

Capital Series OzAsia



Determined to be different

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The Offer

Introducing Capital Series OzAsia

Capital Series OzAsia is the latest investment opportunity from Commonwealth Bank, giving you exposure to the Australian and Asian share markets with 100% capital protection¹ at maturity.

If you are looking for an investment that gives you the potential of earning returns without risking your initial investment amount, Capital Series OzAsia is definitely worth considering.

In simple terms, Capital Series OzAsia works as follows:

- you select the Strategy you wish to invest in – there are three to choose from
- returns are linked to the performance of the Underlying Portfolio
- you can receive income during the investment term for Strategies 1 and 2
- in 5.5 years time, you have the choice of receiving the final value of your investment as either units in the SPDR S&P/ASX 200 Fund³ or as a cash payment⁴ following the sale of your units (brokerage will apply).

NB: If you choose to redeem your investment BEFORE the maturity date, capital protection will not apply. In addition, break fees and an early termination fee will be charged and you may receive less than your initial investment amount. Capital Series OzAsia is not an index-tracking investment during the investment term.

Important facts about Capital Series OzAsia

Offer opens	Monday, 8 February 2010
Offer closes	Friday, 19 March 2010
Borrow to invest²	Borrow up to 100% of your Capital Series OzAsia investment using a Capital Investment Loan and/or Interest in Advance Loan
Availability	Available to SMSFs, individuals, companies and trusts
Application Fee	Nil


Reasons why Capital Series OzAsia could be of interest to you

- You can sleep easier knowing that your investment is capital protected¹
- Easy exposure to the growth potential of shares and indices in Australia and Asia
- Strategy 1 gives you fixed income totalling 20% over the investment term; Strategy 2 gives you the potential to receive income totalling 15% over the investment term, subject to the performance of the S&P/ASX 200 Index
- Access the benefits of borrowing to invest through a Capital Investment Loan and/or Interest in Advance Loan, subject to credit assessment
- Start investing with a low entry amount of just A\$10,000

Key benefits and risks associated with an investment in Capital Series OzAsia are outlined in the FAQs section and the PDS.

The Strategies

Strategy 1 – 20 Australian shares


Capital protection¹	100% at maturity
Risk profile of capital invested (if held to maturity)	Low  High
Capital growth potential	Up to 50%*
Cap on growth	Individual shares in the basket are capped at 70% above the start level when calculating the performance
Coupon payments	5 annual payments of 4.00% starting from Year 1.5
Underlying Portfolio	Equally weighted shares representing 20 of the largest Australian companies (by market capitalisation) as listed on the ASX
Investment term	5.5 years
Maturity date	7 October 2015
Minimum investment	A\$10,000

* Exposure to each share is limited to 70% above the start level. 20% is then deducted from the average performance of the portfolio. Capital growth will therefore only be achieved if the performance of the Underlying Portfolio exceeds 20%. Thus the maximum capital growth you can achieve is 50%.


The 20 shares are:

ASX Code	Company name	ASX Code	Company name
AMP	AMP Limited	ORG	Origin Energy Limited
ANZ	ANZ Banking Group Limited	QBE	QBE Insurance Group Limited
BHP	BHP Billiton Limited	RIO	Rio Tinto Limited
BXB	Brambles Limited	SUN	Suncorp-Metway Limited
CBA	Commonwealth Bank of Australia	TLS	Telstra Corporation Limited
CSL	CSL Limited	WBC	Westpac Banking Corporation
FGL	Foster's Group Limited	WDC	Westfield Group
MQG	Macquarie Group Limited	WES	Wesfarmers Limited
NAB	National Australia Bank Limited	WOW	Woolworths Limited
NCM	Newcrest Mining Limited	WPL	Woodside Petroleum Limited

