

AUSTRALIAN

RESEARCH

MANAGED INVESTMENTS ANALYSIS

Instreet Global Gold Trust Instreet Emerging Markets Trust

May 2008

Providing long-term exposure to gold sector and emerging markets equities with 100% financing and capital protection

Contents

1. Product Summary	3
2. Structure	5
3. Management & Corporate Governance	7
4. Investment Process	8
5. Performance Analytics	11
Appendix – Ratings Process	14

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For Advisers Only

Australian Managed Investments Structured Products

Instreet Global Gold Trust Instreet Emerging Markets Trust

Providing long-term exposure to gold sector and emerging markets equities with 100% financing and capital protection

Note: This report is based on the Instreet Enterprise Trusts PDS, dated 7 May 2008, together with other information provided by Instreet Investment Limited as at May 2008.

Offer Overview

Product Summary

Instreet Global Gold Trust (*Global Gold Trust*) and Instreet Emerging Markets Trust (*Emerging Markets Trust*) are part of the investment choices of the Instreet Enterprise Trusts (the *Trust or Product*) offered by Macquarie Financial Products Management Limited (MFPML or the *Issuer*). The Instreet Enterprise Trust offers investors the ability to select from three trusts with different underlying investments: 1) Instreet Global Gold Trust (Global Gold Trust); 2) Instreet Emerging Markets Trust (Emerging Markets Trust); 3) Instreet Focus Momentum Trust (Focus Momentum Trust).

The Product is primarily designed for investors willing to utilise geared investment, as investors are required to take a full-recourse loan to fund 100% of the initial investment amount. Each trust is capital protected at maturity and managed separately according to its Investment Strategy (the underlying investments together with the capital protection constitute the *Investment Strategy*). The capital-protected term is seven years. There is no distribution during the term, and final distribution (if any) will be paid upon maturity or early redemption, and will be in the form of income. Redemptions before or at maturity will be settled in cash. The Product is managed through a managed-investment scheme and Instreet Investment Limited (*Instreet*) acts as the consultant to financial advisers (the *Consultant*).

Due to variations in the Investment Strategies of the Trusts, Aegis has evaluated and rated them separately. This report relates solely to the Instreet Global Gold Trust and the Instreet Emerging Markets Trust.

Investor Suitability

As the investment loan is compulsory, Global Gold Trust and Emerging Markets Trust will suit investors with limited available capital, who are willing to utilise geared investments, such as investors with high marginal tax rates. Investors should note that the interest rate as well as the return of the Product will be exposed to foreign-currency risks. Investors should note that while their initial investment amount is capital protected at maturity, they may incur a loss equal to cumulative after-tax interest cost. The underlying investments have a focus on alternative assets such as gold and emerging markets equities, thus will suit investors seeking exposure or diversification into such sectors and regions, with a view that the income-type return generated from the investment can exceed the borrowing cost. Investors should also be comfortable funding interest payments from their own financial resources as there is no distribution during the long investment term (seven years), and early redemption may cause significant loss.

Recommendation

Aegis has assigned Instreet Global Gold Equities Trust and Instreet Emerging Markets Trust with a **Recommended** rating.

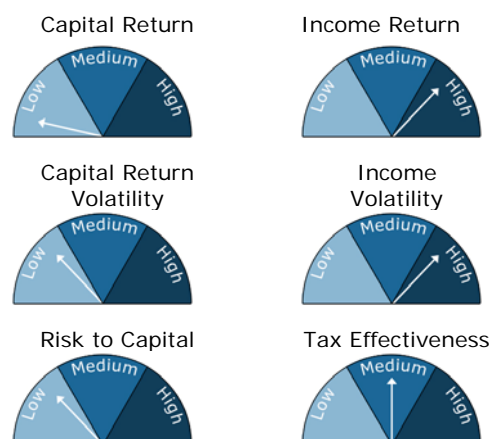
The investment opinion in this report is current as at the date of publication. Investors and advisers should be aware that over time the circumstances of the issuer and/or product may change which may affect our investment opinion.



Offer Details

Offer Period	7 May 08 - 30 June 08
Issue Date	30 June 2008
Maturity (years)	30 June 2015 (7 Years)
Min. Investment	A\$20,000
Liquidity	Semi-annually from June 2009
Distributions	At maturity

Risk/Return Profile



Fees (paid to advisors and the consultant), incl. GST, %

Upfront	Up to 3.3%
Ongoing	Up to 0.55% p.a.
Distribution fee ¹	Up to 0.77% p.a.

1. Including trailing commissions of up to 0.55% paid to financial advisors, and distribution fee of 0.77% paid to the Consultant.

Note: The above represent the maximum advisor fees payable by the Responsible Entity.

