

Important Dates*	
Open Date	21 January 2011
Close Date	11 March 2011
Expected Initial Issue Date	29 March 2011
Maturity Date (Term)	29 March 2016 (5 years)
Key Information	
Investment Type	Certificates which are deferred purchase agreements. The certificates are securities under chapter 7 of the Corporations Act.
Reference Index	S&P/ASX 200 Price Return Index
Issuer	Deutsche Managed Investments Limited ("DMIL")
Distributor	Wilson HTM Ltd.
Capital Protection	Minimum maturity amounts series 1A - \$0.85 series 1B - \$1.00
Initial Issue Price	\$1.00 per Certificate
Distributions	No distributions will be paid
Delivery Asset	Units in SPDR S&P/ASX 200 Fund
Minimum Investment	10,000 certificates in either series, then 1,000 increments
Liquidity	Monthly withdrawals, at Issuer's discretion
Participation Rate	To be determined on initial issue date, minimum rates apply: series 1A 175%, series 1B 125%
Applications after initial close	Issuer has discretion to accept additional applications for Certificates on a monthly basis after the initial close on 11 March 2011
Fees & Commissions	
Upfront Fees	Up to 1.1% of the application amount is payable by Deutsche Bank to advisers Up to 1.1% of the application amount is payable by Deutsche Bank to the Distributor Advisers and the distributor may waive some or all of their upfront fees resulting in the investor receiving a larger number of Certificates
Ongoing Fee	No ongoing fees are payable to the issuer
The total fees are incorporated into the Issue Price and investors are not required to pay any further fees during the investment term.	

## What this Rating Means

The 'Recommended' rating indicates that Lonsec has conviction that the fund or product can achieve its objectives and, if applicable, outperform peers over an appropriate investment timeframe. The manager or product has a number of competitive advantages in people, process and product design. The investment is a recommended entry point to access this asset class or strategy.

## Using this Product

**This is General Advice only and should be read in conjunction with the Disclaimer, Disclosure and Warning on the final page. Investors are advised to read the Product Disclosure Statement prior to making an investment decision.**

- dbaccess Protected: S&P/ASX 200 Index series 1A&1B/2011 ("Certificates") provide investors with an investment opportunity with a maturity price linked to the performance of the S&P/ASX 200 Price Return Index. The investment is most suited to Growth and High Growth investors. Maximum percentage asset class allocations for all risk profiles are outlined in Lonsec's Risk Profile Review.
- Although the Certificates incorporate capital protection (minimum maturity prices - \$0.85 of series A & \$1.00 for series B), Lonsec believes investors should fully understand the risks associated with equity investments. If investors invest on the initial issue date series B is fully capital protected while series A has an 85% capital protection limit in place.
- Investors gain a leveraged exposure to the Reference Index at a Participation Rate to be determined by the Issuer at the Initial Issue Date. The minimum Participation Rate for **series 1A** is 175% and **series 1B** 125%. This investment may be an effective means to gain leveraged equities market exposure for investors with limited funds.

- Product returns are derived entirely via capital gain/loss, subject to the capital protection limits.
- The product is not appropriate for investors reliant on distributions, dividends and/or franking credits.
- **series 1A** and **series 1B** investors are faced with a choice between a lower level of capital protection and higher level of participation in the performance of the Reference Index (**series 1A**) and vice versa (**series 1B**).

## Product Risk Characteristics

	Low	Moderate	High
Leverage			▲
Liquidity		▲	
Counterparty	▲		
Concentration	▲		
Volatility			▲

*Risk categories are based on Lonsec's qualitative opinion of the risks inherent in the product's asset class and the risks relative to other products in the relevant Lonsec sector universe.*