Strategy 2 – S&P/ASX 200 Index

Capital protection¹	100% at maturity
Risk profile of capital invested (if held to maturity)	Low  High
Capital growth potential	Up to 100% above the start level
Coupon payments	3.00% starting from Year 1.5 and annually thereafter. Coupons will be paid subject to the performance of the S&P/ASX 200 Index
Underlying Portfolio	S&P/ASX 200 Index – an index which represents the top 200 listed companies on the Australian Securities Exchange, based on total market capitalisation
Investment term	5.5 years
Maturity date	7 October 2015
Minimum investment	A\$10,000

Strategy 3 – Asian Indices

Capital protection¹	100% at maturity
Risk profile of capital invested (if held to maturity)	Low  High
Capital growth potential	Up to 100% above the start level
Coupon payments	Nil
Underlying Portfolio	An equally weighted basket of indices giving you exposure to the Chinese, Taiwanese and Korean share markets: <ul style="list-style-type: none"> • Hang Seng China Enterprises Index (HSCEI) • TAIEX Index • KOSPI 200 Index
Investment term	5.5 years
Maturity date	7 October 2015
Minimum investment	A\$10,000

Next Steps

Find out more

For more information you can download the two-part Product Disclosure Statement (PDS) from commsec.com.au/capital or by calling CommSec on **13 15 20** between 8am – 5pm (Sydney time) Monday to Friday.

How to invest

The fastest and easiest way to apply for a Capital Series *OzAsia* investment is to complete the application form as follows:

1. Download the PDS
2. Type your details into the Application Form online
3. Print your application form and sign the relevant sections
4. Send your completed application form to:

Capital Series *OzAsia*
Commonwealth Securities
Locked Bag 34
Australia Square NSW 1214

Applications will be accepted until midday on Friday, 19 March 2010.

About Commonwealth Bank

The Commonwealth Bank is one of Australia's leading providers of integrated financial services including retail banking, premium banking, business banking, institutional banking, funds management, superannuation, insurance, and investment and share broking products and services. The Group is one of the largest listed companies on the Australian Stock Exchange.

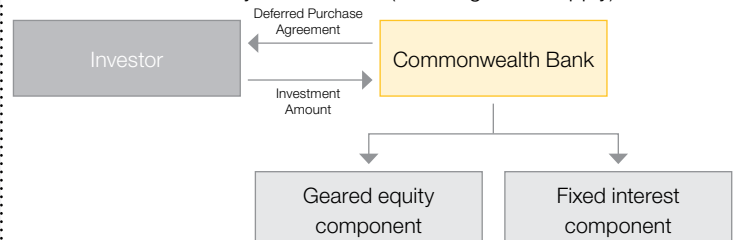
The Commonwealth Bank is the most recognised brand in the Australian financial services industry. Other award-winning brands within the Group include wealth management business, Colonial First State, and online broking service, CommSec.

Commonwealth Bank Structured Investments

Positioned within the Institutional Banking and Markets division, the Structured Investments team develop solutions to accommodate the needs of retail and wholesale investors, including Self Managed Super Funds. They work closely with the Financial Planning industry to develop and make available best-of-breed investments such as Capital Series and The Options and Lending Facility.

The Structured Investments team was established in 2000 and its product offering has evolved and increased over the last decade. *OzAsia* is the Bank's 22nd issue of Capital Series. Today Commonwealth Bank is one of the country's leading providers of structured products.

