability will differ between those opting for 100% loan and those who do not. With respect to 100% loan, Aegis regards the Trust as well suited to asset-poor, income-rich investors capable of covering annual interest costs and receiving the greatest tax benefit for such payments. For those not opting for 100% loan, the Trust may be well suited for investors seeking solid growth prospects, but are highly averse to or intolerant of a capital loss. Such investors may include pre-retirement, retired and/or superannuant investors. Although Aegis would suggest the investment represents only a component of a broader portfolio, the growth prospects of the Trust may be useful in addressing longevity risk for pre-retirement/retired investors. Investors should note that the risk-return profile of the Trust is high, especially for loan investors. In relation to the latter, while the initial investment amount is capital protected, investors may incur a total loss equal to cumulative interest and income-related taxation costs.

##### Recommendation

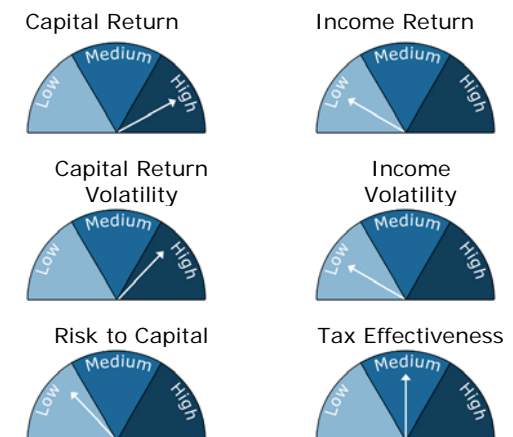
Aegis has assigned the Trust with a **Highly Recommended** rating.



#### Offer Details

Offer Period	29-Oct:28-Nov-07
Listing Date	19-Dec-07
Issue Price	A\$1.00
Day 1 NAV	A\$1.00
Maturity (years)	19-Dec-12 (5 years)
Min. Investment	A\$20,000
Liquidity	Daily (ASX listed)
Distributions	Semi-annually

#### Risk/Return Profile



#### Fees (paid to advisors), incl. GST, %

Up-front (no loan)	Up to 1.1*
Ongoing, p.a. (no loan)	0.0
Up-front (Loan)	Up to 2.6**
Ongoing, p.a. (Loan)	0.5% p.a.

\*The 1.1% advisor fee may be waived by advisors, as determined by the commercial relationship between the advisor and the investor.

\*\*Comprises an up-front 1.5% loan establishment fee and the 1.1% advisor fee. As noted above, the advisor fee may be waived off by advisors. An investment loan trail of 0.5% p.a. applies to loan investors only.

**The investment opinion in this report is current as at the date of publication. Investors and advisers should be aware that over time the circumstances of the issuer and/or product may change which may affect our investment opinion.**

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## SWOT Summary

### Strengths

- A stock selection methodology (HOLT) backed by a track record of out-performance and established reputation. Very strong historical performance of the Notional Portfolio.
- Swap agreement minimises costs (zero tax on the CPPI-related cash asset) and maximises returns (entitlement to dividends, taxation certainty, minimal rebalancing-related trading costs).
- Capital protection: Value-at-risk minimisation through rising 'lock-ins'; no risk of a 'cash-lock'; cost-effective, given notional rebalancing and leverage.
- The convenience of daily liquidity/pricing and a market-maker facility ensure units trade at parity to NAV (less the applicable off-market buy/sell spread).

### Weaknesses

- High deleverage risk due to historically high volatility of the Notional Portfolio, augmented by limited portfolio rebalancing and the rising capital protection structure.
- HOLT: The investable universe is, at a sector level, very broadly defined; portfolio turnover is limited to three stocks per year; and stock selection pays no consideration to the appropriate degree of CPPI-related volatility in the underlying investment.

### Opportunities

- Access to companies that are already well positioned in a sector with significant exposure to emerging market growth, which may otherwise be difficult to obtain for Australian investors.
- The ability to enlarge investment exposure through a 100% investment loan.