## Lonsec Opinion of this Product

- An investment in the Certificates offers investors the opportunity to gain medium term leveraged exposure to the price growth potential of the S&P/ASX 200 Price Return Index. A one-off payment provides the exposure which incorporates capital protection and leveraged exposure to positive Reference Index performance. Investors could gain similar exposure without principal protection by buying call options or futures contracts if they have the capability to trade these instruments.
- Lonsec views the Certificates as a relatively efficient means of gaining leveraged exposure to the Australian share market via a PDS, provided investors have an intimate understanding of the risks associated with the product. Investors in series 1A should be aware that, the Reference Index is required to increase by at least 8.57% (based on minimum participation rate of 175%) over the life of the product to breakeven.
- Alternatively, investors can choose to gain exposure to the Reference Index via an exchange traded fund, receive dividends and any franking credits and be exposed to both positive and negative price movements. In this case the investor needs to fund the full notional exposure. Investors in the Certificates do not receive dividends on the Reference Index but gain increased exposure to the Reference Index via leverage at different levels for series 1A and series 1B while also receiving protection from minimum maturity prices.
- Lonsec believes the Reference Index used in this product is appropriate for investors seeking passive exposure to these markets. The index offers broad representation, investability and transparency. The index is widely recognised in the industry and provides clear rules for security selection and exclusion. Importantly, the index used is sponsored and calculated independently of the Issuer.
- Factors that affect the Participation Rate in this style of product include the level and volatility in the Reference Index, interest rates and dividend yield. Volatility in most financial markets at present is high relative to levels over the past few years following the continuation of problems in global credit markets. Higher implied volatility prior to the Initial Issue Date may lead to a Participation Rate closer to the minimum level stated in the PDS for each series.
- Investors should note that the minimum maturity price for the Certificates in series 1A is \$0.85 and \$1.00 for Certificates in series 1B. Investors in series A require a return of 8.57% (based on minimum participation rate of 175%) over the investment term from the Reference Index to receive \$1.00 per certificate at maturity. This required return will be decreased should the Participation Rate be higher than the PDS minimum of 175%. The Certificates are likely to outperform a direct investment in the Reference Index during strongly downward trending markets given the capital protection. Likewise during periods of very strong returns in the Reference Index the Certificates are likely to outperform a direct investment in the Reference Index due to the leveraged exposure. During periods of high volatility or modest returns in the Reference Index it is unclear whether an investment in the Certificates or a direct investment would provide superior returns, however the non-payment of

dividends provides a relative drag on performance of the Certificates. Investors might be able to capitalise on the leveraged performance of the Reference Index at any point during the holding period by requesting a withdrawal from the Issuer (which the Issuer has discretion to accept).

- Lonsec notes that the Issuer has significant experience and resources for structuring investment products in Australia.
- Whilst the adviser commissions are clearly outlined, fees paid to the Issuer are not transparent. The Issuer may profit (or lose) from hedging arrangements undertaken when managing its contractual obligations under the structure. These amounts are “at risk” as the hedging arrangements require regular management over the term of the investment. These amounts are obfuscated in the Issue Price and Participation Rate, making fee comparison difficult.

## Relevant Parties

The Certificates are issued by Deutsche Managed Investments Limited (“DMIL”).

DMIL is a wholly owned member of the Deutsche Bank Group. Deutsche Bank is a leading global investment bank and has been operating in Australia since 1974.

## How does the Product work?

The Certificates are an investment in deferred purchase agreements issued by the Issuer. The Maturity Price of each Certificate is linked to the performance of the S&P/ASX 200 Price Return Index (“Reference Index”), subject to a Participation Rate of at least 175% for **series 1A** and at least 125% for **series 1B** and protected by a minimum maturity price of \$0.85 for **series 1A** and \$1.00 for **series 1B**.

The Issue Price per Certificate will be fixed by the Issuer at \$1.00 for applications received prior to the initial offer closing date, applications received after this date will be subject to an Issue Price per Certificate set by the Issuer at their discretion upon receipt of the application.

The Issue Price per Certificate represents only a fraction of the notional exposure an investor achieves. A one-off investment, represented by the Issue Price, provides investors with a notional exposure to the Reference Index of the Issue Price multiplied by the Participation Rate for each series, which is subject to minimum levels and to be determined by the Issuer at the issue date. As at the date of the PDS this Participation Rate would be 200% for **series 1A** and 130% for **series 1B**. Therefore an investor in **series 1A** would receive \$1.94 of exposure to the Reference Index for each \$1.00 Certificate.

At maturity the percentage change in the Reference Index over the investment term is calculated using the following formula:

$$\text{Reference Index performance at maturity} = \frac{\text{End Value} - \text{Start Value}}{\text{Start Value}}$$

where the Start Value is the published closing values of the Reference Index on the Issue Date and the End Value is the average value of the 12 monthly values leading up to the Maturity Date.

The averaging mechanism described above can mitigate the risk of investors' returns suffering a material decline closer to the Maturity Date. Conversely, investors will not fully benefit from any strong appreciation over the final 12 months under this averaging process. The averaging means the return on the investment might be lower or higher than it would have been if it was calculated based on the change between the actual Reference Index level on the Issue Date and the actual Reference Index level on the Maturity Date.

To determine the Maturity Price per Certificate, the Reference Index performance is then applied to one of the three different payoff states listed in the table below.

