

Accelerated Answers

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Welcome

In this edition of Accelerated Answers, we take a look at an asset class that's attracting growing attention in investment circles – Alternative Investments.

Part of the appeal of Alternative Investments is that they generally behave differently to traditional investments. So if you're looking for some added diversification in your portfolio, you might be interested to read this article.

Also with June 30 approaching, we look at how to help reduce taxable incomes this financial year, and ways

to provide greater certainty in interest repayments next year.

I wish you all the best for the remainder of 2012.



David Crundall
Head of ANZ Investment Lending

Newsletter update

New online newsletter coming your way!

We are excited to be launching our new online newsletter in time for the next edition due in July 2012. This new look newsletter will be an exciting step in providing you with more market and product information in a timely and interesting manner each month. We hope you will enjoy it.

Update your details

In preparation for this change, it is important we have your correct email details on hand! If you wish to continue receiving this quarterly newsletter, please take the time to contact our Client Services Team in the coming weeks to confirm your details.

Phone 1800 639 330 between 8am to 6pm (AEST) during ASX trading days, or email investmentlending@anz.com

Look out for it in your inbox in July!

Getting in early for June 30

If you think it's too early to start thinking about the end of the financial year, think again. If you are considering taking advantage of year-end strategies, speak to your adviser well before the June 30 deadline.

One such opportunity for people who borrow to invest is the ability to fix all or part of their share investment loan.

Manage cash-flow with greater certainty

While the performance of investments cannot be guaranteed, gaining certainty over cash-flow for the next financial year could be achieved by fixing the interest rate on part or all of your share investment loan.

Prepay interest and potentially reduce your tax bill

When fixing interest rates, the most popular option is to make the interest

payment in advance. Alternatively, fixed interest could be paid in arrears, however this option attracts an additional 0.25% p.a. in interest on the quoted fixed rates.

Talk to your financial adviser now

So if you're thinking about fixing your interest rate this financial year, you should seek advice from your tax accountant and financial adviser as soon as possible.

Tips and Tricks

Expecting to receive dividends in the coming months?

Make sure you take the time to review your ANZ V2 PLUS or nominated account details with the relevant share registry. This will help to ensure your

proceeds are sent to the right account and in a timely manner.

We want to make sure your dividends get to you on time!

Please note that the account listed in the payments section of your statement is not your personal account.

In fact, it is the Office Account for ANZ Margin Services. Please check to ensure you haven't accidentally used this for payment instructions with your share registries as we have received dividend payments to this account in the past and had great difficulty finding the rightful owner.

Alternative Investments - Looking beyond the Traditional

For the last 18 months, global investment markets have been characterised by volatility. This has prompted many savvy investors to go looking beyond traditional investments in an attempt to generate greater, and more stable returns.

So just what are Alternative Investments? And what role can they play in an investment portfolio?

Simon Ford, Head of Alternative Investments at ANZ Trustees, gives you some answers.

Q1. What are Alternative Investments?

Alternative Investments are investments that are "alternative" to traditional investments such as listed equities, and liquid corporate and government bonds.

Alternative Investments can offer exposure to a diverse range of assets and investment managers. This may include:

- Private equity
- Unlisted real estate opportunities
- Infrastructure
- Hedge funds
- Commodities
- Others such as high-yield bonds, insurance and structured products.

Q2. Why consider Alternative Investments?

Alternative Investments can provide sources of returns that have a low correlation to traditional investments. This could make them a good diversifier in a portfolio, and help prevent any over-exposure to a particular type of investment.

Alternative Investments can also potentially be used to enhance a portfolio's risk and return characteristics – particularly when compared to defensive assets like cash and term deposits.

Q3. What are the risks of Alternative Investments?

All investing involves risk, and there are three broad types of risk related to Alternative Investments.

1. Market risk – generic investment market risks such as inflation risk, equity volatility risk and currency risk.
2. Counterparty risks – if the investment involves lending (e.g. a corporate bond) this is the risk that the organisation which the investor has lent to will default on the debt.
3. Category-specific risks – there are some additional risks specific to Alternative Investments, including:
 - Liquidity risk: Alternative Investments are generally illiquid and not publicly traded, so the investor's money may be locked up for an extended period of time.
 - Leverage risk: Alternative Investments may be more leveraged than traditional investments, which may increase the investor's risk of loss.
 - Currency risk: Alternative Investment managers may invest globally, and foreign exchange fluctuations may have a positive or negative impact on the investor's return.
 - Volatility risk: Generally the higher the potential return for your investments the higher the risk. The volatility risk of Alternative Investments may exceed that of the stock market.
 - Valuation risk: Alternative Investments asset valuations can be infrequent.
 - Business risk: Alternative Investments often have exposures to private businesses which may be subject to a higher risk of business failures.

- Transparency risk: Investment structures, underlying investments and activities of Alternative Investment managers may not be transparent.
- Cost: Generally the costs associated with Alternative Investments are higher than those of traditional investments.

This is just a summary of some of the risks. ANZ recommends that investors read the applicable offer document for any investment (whether an Alternative Investment or a traditional investment) and seek professional advice to ensure that they understand and are comfortable with the risks involved.

Q4. What are some of the general principles of investing in Alternative Investments?

Diversify

- Diversify by asset class, sources of income or capital gain and risk.
- Build a multi-currency portfolio.