### Threats

- The high historical volatility of the constituent stocks of the Notional Portfolio creates high de-leverage risk. The risk is compounded by the lack of portfolio weight rebalancing. Deleverage risk is greatest at inception and immediately after the 110% and 150% lock-in events.
- As a listed entity, the applicable buy price for an investor may exceed the capital-protected level. Consequently, investors' protected amount may be materially less than their investment amount when purchasing Trust units on the secondary market.

### Product Fees (paid by investors)

	Product	Product w/ Loan	Sector Avg.*
<b>Base Fees, % of Assets</b>			
Up-front <sup>1</sup>	1.1	2.6 <sup>2</sup>	1.9
Ongoing <sup>3</sup>	2.4	2.4	1.8
Exit <sup>4</sup>	0.3	0.3	0.2
Avg., p.a.	2.7	3.0	2.2

\*Based on structured products reviewed by Aegis over the past 12 months.

<sup>1</sup>Assumes a maximum advisor commission. Actual commissions may be less.

<sup>2</sup>Comprises the 1.5% up-front loan establishment fee and the maximum 1.1% up-front advisor commission.

<sup>3</sup>Comprises an administration fee of 1.0% p.a. of NAV and a portfolio fee of 1.4% p.a. of GAV.

<sup>4</sup>Based on the CSI estimated buy/sell spread. A maximum buy/sell spread of up to 2.0% may apply to investors redeeming off-market. Loan investors should note that an early exit fee of 1.5% applies in year 1, 1.0% in year 2 and 0.5% for years 3 to 5.

### Total Fees, % of Expected Total Return\*

Up-front	1.7	4.0	2.9
Ongoing	18.5	18.5	14.4
Exit	0.5	0.5	0.4
<b>Total</b>	<b>20.6</b>	<b>22.9</b>	<b>17.6</b>

\* Based on an assumed total return of 13% p.a.

### Performance Fees

There are no performance fees.

### Indirect Fees

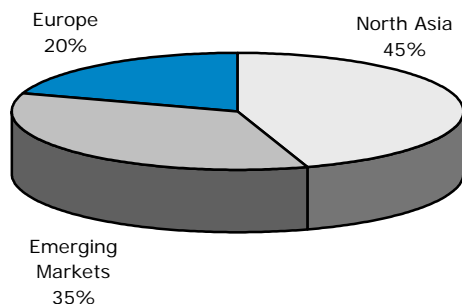
To Aegis' knowledge, there are no indirect fees.

### Fee Commentary

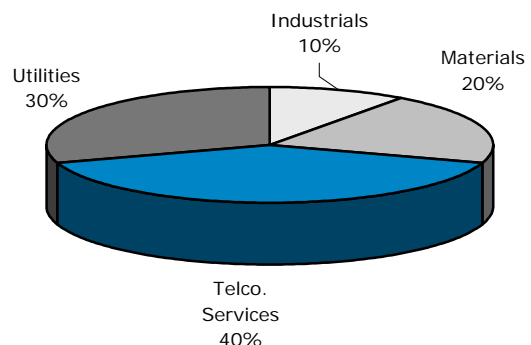
The loan establishment fee of 1.5% exceeds the 1.0% benchmark currently available in the market. Aegis regards the ongoing fee of 2.4% as competitive. While the amount exceeds the industry average, many products with an actively managed underlying portfolio utilise third-party managers in which the associated MER is external to the product itself. However, on a look-through basis, the ongoing fee levels of such products are likely to be more comparable to those of the Trust. The 100% loan investors should note their interest margins.

## Portfolio Diversification

### By Market Listing Region



### By Sector



## 2. Structure

The Trust will be an ASX-listed unit trust. All application proceeds will be invested in a portfolio of the securities of 20 emerging markets infrastructure companies (the *Physical Basket*). CSI will select the 20 stocks from a ranked list of companies, known as the 'Investable Universe'. The Investable Universe is compiled by HOLT. The Physical Basket will be static during the term. Investors will have entitlement to any dividends paid by the constituent stocks of the Physical Basket.