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SWOT Summary

Strengths

- Underlying funds target very specific investment assets and both have a long track record and have delivered solid returns compared to respective benchmarks.
- Investment-loan interest rates link to the USD borrowing rate, the AUD/USD exchange rate, and cover part of the Product fees and costs; at present they are significantly lower than the costs of comparable investment loans in AUD.

Weaknesses

- A long protected term with limited liquidity, reducing the ability to market-time an early exit. Early redemption by investors may result in significant loss.
- Income-type product with no regular distribution and potential final distribution is only made at maturity or redemption.

Opportunities

- Diversification benefits and potential to outperform other asset classes.
- Potential to outperform the underlying investments in declining markets through the insulating impact of being rebalanced into cash, and profit lock-in with rising capital protection.
- The average price mechanism used to calculate final strategy value may reduce the effect of a sharp fall in the investment strategy value in the period leading up to maturity.

Threats

- Investors are exposed to USD interest-rate risk and foreign-currency risk, which will have impacts on product return and loan costs.
- The capital protection method used in the Global Gold Trust and the Emerging Markets Trust is derived from Constant Proportion Portfolio Insurance (CPPI). The underlying funds have historically displayed a high level of volatility, which may be ill-suited to the CPPI structure.
- The current uncertainties in equities markets pose a high level of timing risk, as a high level of volatility in the early stage of CPPI investment may have a more severe impact on final returns.

Product Fees (paid by investors)

	Product	Sector Avg. *
Base Fees, % of Assets		
Upfront ¹	2	1.7
Ongoing ²	0.01	1.7
Exit ²	0	0.2
Average, p.a.	0.4	1.9

- Loan establishment fee of 2% of the investment loan drawdown.
- Components of ongoing fees include: Administration fee AU\$1,100 p.a. for the Instreet Trusts.
- Investors may incur break costs on the investment loan on early redemption

Total Fees, % of Expected Total Return**

Upfront	3.1	1.7
Ongoing	0	13.3
Exit	0	0.4
Total	3.1	15.4

* Sector Average reflects average fee level for similar products researched by Aegis

**Based on an average return of 13% p.a. over a 5-year term

Performance Fees

There is no performance fee

Indirect Fees

Asset management fee of underlying investments:

BGF World Gold Fund: 1.75% p.a.

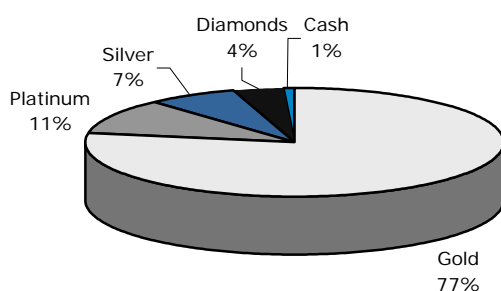
BGF Emerging Markets Fund: 1.5% p.a.

Fee Commentary

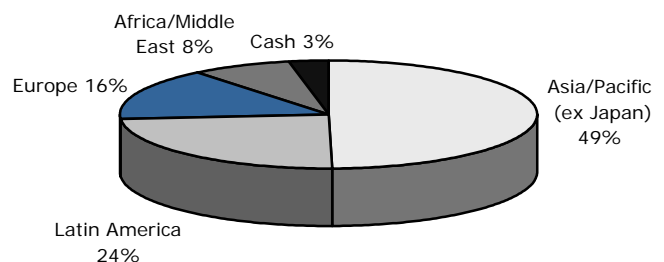
The explicit ongoing fees are very low; however, part of the Product's costs and fees have been built into the interest rate of the investment loan. Based on the indicative investment loan interest rate, current USD 1-Year Libor Rate and relevant information provided to Aegis, we estimate approximately 2.6% p.a. has been built into the loan interest rate to cover ongoing fees and costs.

Portfolio Diversification

Global Gold Trust – BGF World Gold Fund
(By Sector, as at 31-Mar-2008)



Emerging Markets Trust – BGF Emerging Markets Fund
(By Region, as at 31-Mar-2008)



Source: BlackRock

2. Structure

Product Overview

The Instreet Global Gold Equities Trust and Instreet Emerging Markets Trust are unlisted unit trusts. The responsible entity is MFPML (RE). Investors are required to apply for a 100% full-recourse investment loan from the loan provider (Macquarie Acceptances Limited or Macquarie Bank Limited) to fund the issue price. The Product is derivative based, where each trust simultaneously enters into an Investment Linked Swap Agreement with the Swap Counterparty, and a Foreign Currency Exchange Agreement with the FX Counterparty, both of which are members of Macquarie Group of Companies (Macquarie). Merrill Lynch International (Merrill Lynch) is the Calculation Agent under the Swap Agreements and the Hedge Counterparty for all of the Instreet Enterprise Trusts.