Be a long-term investor

- Don't be passive. Proactively try to understand the investments and plan to navigate the investment cycles.
- Be aware of a cyclical (3-5 year) and secular investment (10-20 year) view.

Requirements for choosing Alternative Investments

- Inherent diversification – avoid concentration risk.
- Look for and study independent, professional research and due diligence.
- Judge its suitability to an investment portfolio (assets, illiquidity, risks).

Determining whether or not Alternative Investments are suitable to an investment portfolio, and the investor's risk profile, is not a decision to be made alone. Talk to a financial adviser if you'd like to know more.

ANZ Research Quarterly - March 2012

Economics, Commodities and Markets - Executive Summary

To read the full report, visit www.anz.com/corporate/research

- Global growth expectations have begun to improve through the first quarter of 2012 in response to better economic data in the US and further central bank balance sheet expansion in Europe and Japan. We expect global growth of around 3.75% in 2012 and 4.25% in 2013, compared to a long-term average of around 3.5%.
- Central bank balance sheet expansion remains a critical element of the policy response to the persistent de-leveraging occurring in the industrialised economies. Abundant liquidity will support growth and asset prices despite the still substantial risks plaguing the global economy. Financial volatility will remain a feature of the global economic scene for the foreseeable future.
- The ECB's Long-Term Refinancing Operation has reduced the probability of a credit crunch and severe economic contraction in Europe. Other risks remain, including a political backlash against reforms
- In Europe, a rising oil price and the potential for inflation expectations to rise on the back of widespread 'quantitative easing'.
- The US economy continues to improve modestly but we maintain our view that a rebound in the housing sector is essential to a sustained recovery and, while there are encouraging signs in construction and affordability indicators, any recovery in housing looks very gradual at this stage.
- A moderation of inflation pressures in China will provide the People's Bank of China with the scope to ease monetary conditions and support stronger economic growth in this all important leadership transition year. Despite the official forecast of 7.5% growth in 2012, we expect something closer to 9% as global demand recovers.
- A large number of diverse and sometimes conflicting forces are still at play in the Australian economy, ranging from the energy, mining and infrastructure investment boom to consumer caution and recessionary conditions in certain trade exposed industries. Trends in the labour market remain the best way to gauge the overall effect of these forces. The recent improvement in the ANZ Job Advertisement Series suggests a cyclical recovery in the economy is underway.
- The US dollar is expected to remain weak until there is a sustained improvement in the US trade account. Conversely we expect the secular improvement in Asian currencies to continue. Commodity currencies will remain elevated but volatile. While Europe faces many challenges, the region as a whole is broadly in financial balance with the rest of the world. This should prevent a substantial decline in the euro except in the most extreme circumstances; a breakdown of the common currency.
- Commodity markets are unlikely to sustain their current stellar performance into the second quarter. We expect greater volatility in the near-term as investors remain highly sensitive to market news and data. Energy and precious metals may be the exception because supply issues and inflation risks should support strong prices in both sectors.

Warren Hogan
Chief Economist, ANZ

Personal Property Securities Act 2009 (Cth) (PPSA)

What is it and how does it impact your share investment loan

Firstly, do you need to do anything?

No, this is a new form of security registration which is completed by ANZ Investment Lending.

What does it mean?

The PPSA is a Federal Government initiative to reform how security is recorded for lending arrangements.

As a result of this Act, the Personal Property Securities Register (PPSR) was created. The PPSR is a national, online register housing a complete list of securities held by financiers. It replaces over 20 different registers previously in use.

As a margin lending facility holder, you may have a number of assets linked to your margin loan account with ANZ. These 'assets' act as security against your loan, as a result of this new reform, ANZ now registers them on the PPSR.

What will ANZ Investment Lending register on your behalf?

For all clients we will register any linked ANZ V2 PLUS cash account & Options accounts. For corporate customers (including trusts), a registration of Shares & Managed Funds are also lodged.

When was this introduced?

The PPSR commenced on 30 January 2012.

For more information on the reform and PPSR, visit the government website - www.ppsr.gov.au

How to contact us

If you have feedback regarding these articles or would like to discuss your account further, please contact either your Adviser or the Client Services Team:

Ph: 1800 639 330 between 8am to 6pm (AEST) during ASX trading days

Fax: 1800 186 286

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Top 10 Buys and Sells

Top 10 Buys

by ANZ Investment Lending customers January - March 2012

	ASX Code	Company
1	TLS	Telstra Corporation
2	BHP	BHP Billiton Limited
3	QBE	QBE Insurance Group
4	TCL	Transurban Group
5	CDD	Cardno Limited
6	APA	APA Group
7	ARG	Argo Investments
8	LYC	Lynas Corporation
9	AFI	Australian Foundation
10	WES	Wesfarmers Limited

Top 10 Sells

by ANZ Investment Lending customers January - March 2012

	ASX Code	Company
1	ANZ	ANZ Banking Group
2	MQG	Macquarie Group Limited
3	FMG	Fortescue Metals
4	WPL	Woodside Petroleum
5	WRT	Westfield Retail Trust
6	CER	Centro Retail Group
7	RIO	Rio Tinto Limited
8	STO	Santos Ltd
9	BOW	Bow Energy Limited
10	DLX	DuluxGroup Limited

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