The Protection Strategy is provided through two separate option contracts (a put option and a call option), which the Trust will enter into simultaneously with CSI. The Protection Strategy provides investors with participation in the performance of the Notional Portfolio, which consists of 20 emerging markets infrastructure companies. The Notional Portfolio will be the same as the Physical Basket with three exceptions: 1) investments in individual stocks are notional; 2) the Notional Portfolio will be partially rebalanced annually (up to 3 of 20 stocks added/removed); and 3) the borrowing criteria applied by CSI to the securities of the Physical Basket are not applied.

From an investor's perspective, the important distinction between the two baskets is that the Notional Portfolio determines capital returns and the CPPI-related rebalancing, whereas the Physical Basket determines income. Furthermore, the structure provides greater taxation certainty at maturity and also has the potential to save on transaction costs.

The initial protection level is 100% of the Issue Price. Subsequently, if the NAV of the Notional Portfolio reaches 110% and 150% of the Issue Price, the level of protection will increase by the same amount.

For investors who purchase units in the Trust on the secondary market, the level of capital protection relative to their investment amount may be higher or lower than the level relative to the Issue Price.

The participation in the performance of the Notional Portfolio may range from 125% to 25%, as determined by the CPPI. The minimum exposure of 25% ensures investors always retain some exposure to the Notional Portfolio and are protected from a 'cash lock' event.

### Key Exposure

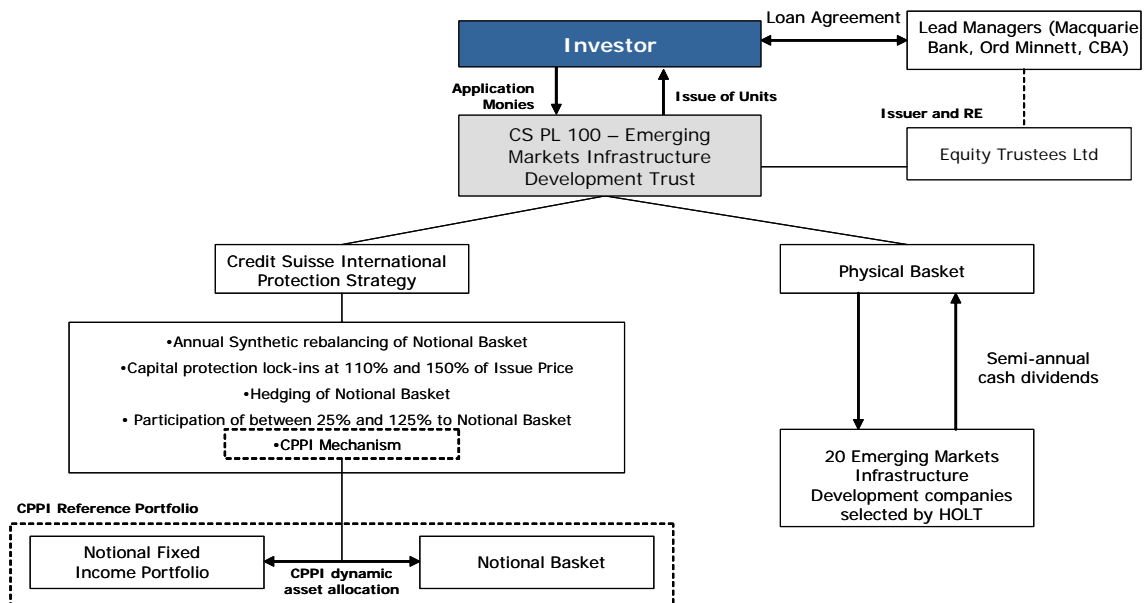
Underlying Exposure:	The Notional Portfolio: A basket of 20 equally weighted (initially) emerging markets infrastructure development companies, which is partially rebalanced annually. Stock selection will be undertaken by CSI that will access the expertise of HOLT (see Section 4).
Currency Exposure:	The put option protects capital invested from FX risk. Dividends received from the Physical Basket will be exposed to FX movements until received by the Trust. There is no FX risk in relation to potential capital gains or losses.