The Investment Linked Swap Agreement enables each trust to gain exposure to the underlying investments (underlying investments or Funds). For the Global Gold Trust the underlying investment is the BGF (BlackRock Global Funds) - World Gold Fund (Class A, USD), and for the Emerging Market Trust the BGF Emerging Markets Fund (Class A, USD).

There is no distribution during the seven-year term. Final gains are calculated as the increase in the value of the unit after applying the threshold management to the underlying investments, and will be income in nature (Strategy Gain). The threshold management applies CPPI rebalancing rules to adjust exposure between the relevant underlying investment (5% to 100%) and cash, with initial exposure to underlying investment expected to be 80%. Capital protection is of a rising nature; for every subsequent increase in the unit net asset value (NAV) for 50% compared to issue date, capital protection at maturity will increase by 25%.

While the principal amount will be capital protected and currency hedged at maturity (through the Foreign Currency Exchange Agreement), investors are exposed to foreign currency risks and interest-rate risks related to strategy gains and the interest rate on their investment loan. Early redemption will be via a half-yearly redemption facility provided by the issuer. Settlement will be in the form of cash.

Key Exposure

Underlying Exposure: Instreet Global Gold Trust: BGF World Gold Fund
Instreet Emerging Markets Trust: BGF Emerging Markets Fund

FX Exposure: Underlying funds are denominated in USD, investment return is unhedged
Principal invested will be hedged back to AUD at maturity

Exit Details

Exit Facility: Half-yearly redemption facility provided by the Issuer starting in June 2009. Investors wishing to exit early must notify the RE by 15 May for June Redemption or 15 November for December redemption.

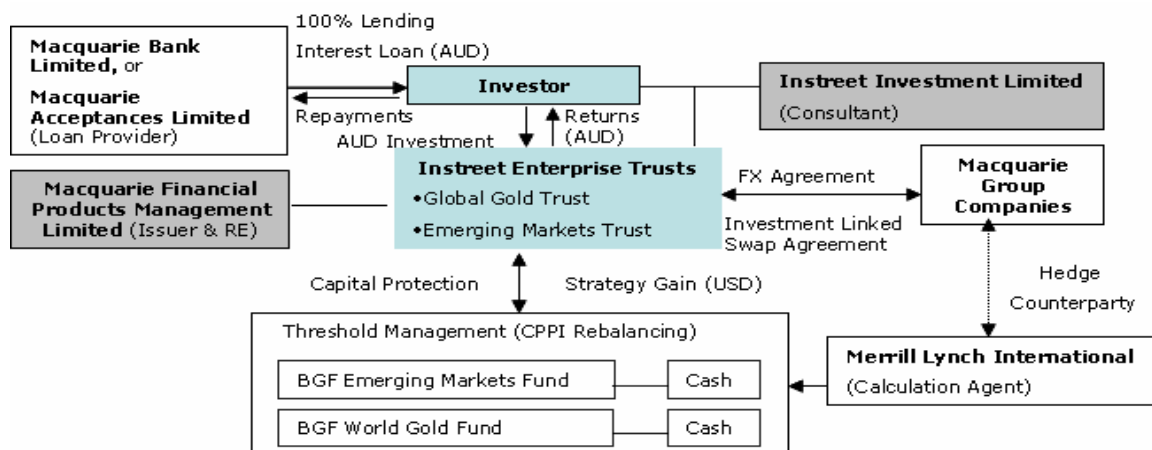
The redemption value reflects the market value of both the Investment-Linked Swap Agreement and the Foreign-Currency Exchange Agreement, and may not correspond to the value of the underlying investment at the time of redemption.

Holder Early Redemption: Early redemption invalidates capital protection.

Issuer Early Redemption: If an early-termination event occurs, the issuer will give 30 days' notice to investors. Units will be redeemed as the fair economic value of the units minus any costs associated with the termination of the investment, including break costs and administrative costs.

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Investment Structure



Source: Aegis Equities Research/MFPML

Product Leverage

Used: None

Capital Protection

Method: CPPI (Constant Proportionate Portfolio Insurance) with profit lock-in.

Key Metrics: Initial Participation: 80%; Minimum / Maximum Participation: 5% to 20% / 100%; Multiplier: 3; Rebalance Trigger: +/- 20%;

Profit Lock-In Structure: Capital protection is of a rising nature, whereby if the value of the Investment Strategy reaches 150% of the initial value, half of the gain (25%) will be locked in. This applies to each subsequent 50% gain on Investment Strategy Value compared to its initial level.

Conditions: Must be held to maturity.

Cost: Incorporated in the interest rates of the investment loan.