Reference Index performance at maturity	Maturity Price per Certificate	
	Series 1A	Series 1B
Less than or equal to 0%	\$0.85	\$1.00
More than 0% and up to break even max. 8.57% (this will differ depending on participation rate for series 1A is set)	\$0.85 + (Reference Index performance x Participation Rate) [result, less than \$1.00]	\$1.00 + (Reference Index performance x Participation Rate)
More than 8.57%	\$0.85 + (Reference Index performance x Participation Rate)	\$1.00 + (Reference Index performance x Participation Rate)

The table at left assumes the PDS minimum Participation Rates of:

series 1A – 175% and  
series 1B – 125%

For example, if the Reference Index performance at maturity is 25%, Maturity Price per Certificate:

series 1A = \$0.85 + (25% x 175%) = \$1.29

series 1B = \$1.00 + (25% x 125%) = \$1.31

## Scenario Analysis

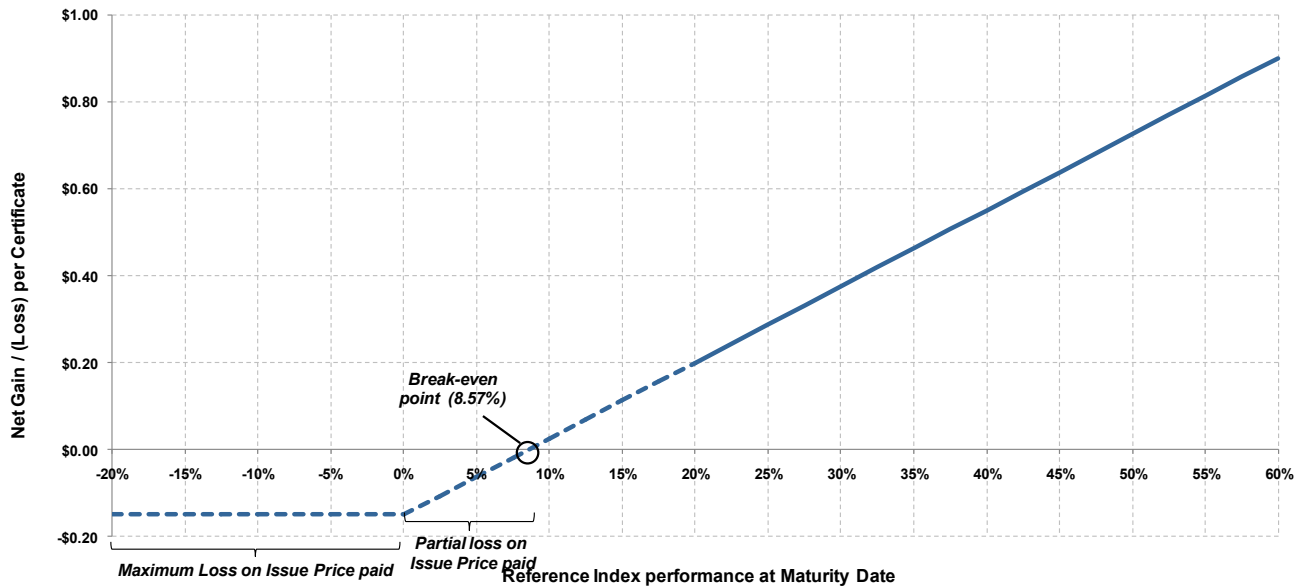
### series 1A

The following table demonstrates the payoff at maturity under various scenarios assuming a **Participation Rate 175%** and the Issue Price of \$1.00 per Certificate:

Reference Index total performance at maturity	Issue Price per Certificate	Minimum Participation Rate per Certificate	Maturity Price per Certificate	Net Gain / Loss per Certificate	Total return on Issue Price paid per Certificate
-15%	\$1	175%	\$0.85	-\$0.15	-15.00%
-10%	\$1	175%	\$0.85	-\$0.15	-15.00%
-5%	\$1	175%	\$0.85	-\$0.15	-15.00%
0%	\$1	175%	\$0.85	-\$0.15	-15.00%
5%	\$1	175%	\$0.94	-\$0.06	-6.25%
8.57%	\$1	175%	\$1.00	\$0.00	0.00%
10%	\$1	175%	\$1.03	\$0.02	2.50%
15%	\$1	175%	\$1.11	\$0.11	11.25%
20%	\$1	175%	\$1.20	\$0.20	20.00%
30%	\$1	175%	\$1.38	\$0.38	37.50%
40%	\$1	175%	\$1.55	\$0.55	55.00%
50%	\$1	175%	\$1.73	\$0.73	72.50%