### Exit Details

Exit Facility:	Off Market: Minimum A\$10,000, subject to a minimum unit holding of A\$20,000 being maintained. Unit prices are set daily. A buy/sell spread of up to 2% may be charged to off-market transactions. On Market: CSI will make 'a market' at the redemption price.
Liquidity:	ASX-listed and monthly early redemption facility. CSI will act to make a market in trading in units of the Trust, thereby ensuring the Trust trades at NAV.
Holder Early Redemption:	Early redemption invalidates capital protection.

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## Investment Structure



### Product Leverage

Used:	Maximum exposure of 125% to the performance of the Notional Portfolio. At any point in time, the actual amount of leverage is determined by the CPPI-related rebalancing process. Generally, the stronger the performance of the Notional Portfolio, the greater the likelihood the Trust will have a leveraged exposure to the Notional Portfolio. Aegis notes that historical backtesting indicates the Notional Portfolio has been relatively high-risk, high-return. The application of gearing has the potential to increase the risk/return profile of the Notional Portfolio. While this may provide the prospect of enhanced return, it also increases deleverage risk under the CPPI mechanism. Historical backtesting, as presented in Section 5, illustrates the deleverage risk with respect to the volatility of the portfolio.
Cost (incl. Fees):	Leverage is notional and, therefore, there will be no associated borrowing costs. Investors will, however, incur an indirect fee on leverage as the portfolio fee is a function of the gross asset value.
Recourse:	n/a

### Capital Protection

Method:	Synthetic CPPI. 'Synthetic' CPPI refers to the rebalancing process being undertaken through notional exposures to the growth and cash assets, rather than physical. The benefit is essentially two-fold, both of which serve to minimise costs to investors and, hence, improve net returns. First, the notional stock holdings lower rebalancing-related trading costs and mitigate 'price drift' risk, given the ability to immediately execute any required transactions. Second, the implicit interest on the cash asset is not taxable as income, as it is under a traditional CPPI structure. Investors should note that, in addition to the general risks of CPPI, there are two risks particular to the Trust. First, the fact that the performance of the Notional Portfolio is based on price returns only, rather than total returns, increases an already significant deleverage risk. Second, historical volatility of the Notional Portfolio has been significant, and significantly higher than that of underlying investments in a CPPI structure. For investors purchasing the Trust on the secondary market, capital protection may be less than 100% of their initial investment amount. The capital-protected amount will be A\$1.00, unless a capital protection lock-in event has occurred.
Conditions:	Must be held to maturity.
Cost:	Incorporated in the overall MER of 1.40% p.a. plus the additional risks noted above.
Counterparty Risk:	The risk CSI (S&P: AA-) fails in its obligation to provide capital protection at maturity.

### Tax

Disclaimer:	Tax consequences depend on individual circumstances. Investors must seek their own taxation advice. The following comments show Aegis' expectation of tax for ordinary Australian taxpayers, but cannot be considered tax advice.
Capital Gains:	Capital gains tax (CGT) is likely to apply upon sale of the delivery securities. Investors will likely be eligible for the 50% CGT discount upon sale of the delivery securities, if held for more than 12 months. Aegis notes that the use of the Physical Basket structure provides greater certainty in relation to the above than may otherwise be the case.
Distributions:	On income account in the year earned.
Interest Deductibility:	Four separate Product Rulings have been lodged with the ATO regarding the deductibility of interest on loans to fund investments in the Trust.

### Legal Structure

Wrapper:	ASX-listed unit trust
Responsible Entity:	Equity Trustees Limited
Offer Document:	The PDS, dated 4 October 2007, has been lodged with the Australian Securities Investment Commission (ASIC) as required by the <i>Corporations Act</i> 2001.