Counterparty Risk: The risk that Macquarie Group Ltd (S&P: A-) company or companies (Issuer, RE, Swap Counterparty, FX Counterparty), and/or Merrill Lynch International (Hedge Counterparty, Calculation Agent) guaranteed by Merrill Lynch and Co., Inc (S&P: A+) fail in their obligations. It is noted in the PDS that the Swap Counterparties will have an S&P credit rating of at least A-, or have the benefit of a guarantee from a member of the Macquarie Group of Companies, which has such a rating.

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 units if the proceeds on disposal of the units differ from the cost base. Investors will likely be eligible for the 50% CGT discount upon sale of the delivery securities, if held for more than 12 months.

Distributions: The final distribution received upon redemption or maturity should be included in assessable income in the year the distribution is made.

Interest deductibility: 100% deductible. Additional tax deductions may arise from the investment loan; please refer to Section 8 of the Product Disclosure Statement.

Fee Deductibility: Loan Establishment Fee: 100% deductible, to be spread over five years on a straight-line basis from the start of the investment loan.

Legal Structure

Wrapper: Unlisted unit trust under Managed Investment Scheme

Responsible Entity: Macquarie Financial Products Management Limited

Offer Document: The PDS, dated 7 May 2008, has not been lodged with the Australian Securities Investment Commission (ASIC) and is not required by the *Corporations Act* 2001 to be lodged with ASIC.

Returns

Capital vs. Income: Returns are all income in nature, unless Macquarie offers to acquire investors' units after 1 January 2015 and before maturity.

Income Frequency: Only at maturity or upon redemption.

Investor Leverage

Available: 100% investment loan. This is essentially a loan product, as investors are required to apply a 100% investment loan offered by the loan provider (Macquarie Acceptances Limited) to fund the issue price of the units. An interest loan is also available to fund the annual-in-advance interest payments on the respective investment loan.

Cost: Indicative Interest Rate: Floating Annual in Advance: 7.60% p.a.; Floating Monthly in Arrears: 8% p.a.; Semi-Fixed Annual in Advance: 8.85%. Aegis notes this is noticeably below most market rates applicable to AUD-denominated investment loans such as margin lending or protected equity loans.

Recourse: Full recourse applies to principal and interest repayments in respect of investment loans and interest loans.

Risks

Refer to the Risks section in the PDS

Foreign Currency Risk: The capital-protection feature ensures that at maturity the value of investors' units will be equal to the investment loan (principal) repayment. However, investors are exposed to currency movements between the AUD and the currency of underlying investments (USD) and constituent stocks. Investors should note the interest rate applicable on the investment loan is subject to AUD/USD exchange-rate movements; in addition, floating rates will be subject to future movements in interest rates in the United States.

3. Management & Corporate Governance

Board of Directors – MFPML

Aegis has reviewed the composition of the board of MFPML and believes the board has adequate skills and experience to supervise the Trust. Aegis notes, however, that all four directors are employees of Macquarie Capital Group Limited and, hence, the board lacks independence. However, MFPML is a member of the Macquarie Group of Companies. The Macquarie Group has board-approved corporate governance principles, which must be adhered to by MFPML.

The MFPML management team is responsible for the creation and oversight of the Trust. Aegis believes the team has the requisite skills in relation to these roles, given the team's experience, including the 6 series of Macquarie reFlexion Trusts since 2005 and 13 Macquarie Fusion Funds series offered since 2002, and a range of other similarly structured products.

Macquarie Group of Companies

Each Trust will enter into an Investment Linked Swap Agreement and a Foreign Currency Exchange Agreement with certain entities in the Macquarie Group of Companies (*Macquarie*) as counterparties. As such, investors are exposed to credit worthiness of certain entities of Macquarie. Standard and Poor's (S&P) has given Macquarie Group Ltd a credit rating of "A-/Stable/A-2" as of November 15, 2007. It is noted in the PDS that the Swap Counterparties will have an S&P credit rating of at least A-, or have the benefit of a guarantee from a member of the Macquarie Group of Companies, which has such a rating.

Merrill Lynch International

Macquarie will enter into hedging agreements with Merrill Lynch International, the performance of which is guaranteed by Merrill Lynch and Co., Inc. Merrill Lynch and Co., Inc. was assigned a "A+/Negative/A-1" rating by S&P as of 24 October, 2007.

BlackRock

BlackRock (Channel Islands) Limited (*BlackRock*) is the investment manager of underlying investments. Both funds are actively managed and of equity-type risk/return profile. In this respect, the ability of BlackRock to predict the movements in Gold Equities and Emerging Markets and implement investment decisions accordingly is critical to the performance of the underlying investments. BlackRock was founded in 1988, and has pro-forma assets under management totalling \$1.357 trillion as of 31 December, 2007 across asset classes and geographic regions.