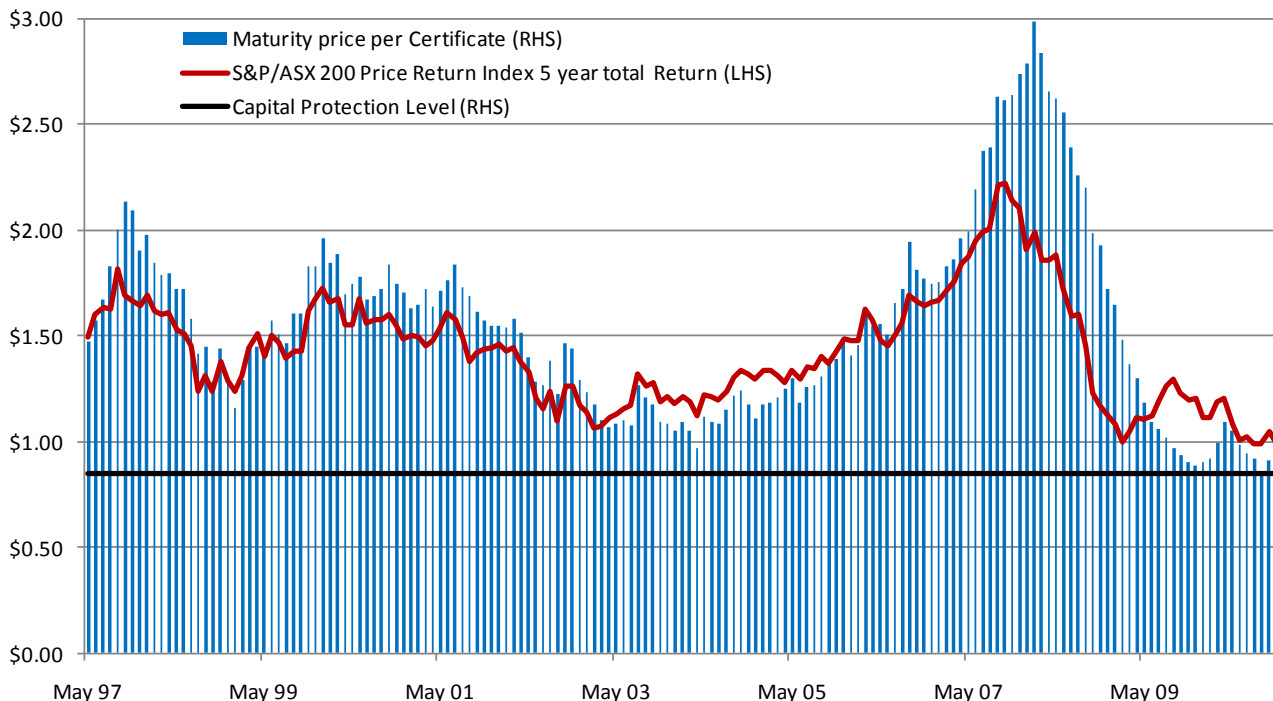
- The table shows that investors will be have their investment protected at a maximum loss of 15% if they invest on the initial issue date should the **Reference Index decrease over the investment term**.
- The **break-even point** for investors is where the Reference Index increases by 8.57% (assuming minimum participation level of 175%) over the investment term. For investors to make a net gain, the Reference Index needs to increase by more than 8.57% over the investment term.
- Returns, both net losses and gains, will be subject to the performance of the Reference Index and the Participation Rate, which will be determined by the Issuer on the issue date.

The following graph illustrates the above table.



### Historical Simulation

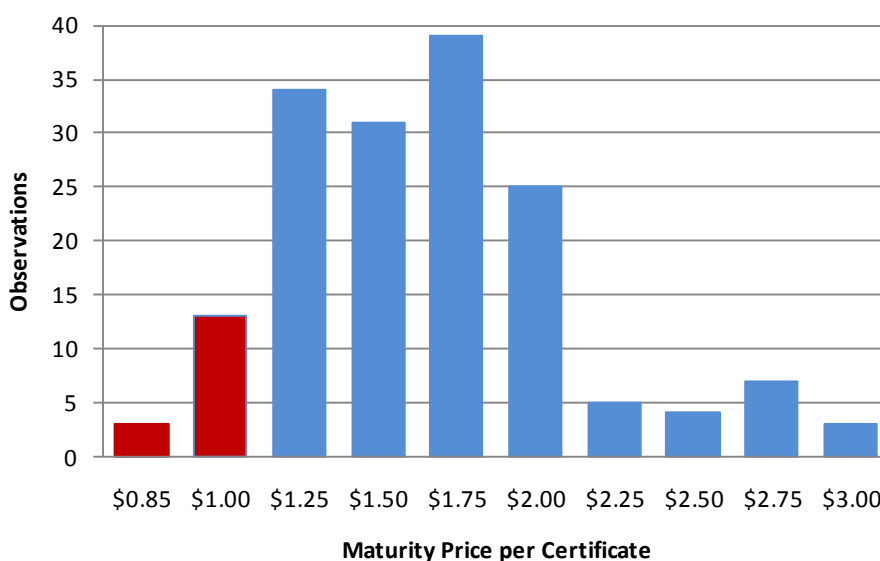
Using historical monthly values for the S&P/ASX 200 Price Return Index between May 1992 and December 2010, 164 monthly observations (each covering a rolling five year period) are analysed to investigate how the Maturity Price per Certificate varies with different market conditions. The first observation starts May 1992 and ends May 1997 while the final observation starts December 2005 and ends December 2010. The chart below illustrates the S&P/ASX 200 Price Return Index and the Maturity Price at the end of each observation using the minimum Participation Rate advised in the PDS of 175%.