### Returns

Capital vs. Income:	Both capital and income. Capital returns are determined by the CPPI-related exposure to the performance of a combination of the Notional Portfolio and the Physical Basket. Income is determined by the level of dividends paid by the constituent stocks of the Physical Basket. The latter is static, and exposure is not subject to the CPPI mechanism. Owing to the different underlying determinants of capital and income returns, it is not possible to provide an indication of the likely split between the two forms of returns. CPPI-related exposure to the Notional Portfolio will be a key determinant of this. At a historical level, backtesting generated strong capital returns of 37.2% p.a.
Income Frequency:	Semi-annual
Foreign Currency Risk:	None

### Investor Leverage

Available:	100% loan from Ord Minnett Lending, Commonwealth Bank Margin Lending, Leveraged Equities and Macquarie Margin Lending. Refer to loan issuers for details.
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<b>Risks</b>	Refer to the <i>Risks</i> section of the PDS.
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## 3. Management & Corporate Governance

### Board of Directors

The Board of Equity Trustees Limited, the Responsible Entity (RE) for the Trust, includes seven directors, six of whom are independent, including the chairman. The seven members have significant experience in either the finance industry or relevant roles in publicly listed entities.

### Management Team

There are two key parties involved in the structuring and management of the Trust, specifically CSI and Macquarie. Equity Trustees Limited, as the RE, ensures the Trust operates within the law and the Trust's own Constitution. The key personnel with respect to the structuring, management and operation of the Trust are as outlined in Figure 1.

The role of the two parties is largely limited to product origination, specifically creating and executing the investment strategy. With the structures of the Trust entered into on day one, the management team will have limited involvement in the product beyond the issue date.

Figure 1. Key Management Team Members

Name	Title	Role
Van Oayda	Senior Product Developer, Macquarie Financial Services	Responsible for developing and distributing a range of structured products and alternative assets.
Phillip Rueede	Director of Equities and Head of Equity Investor Structuring Asia Pacific, Credit Suisse	Responsible for creating new and pricing complex equity-linked products for the sales force in Asia Pacific.
Adam Cowperthwaite	Director of Equities and Head of Structured Retail Products Asia Pacific, Credit Suisse	Responsible for the bank's regional third-party distribution strategy across equities, fixed income, credit, commodities, fund-linked products and FX.
Michael Clapham	Head of Equity Derivatives Marketing, Australia and NZ, Credit Suisse	Part of the Global Structured Retail Products team. He is responsible for the bank's third-party distribution strategy for equities and fund-linked equity products in Australia and NZ.
Harvey Kalman	Head of Funds Management – EQT Funds Management	Has overall responsibility for the operational compliance of RE funds.

Source: Equity Trustees Limited/Credit Suisse/Macquarie/Aegis Equities Research

### HOLT

The Notional Portfolio and Physical Basket are determined by the application of the HOLT framework to rank the securities within the Investable Universe. The Investable Universe is a ranked list of approximately 100 publicly traded emerging markets infrastructure companies. The Investable Universe is chosen and ranked by HOLT, a corporate performance and valuation advisory service of Credit Suisse. Candidates in the Investable Universe may change at the discretion of the index creator. HOLT's roots can be traced back to the 1970s and today, it consists of a global team of 150 valuation specialists. It was acquired by Credit Suisse First Boston (now 'Credit Suisse') in 2002. Research is currently undertaken on over 18,000 companies in over 55 countries. HOLT is based on a Cash Flow Return on Investment (CFROI) framework that is divided into three categories: Operational Performance, Valuation and Momentum. The HOLT selection methodology and performance is discussed in sections 4 and 5, respectively.

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## 4. Investment Process

### Product Philosophy

Emerging market infrastructure development was selected as the underlying theme of the portfolio because of its integral role in and, therefore, exposure to emerging market growth. Globally, there is a large focus on addressing inadequate and heavily burdened infrastructures in emerging market countries. Intensified by continuing population growth, the potential crisis of a lack of infrastructure and the hunger for improved standards of living through the provision of basic services mean emerging or developing regions offer major potential for investors through investment in emerging market infrastructure companies.