Instreet Investment Limited

Instreet Investment Limited (*Instreet*) is the Consultant in relation to the Instreet Enterprise Trusts and an authorised representative of EA Financial, LP. The Product is the first that Instreet has actively sourced and introduced to the financial adviser community. Instreet is not a member, an agent or representative of MFPML, Macquarie or any other member of the Macquarie Group and acts on behalf of EA Financial, LP. Key personnel of Instreet include David Gordon (Chairman), George Lucas (Managing Director), Ian Rae (Director), and Justin Byrne (Sales and Business Development Principal).

Alignment of Interest

The related party transactions and potential conflicts of interest relating to the Instreet Enterprise Trusts have been stated in Section 9 of the Product Disclosure Statement.

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4. Investment Process

Product Philosophy

As noted earlier, the investment loan is mandatory and the Product has been designed specifically for investors seeking geared investment. The capital protection is incorporated into the Product primarily for the purpose of providing security to the lender and, in turn, investment financing to the investor. The exposure to the underlying investments and capital protection at maturity are achieved via each Trust simultaneously entering into two Swap Agreements – an Investment Linked Swap Agreement and A Foreign Currency Exchange Agreement

On issue date, the investment proceeds (funded by the 100% investment loan denominated in AUD) is effectively converted into USD and placed as the Cash Collateral under the Investment Linked Swap Agreement, in exchange for receiving the Cash Collateral (in USD) at maturity, plus Strategy Gain. At maturity, under the Foreign Currency Exchange Agreement, the Trust will pay the Foreign Currency Exchange Counterparty a USD amount equal to the Cash Collateral amount, in exchange for an AUD payment equal to the Investment Loan (Principal) Repayment. The Trusts then convert the Strategy Gain received into AUD and distribute to investors.

The Investment Loan

The investment structure of the Product has been designed by Macquarie to incorporate the 100% AUD denominated investment loan with interest-rate reference to prevailing foreign-exchange rates (AUD/USD) and interest rates for the relevant foreign currency, in this instance, the US dollar.

The interest rate will be reset annually. Investors should note that while the investment loan is denominated in AUD, the interest rate will be affected by AUD/USD foreign exchange-rate movement; in addition, floating rates will be subject to future movements in interest rates in the United States. Generally, depreciation of the AUD against the USD (and/or) a rise in USD interest rates will cause the interest rate on the investment loan to rise, and vice versa. Investors can choose the Semi-Fixed Interest Rate option to limit the effect of USD interest-rate movements.

The capital protection at maturity ensures investment in the Trust should have a minimum value sufficient to meet the investment-loan repayment, which is calculated as:

- The Investment Loan Repayment = Investment Loan Drawdown x Spot Foreign Exchange Rate as at the Unit Issue Date / Forward Foreign Exchange Rate at the Unit Issue Date for exchange at Maturity.

Investors choosing to redeem early will be required to repay the investment loan and interest loan (if applicable). As the investment loan repayment is affected by factors such as foreign exchange rate, time remaining to maturity and movement in the USD interest rate, the amount of the loan repayment may be greater than the investment loan drawdown. There may also be a break cost/benefit associated with early termination of the investment loan.

The Investment Strategies

Underlying Investments

Each of the Instreet Enterprise Trusts has exposure to the underlying investment. The underlying investments for Instreet Global Gold Trust and Instreet Emerging Market Trust are summarised in Figure 1.

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Figure 1. Funds Data of Underlying Investments (as of 31 March 2008)

	Instreet Global Gold Trust	Instreet Emerging Markets Trust
Underlying Investments		
Fund Name	BGF World Gold Fund - Class A	BGF Emerging Markets Fund - Class A
Investment Manager	BlackRock Merrill Lynch Investment Managers	
Base Currency	USD	USD
Launch Date	30-Dec-94	30-Nov-93
Total Fund Size	US\$8.081 billion	US\$1.013 billion
Sector Exposure	Gold and Precious Metals Equities	Global Emerging Markets Equities
MER (% p.a.)	1.75	1.5
Benchmark	FTSE Gold Mines Index (Cap)	MSCI Emerging Markets Index (Net)

Source: Instreet / BlackRock Merrill Lynch Investment Managers

■ **BGF World Gold Fund - Class A**

Managed by BlackRock and launched in December 1994, the BGF World Gold Fund seeks to maximise the total return of the World Gold Fund by investing predominantly in gold stocks globally. At least 70% of the World Gold Fund's total net assets are held in the stocks of companies whose predominant economic activity is gold mining. It may also invest in the stocks of companies whose predominant economic activity is other precious metals or mineral and base metal or mineral mining.