Frequently Asked Questions

Question	Answer
<p>What are structured products?</p>	<p>Structured products come in many forms and are a combination of standard financial instruments to form a single investment solution. Created to meet the specific needs of investors, structured products are inherently flexible – a solution can be found to match just about every investment objective.</p> <p>Structured products can be used as an alternative to a direct investment, as part of the asset allocation process to reduce the risk profile of a portfolio or to capitalise on a current market trend.</p>
<p>What is Capital Series?</p>	<p>A ‘set and forget’ investment that aims to generate capital growth and income (in some cases) over a set period. Capital Series can give you easy access to a number of asset classes and markets around the world with the benefit of capital protection at maturity.</p>
<p>How is Capital Series structured?</p>	<p>Capital Series is structured as a Deferred Purchase Agreement (DPA). Under a DPA, investors agree to accept physical delivery of the Delivery Assets on the maturity date. They can also elect to sell the Delivery Assets and receive their maturity value in cash (brokerage costs apply).</p>  <pre> graph TD Investor[Investor] -- "Investment Amount" --> Bank[Commonwealth Bank] Bank -- "Deferred Purchase Agreement" --> Investor Bank --> Geared[Geared equity component] Bank --> Fixed[Fixed interest component] </pre> <p>The geared equity component provides the equity exposure and the fixed interest component provides the capital protection.</p>
<p>What is capital protection?</p>	<p>A feature often associated with structured products, capital protection generally means that an investor’s initial investment amount is protected up to a certain level (e.g. 70%, 100%) if the investment is held to maturity. In a volatile environment, a capital protection feature may be valuable for investors who are seeking an alternative to a direct investment with a reduced level of risk.</p>
<p>Why is the product called Capital Series?</p>	<p>The product aims to generate capital growth as well as provide capital protection, hence the name “Capital Series”.</p>

Question	Answer
<p>What are the benefits?</p>	<ul style="list-style-type: none"> • You can ‘set and forget’ for 5.5 years • At maturity you have the choice of taking your gains as units in the SPDR S&P/ASX 200 Fund, or you can receive a cash payment by electing to sell your units (brokerage costs will apply). • If the market performs badly your initial investment in Capital Series <i>OzAsia</i> is capital protected to 100% at maturity • You have the opportunity to get exposure to the Australian and Asian share markets • You have the potential for capital growth and income in the case of Strategies 1 and 2 • Ability to dispose of your investment prior to the maturity date, subject to early termination fees and break costs
<p>What are the risks?</p>	<ul style="list-style-type: none"> • If you choose to accept physical delivery of units in the SPDR S&P/ASX 200 Fund at maturity, you will have exposure to the performance of this Fund which may not be advantageous to you. Your investment amount is not capital protected if you terminate early. • Performance and general investment risk – There is a risk that the Underlying Portfolio may perform poorly. Capital Series is not a listed investment • Market risk – Capital Series may be affected by market variables, such as uncertain economic conditions • Taxation risk – changes to the tax law or interpretation could affect the value of your Investment • Credit risk – the risk that Commonwealth Bank does not meet its obligations under the terms of each transaction, which are unsecured. Investments in Capital Series are not bank deposits • Operational risk – the risk of Commonwealth Bank delaying or failing to execute and settle your investment in a timely and accurate manner. • Legal risk – the risk that Commonwealth Bank suspends, cancels, terminates or refuses you service due to changes in your financial circumstances or security • Adjustment Events – due to certain events occurring the Delivery Assets or Underlying Portfolio may change

Frequently Asked Questions (cont.)

Question	Answer
<p>What are coupon payments?</p>	<p>Coupons are an amount paid to you as income under your Capital Series investment. Coupons can be either:</p> <ul style="list-style-type: none"> • Fixed – you will receive a coupon payment regardless of the performance of your investment; or • Contingent – you will only receive a coupon payment if the performance of your investment reaches a hurdle, e.g. +10% from the start date.
<p>What is a Participation Rate?</p>	<p>The leverage or exposure of a product to movements in the Underlying Portfolio's price. A participation rate of 100 per cent would generate a return exactly equal to any rise in the Underlying Portfolio. For example, if the Underlying Portfolio rises by 35 per cent at maturity, your return would also be 35 per cent. This does not take into account any performance cap.</p>
<p>What happens at maturity?</p>	<p>You can choose to receive the final value of your investment as either:</p> <ul style="list-style-type: none"> • units in the SPDR S&P/ASX 200 Fund, or • a cash payment – by electing to sell the units (brokerage costs apply) <p>You will receive a letter from Commonwealth Bank one month before maturity asking you to elect one of the above maturity options. If you do not advise of your preference, you will automatically receive units in the SPDR S&P/ASX 200 Fund.</p>
<p>What is a Delivery Asset?</p>	<p>The asset which you agree to purchase at maturity. In the case of OzAsia, the Delivery Asset is a unit in the SPDR S&P/ASX 200 Fund. The number of units you will receive depends on the Maturity Value of your investment.</p>
<p>Why is capital growth capped?</p>	<p>A capped level of capital growth essentially means that you receive any growth up to that particular level. The reason a cap is placed on some Strategies is simply for pricing reasons. For example, by foregoing some capital growth, a 100% capital protection feature can be factored in.</p> <p>Alternatively, Strategies which do not have a cap on the capital growth usually do not offer coupons (income payments), or in some cases have a reduced level of capital protection.</p> <p>Commonwealth Bank does not receive any benefit if a Strategy's capital growth exceeds the cap level.</p>