The HOLT quantitative methodology of stock selection was adopted primarily due to its consistent track record of out-performance in its various thematically based investment portfolios. The quantitative, rules-based selection method also provides the potential benefit of being lower cost to investors compared with a qualitative selection method.

The physical and Notional Portfolio structure was created to provide investors with the benefit of greater taxation certainty, with respect to the availability of the CGT discount, and ability to employ a synthetic (notional) CPPI method. The latter serves to minimise rebalancing-related trading costs and removes the issue of tax on interest income, otherwise levied on the cash asset in the traditional CPPI structure.

The rationale for rising capital protection partly relates to the listed status of the Trust. For those investors who purchase units in the Trust on the secondary market, it provides a level of protection closer to their initial investment amount. Additionally, for existing investors, it serves to lock in existing gains, thereby reducing the value-at-risk during the remainder of the investment term.

### Stock Selection Process

The stock selection process is based on a forced ranking process of stocks that collectively represent the investment universe. The Notional Portfolio will initially comprise the securities of the 20 top-ranked listed companies from the Emerging Markets Infrastructure Universe.

#### **HOLT Emerging Markets Infrastructure Universe**

The first step is the determination of the Investable Universe. The Investable Universe of companies was chosen by applying the following criteria to a universe of approximately 18,000 publicly traded companies (the current 'HOLT Universe'):

- Market capitalisation greater than US\$10B;
- Twenty-one-day average daily liquidity (that is, trading volume of their securities on the relevant stock exchange) of at least US\$10M per day;
- Eligible companies must derive in excess of 20% of revenues from and or operate in emerging markets; and
- Eligible companies must be covered by at least two equities analysts and all analysts must have at least a 'hold' recommendation on the stock.

As at June 2007, the above process generated an investable universe of 100 companies.

#### **HOLT Framework**

To force-rank the securities in the Investable Universe, the HOLT framework is applied. The HOLT framework is a methodology for assessing corporate performance and valuation. The framework has an emphasis on a company's cash-generating ability (rather than accounting data) and overall potential for value creation. CFROI is a key metric used in the assessment of companies. Key elements of the framework include the following:

- CFROI: Key metric and trademark measure of operational performance. The process identifies stocks that are attractively valued according to CFROI and DCF methods;

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- **Managing for Value:** Companies are given a higher score if they have managed their real asset growth in a sustainable manner over the previous three years;
- **13-week CFROI Key Momentum:** Companies are given a higher score if there is an improvement in forecast CFROI as a result of underlying consensus earnings revisions;
- **Value Cost Ratio:** Stocks are selected where the enterprise value is attractive relative to the replacement cost of the underlying assets; and
- **Dividend Yield:** Companies with a high dividend yield are given a higher score.

From the above process, the 20 stocks with the highest score are selected for inclusion into the Notional Portfolio. Figure 2 presents the stock composition of the Notional Portfolio, as determined at June 2007.