The stock selection is driven by primary research and extensive company contact. Portfolio construction is primarily bottom-up. Company-level research centres on the extent of reserves and the cost of production. Stocks are ranked on their expected performance at various gold price levels, with preference given to those where performance is geared to movements in the gold price. This makes it easier for the World Gold Fund to outperform when gold is rising. When the price of gold is weak, consideration is given to the effect of other metals the companies may also mine. The World Gold Fund can invest in small caps to large caps. Positions in small caps are normally 2% or less of the World Gold Fund. Large-cap positions are limited by industry-diversification rules. The World Gold Fund will hold small cash positions and is run virtually fully invested. The World Gold Fund does not hold physical gold or metal. The fund has outperformed its benchmark consistently since inception, and was rated AAA by Standard & Poor's as of August 2007.

■ **BGF Emerging Markets Fund - Class A**

Managed by BlackRock and launched in November 1993, the BGF Emerging Markets Fund invests globally, with at least 70% of its total net assets in the stocks of companies domiciled in, or exercising the predominant part of their economic activity in developing markets. Investment may also be made in the stocks of companies domiciled in, or exercising the predominant part of their economic activity in, developed markets that have significant business operations in these developing markets.

Key stock-selection criteria include growth potential, strong management, and valuations. Company visits are considered a key part of the investment process. The portfolio is constructed by combining top-down and bottom-up analysis. Country allocation is dynamic, with more emphasis being placed on top-down analysis for those countries where the economic environment is deemed less stable. The portfolio is diversified across 70-100 holdings, with an annual turnover generally close to 100%. There are no formal limits against the benchmark. The fund will hold small cash positions and is run virtually fully invested. The Fund has performed in line with the benchmark since inception, and was rated A by Standard & Poor's as of June 2007.

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Threshold Management

The Global Gold Trust and Emerging Markets Trust provide exposure to the underlying investments after threshold management is applied. Threshold management incorporates the CPPI mechanism and aims to ensure that the investment strategy has a minimum value at redemption equal to the initial value and that some of the profits are "locked-in" throughout the investment's life. Initially the notional exposure to the underlying investment will be at least 80% and the balance will be allocated to cash. During the investment term, the threshold management technique regularly reallocates the weightings depending on the market conditions. The minimum exposure to the underlying investments will be 5% to 20% to avoid the occurrence of "cash-lock".

The Strategy Gain is calculated as follows:

- $\text{Strategy Gain} = (\text{Final Strategy Value} - \text{Initial Strategy Value}) / \text{Initial Strategy Value} \times \text{Investment Amount}$

Initial Strategy Value is the USD equivalent of the investment amount on or around 6 July 2008; and Final Strategy Level is the arithmetic average of the closing level of the Strategy Level at 15 March 2015, 15 April 2015, 15 May 2015 and 15 June 2015.

The profit lock-in feature provides a rising minimum-redemption value at the maturity date. With every profit lock-in there is increased potential for exposure to the underlying investments as a result, and the risk of de-leverage will generally increase in the later years of the investment.

The underlying investments as well as the strategy value are denominated in USD. At maturity the capital-protected amount, which is equal to the investment loan principal repayment, is hedged for AUD/USD foreign exchange-rate risk via the foreign-currency swap. However, any increase in the strategy value derived from strategy gain or as a result of profit lock-in will be affected by movements in the AUD/USD foreign-exchange rate.

Key factors affecting value of unit and investment loan

During the investment term, there are various factors affecting the value of the unit, the investment-loan interest rate, and investment-loan repayment amount on early termination. The most important factors would be the value of the investment strategy, the volatility of underlying funds, the USD interest rate, as well as the AUD/USD foreign-exchange rates. Figure 2 summarises the effects on the unit value, investment-loan interest rates and repayment amount, should the variables move upwards. Inverse relationships apply if the variables move downwards, all else being equal.

Figure 2. Variables affecting valuation and investment loan prior to maturity

Variable*	Effect of Variable movement upwards:		
	Units Value	Investment Loan Interest Rate	The Investment Loan Repayment on early termination
The value of the underlying Funds**	↑	Not applicable.	Not applicable.
The volatility level of the underlying Funds	↑	Not applicable.	Not applicable.
Underlying USD interest rates	↓	↑ (The Floating Interest Rate option only.)	↓ (The Semi-Fixed Interest Rate option only.)
AUD/USD foreign exchange rates	↓	↑	↓

*The movement in each variable assumes that all other variables remain equal;