Question	Answer
<p>What happens if I need to get my money back early?</p>	<p>You can request to terminate your Capital Series investment and generally your request will be processed on the 15th day of every month (or next business day). You can obtain an indicative termination quote during the month by calling your financial adviser.</p> <p>If you wish to proceed with your early termination, please submit your signed termination quote to the Commonwealth Bank three business days prior to the 15th of the month. Please note that the final termination amount can vary from the indicative amount. Break costs and an early termination fee will apply.</p>
<p>How is the Strategy Portfolio Return calculated?</p>	<p>Because each Strategy has different features, there is no one formula to calculate the Strategy Portfolio Return. You will need to refer to the PDS (Part 2) to determine the calculation relevant to your Strategy.</p>
<p>What are the costs?</p>	<p>Application Fee – may be payable at the start of your Capital Series investment. Capital Series OzAsia does not have an Application Fee.</p> <p>Brokerage Fee – If you elect a cash payment at maturity, you will be charged a Brokerage Fee of up to 0.55% (incl. GST) to sell your Delivery Assets.</p> <p>Early Termination Fee – you will be charged up to 1.50% of the Early Termination Value.</p>
<p>How are previous issues of Capital Series performing?</p>	<p>Check out the quarterly Capital Series Update which is accessible on commbank.com.au</p>

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- 1 Capital protection will only apply at the Maturity Date and is subject to risks, limitations and conditions. Please refer to the PDS for more information.
 - 2 The Capital Investment Loan and Interest in Advance Loan are not available to superannuation funds.
 - 3 At the commencement of Capital Series OzAsia, the Delivery Asset is one unit in the SPDR S&P/ASX 200 Fund. At maturity, you will receive Delivery Assets to the value of the Maturity Value of your investment. Refer to the PDS for information about the Delivery Asset, Maturity Value and the circumstances where the Delivery Asset may be substituted for another security.
 - 4 By using the Delivery Asset Sale Service as outlined in the PDS. Brokerage costs apply.

Important Information

Capital Series OzAsia is issued by Commonwealth Bank of Australia ABN 48 123 123 124 (Commonwealth Bank) administered by its wholly owned but non-guaranteed subsidiary Commonwealth Securities Limited ABN 60 067 254 399 (CommSec). A PDS for Capital Series OzAsia is available by calling 13 15 20 and should be considered before making any decision about this product. Investments in Capital Series are not deposits with Commonwealth Bank. They are contracts entered into between Investors and Commonwealth Bank on the terms set out in the Terms of Sale as contained in the PDS. Capitalised terms in this document have equal meaning to the capitalised terms in the PDS. Potential investors should refer to the PDS for risks and costs involved with an investment in Capital Series OzAsia. Commonwealth Bank and its subsidiaries, including CommSec, do not guarantee the performance of Capital Series OzAsia.

The information in this document should not be taken as a recommendation to invest in Capital Series OzAsia. As the information has been prepared without considering your objectives, financial situation or needs, you should, before acting on the information in this document, consider its appropriateness to your circumstances. Past performance is not a reliable indicator of future performance. The Capital Investment Loan and the Interest in Advance Loan are provided by Commonwealth Bank and are subject to the Bank's normal credit approval.

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