Figure 2. Notional Portfolio – Initial Stock Composition

<b>Company</b>	<b>Stock Exchange</b>	<b>Sector</b>	<b>1-Yr, %</b>	<b>3-Yr, %</b>	<b>5-Yr, %</b>	<b>Risk 5-Yr*, %</b>
CIA Energetica De Minas	New York	Electric Utilities	58	77	52	48
China Steel Corp	Taiwan	Steel	47	26	33	25
Telefonos de Mexico	New York	Telco. Services	87	36	23	22
China Netcom Group	Hong Kong	Telco. Services	64	35	20	30
Gerdau S.A.	New York	Steel	79	78	80	46
Companhia Siderurgica	New York	Steel	68	80	87	49
China Telecom Corp	Hong Kong	Telco. Services	88	22	28	33
Arcelor Mittal	Amsterdam	Steel	96	57	73	54
Hutchison Whampoa	Hong Kong	Conglomerates	12	16	9	24
China Unicom	Hong Kong	Wireless Telco.	97	32	19	36
Iberdrola S.A.	Continuous	Electric Utilities	59	39	28	19
Hongkong Electric	Hong Kong	Electric Utilities	18	13	12	10
Endesa S.A.	Continuous	Electric Utilities	62	45	29	27
Tenaga Nasional Bhd	Kuala Lumpur	Electric Utilities	27	14	9	19
CLP Holdings	Hong Kong	Electric Utilities	21	13	17	11
ACS Actividades de Constr.	Continuous	Constr. & Eng.	48	53	37	16
Keppel Corporation	Singapore	Conglomerates	75	58	50	23
Posco	South Korea	Steel	78	49	32	27
Hyundai Heavy Industries	South Korea	Heavy Machinery	230	138	73	44
Schneider Electric S.A.	Paris	Electrical Equip	33	27	17	21

\* Annualised standard deviation of a 5-year period.

Source: CSI

Annually (each anniversary of the Issue Date), the Notional Portfolio will be rebalanced. The annual rebalancing may lead to a maximum of three replacements to the constituent stocks. The rebalancing process is based on the reapplication of the HOLT framework. If the process leads to some securities being more highly ranked than those in the Notional Portfolio, then up to three of the lowest ranked securities in the Notional Portfolio may be replaced. Alternatively, the process may not lead to any change to the composition of the Notional Portfolio. The rebalancing restores individual stock weights to 5% of the Notional Portfolio.

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## 5. Performance Analytics

### HOLT Performance Track Record

HOLT currently provides 14 thematically and regionally based equity indices. These include the likes of a Japan index, a Germany index, a global warming index, a healthy living index and a water index. In all 14 of the equity indices, HOLT has outperformed the relevant benchmark and in many cases quite significantly so. Returns have generally been solid to strong over the long term and out-performance has generally been consistent over time. Furthermore, all thematically based indices have performed in a consistently strong manner.

It is also worth noting that all 14 indices have been running for at least five years, with several running for 10 years. The latter have been running over a full economic/market cycle and the selection methodology has, therefore, been proven in a range of market conditions.

### Historical Performance: Physical Basket and CPPI Structure

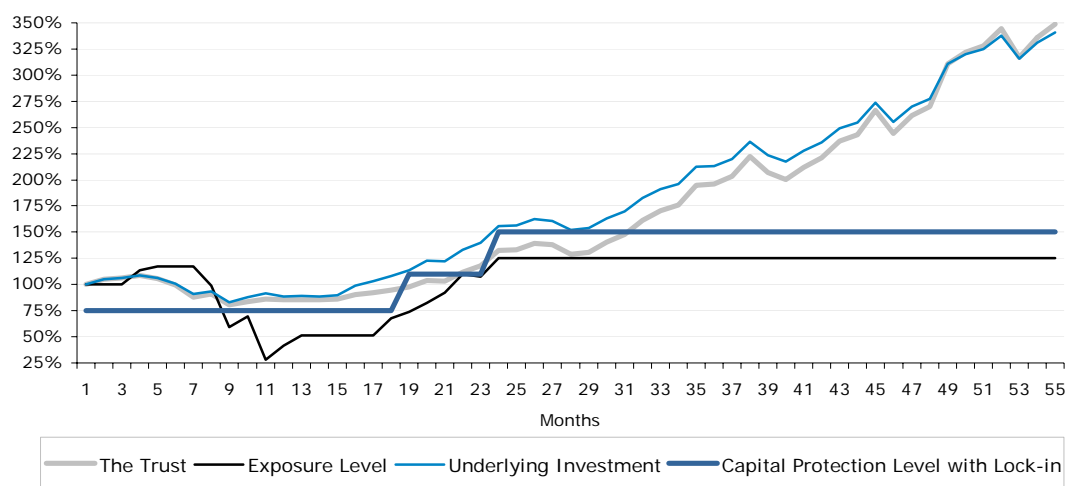
Figure 3 represents the historical price performance of the Physical Basket and the simulated historical performance of the Physical Basket under the CPPI structure over the five-year period to 30 June 2007. The analysis is based on the indicative Physical Basket composition.