** After the application of threshold management and any profit lock-in

Source: MFPML

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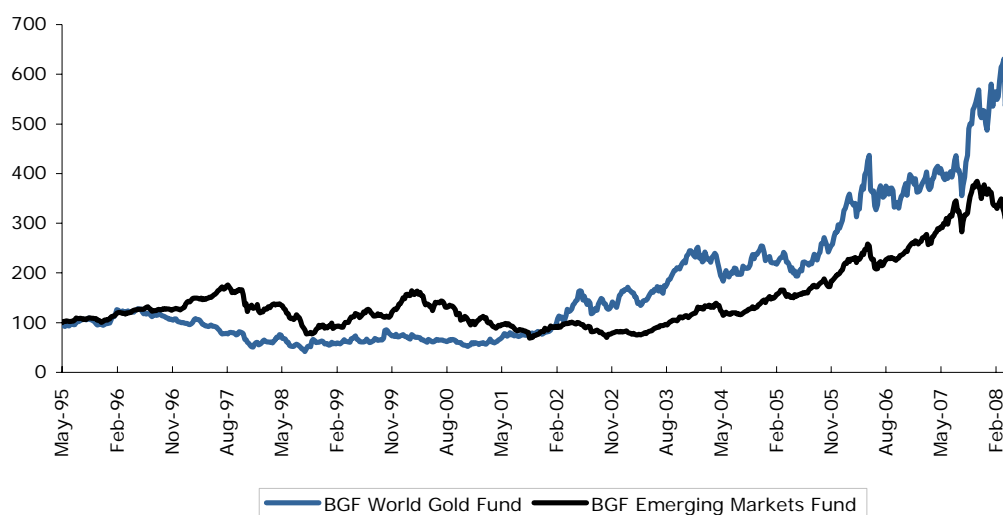
5. Performance Analytics

Historic Performance: Underlying Investments

Aegis has analysed the historic performance of the underlying investments. The historic USD-denominated performances of the BGF World Gold Fund and the BGF Emerging Markets Fund are presented in Figure 3 and key performance metrics are summarised in Figure 4.

Aegis notes that both of the underlying investments have experienced a high level of growth over the last five years, with the BGF Emerging Markets Funds slightly underperforming its benchmark. Investors should note the period since 2003 has been characterised by general favourable investment conditions, with gold price increasing substantially and emerging markets equities outperforming general global equities markets.

Figure 3. Historic Performance of Underlying Investments (May 1995 - March 2008)



Source: BlackRock/ Bloomberg / Aegis Equities Research

Figure 4. Key Performance Metrics – Underlying Investment (May 1995 - March 2008)

	BGF World Gold Fund	Benchmark*	BGF Emerging Markets Fund	Benchmark**
Return (% p.a.)				
1 Year	41.6	30.8	18.7	21.3
3 Year	35.7	23.6	28.4	29.2
5 Year	31.4	22.0	34.3	35.5
Risk (Standard Deviation, % p.a.)				
3 Year	30.9	31.3	20.8	20.4
5 Year	29.2	30.1	18.9	18.5

Benchmark: *FTSE Gold Mines Index (Cap); ** MSCI Emerging Market Index Net

Source: BlackRock / Bloomberg / Aegis Equities Research

Investors should note since the second half of 2007 equities markets across regions (developed and emerging countries) have experienced a higher level of volatility and increased bearish sentiment triggered by the US sub-prime crisis and concerns over financial-sector losses and flow-on effects on global economies. This may pose a major threat to the Product, as the CPPI structure is inherently "path dependent" and the performance of the underlying investments during the initial stage is crucial to the overall return. On the other hand, the profit lock-in and averaging mechanism may serve to lock in part of the strategy gains during the term, and to an extent mitigates the risk of a late-stage crash.

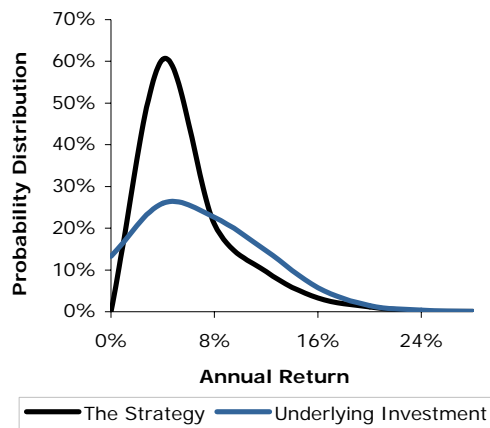
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Monte-Carlo Analysis

Aegis has undertaken a Monte Carlo analysis to assess the expected performance characteristics of the Investment Strategy under certain risk-and-return scenarios for the underlying investments, which are as follows:

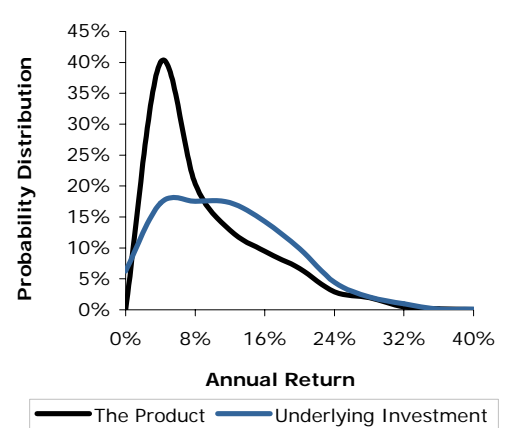
- Scenario One (Figure 5): return of 5% p.a., volatility of 15% p.a.
- Scenario Two (Figure 6): return of 10% p.a., volatility of 20% p.a.
- Scenario Three (Figure 7): return of 20% p.a., volatility of 25% p.a.
- Scenario Four (Figure 8): return of 30% p.a., volatility of 30% p.a.

Figure 5. Scenario One



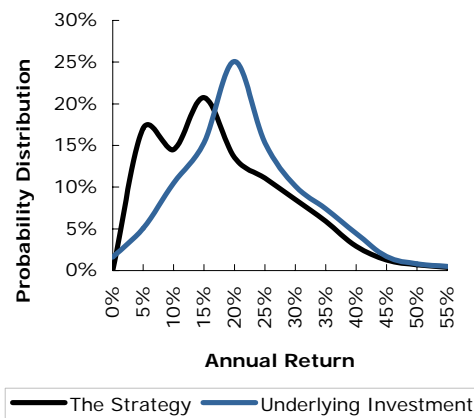
Source: Aegis Equities Research

Figure 6. Scenario Two



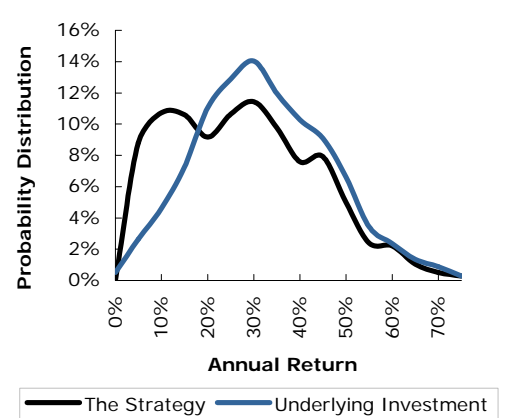
Source: Aegis Equities Research

Figure 7. Scenario Three



Source: Aegis Equities Research

Figure 8. Scenario Four



Source: Aegis Equities Research

Model assumptions: Bond floor discount rate: 4% p.a.; Investment term: 7 years; Minimum participation: 5%; and CPPI key metrics and profit lock-in structure, as summarised on page 4 of the report.

The performance metrics are summarised in Figure 9. Some observations from the simulated results are as follows:

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- Under all four scenarios, the strategy delivered a mean return less than the underlying investment, which can be explained by the de-leveraging associated with the application of the threshold management. On the other hand, investors benefit from the capital protection at maturity, which ensures the value of the investors' units will be equal to the investment loan principal repayments. There are also additional benefits such as potential profit lock-ins and elimination of 'cash-lock'.
- In a relatively poor market (Scenario 1), the capital protection at maturity safeguards the Product from negative returns, with the mean return being slightly under the underlying investment return. Investors are, however, more likely to incur a net loss in this environment if the return from the Product is not sufficient to cover the cumulative interest costs as well as the loan establishment fee.
- When the underlying investments perform exceptionally (Scenario 3 and 4), the general underperformance of the strategy relative to the fund reflects the impact of sell triggers and the consequent compression of returns. In these market conditions, the relative benefit of capital protection and profit lock-in diminishes.

Figure 9. Performance Summary

	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Return Assumption (% p.a.)	5%	10%	20%	30%
Volatility Assumption (Annual Standard deviation %)	15%	20%	25%	30%
Underlying Investment Return (% p.a.)	4.61%	8.88%	18.98%	30.04%
Investment Strategy Return (% p.a.)	4.18%	7.12%	15.57%	25.32%

Source: Aegis Equities Research

Investors should note the above Monte Carlo analysis only examines the Investment Strategy performance. As explained in previous sections, the strategy performance is denominated in USD; thus the final return of the Product will be dependent on, among other factors, the AUD/USD exchange-rate movement at maturity or redemption as compared to the issue date.

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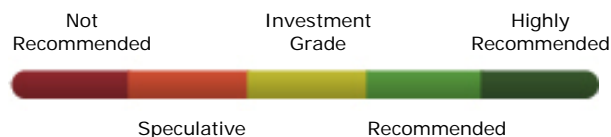
Appendix – Ratings Process

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.

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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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