Investors should note that the analysis is in no way designed to be indicative of potential future performance, partly because performance will be based on the partially rebalanced Notional Portfolio rather than the static Physical Basket. The value of the analysis largely lies in understanding the performance impact of the CPPI structure.

The key conclusions from the analysis include the following:

- The Physical Basket is high-risk, high-return, with a very strong average return of 37.2% per annum and an annualised standard deviation of 16.7% and a maximum drawdown of 25.5%;
- CPPI leverage risk is significant, as implied by the maximum drawdown and as evident in the first half where exposure to the Physical Basket declined significantly, bottoming at 28%. This subsequently led to a period of under-performance relative to the Physical Basket when the latter began to appreciate. Investors need to consider the prospects of higher returns with the associated higher risk profile; and
- Leveraged exposure magnifies gains and losses, as evident in the latter half where the Trust outperformed the Physical Basket in a strongly positive returns environment. It is worth noting that despite the significant deleverage in the earlier period, the Trust was able to recoup that under-performance through its leveraged exposure.

Figure 3. Simulated Historical Performance: Physical Basket and CPPI Structure



Source: Aegis Equities Research

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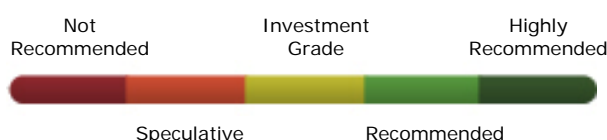
## Appendix – Ratings Process

Aegis has developed a framework for rating investment product offerings in Australia. Our review process gives consideration to a broad number of qualitative and quantitative factors.

Essentially, the evaluation process includes the following key factors: product management and underlying portfolio construction; investment management, product structure, risk management, experience and performance; fees, risks and likely outcomes.

### The Ratings

Our rating is based on the following scale:



**Highly Recommended:** indicates that Aegis believes this is a superior grade product that has exceeded the requirements of our review process across a number of key evaluation parameters and scored exceptionally in a number of categories. It has an attractive risk/return trade-off; however, we caution that the risk/return trade-off will not be suitable for all investors.

**Recommended:** indicates that Aegis believes this is an above average grade product that has exceeded the minimum requirements of our review process across a number of key evaluation parameters. It has an above average risk/return trade-off; however, we caution that the risk/return trade-off will not be suitable for all investors.

**Investment Grade:** indicates that Aegis believes this is a suitable product that has met the aggregate requirements of our review process across a number of key evaluation parameters. The product may provide unique diversification opportunities, but may not stand apart from its peers. It has an acceptable risk/return trade-off; however, we caution that the risk/return trade-off will not be suitable for all investors. In the previous five category rating system, this category was termed 'Approved'.

**Speculative:** indicates that Aegis believes this is a product that has a number of positive attributes; however, there are a number of risks that make investing in this product a speculative proposal. While Aegis does not rule out investing in this product, investors should be very aware of, and be comfortable with, the specific risks. The product may provide unique diversification opportunities; however, concerns over one or more features means that it may not be suitable for most investors.

**Not Recommended:** indicates that Aegis believes that despite the product's merits and attributes, it has failed to meet the minimum aggregate requirements of our review process across a number of key evaluation parameters. However, this does not mean that the product is without merit.

This report has been commissioned, and, as such, Aegis has received a fee for its publication. However, under no circumstances has Aegis been influenced, either directly or indirectly, in making statements and/or recommendations contained in this report.

**The offer of the securities is made in the Product Disclosure Statement (PDS), and anyone wishing to acquire the securities should complete the application form in the PDS.**

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