Source: Bloomberg, Lonsec

For the 164 observations ending December 2010, only three (September, November & December 2010) resulted in a Maturity Price per Certificate of \$0.85. For 63% of observations the Maturity Price per Certificate return was above what would have been received by investors if they had of directly invested in the Reference Index.

The following chart and table summarise the frequency of Maturity Prices, showing that over 73% of Maturity Prices were above \$1.50 for the analysed period and 12% of observations resulted in a Maturity Price of \$1.00 or less.



Source: Bloomberg, Lonsec

**Past performance is not a reliable indicator of future performance. No assumption of the historical Issue Price is made in this analysis as past factors, such as interest rates and index level and volatility, would have resulted in different Issue Prices over the period.**

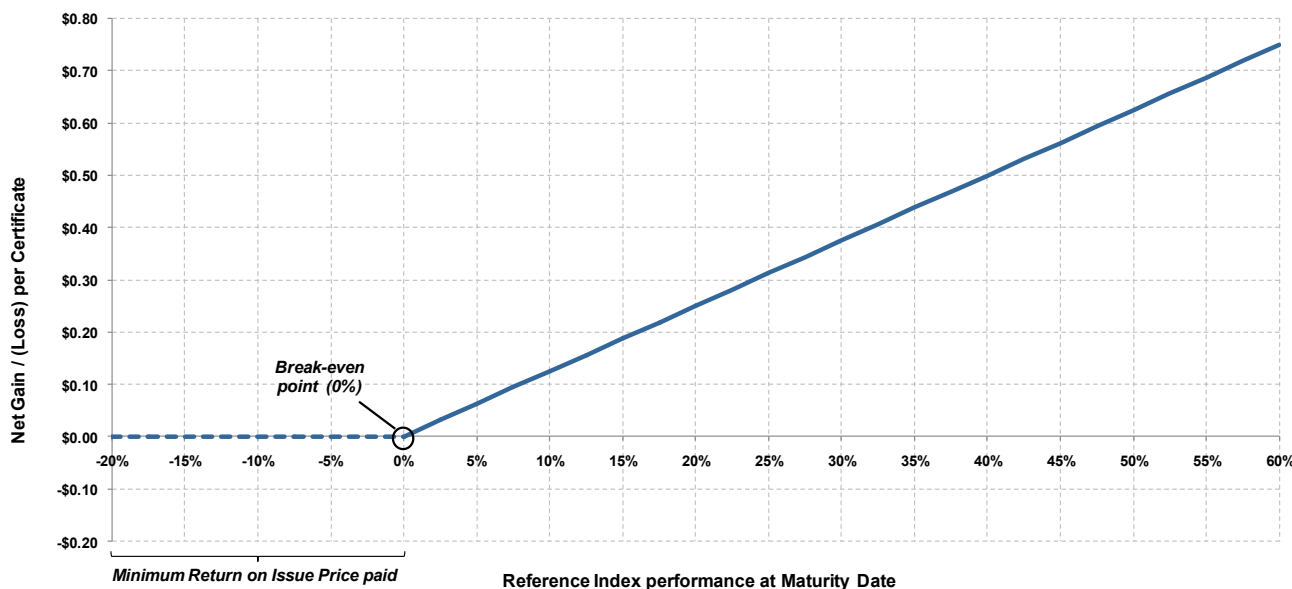
## series 1B

The following table demonstrates the payoff at maturity under various scenarios assuming a **Participation Rate 125%** and the Issue Price of \$1.00 per Certificate:

Reference Index total performance at maturity	Issue Price per Certificate	Minimum Participation Rate per Certificate	Maturity Price per Certificate	Net Gain / Loss per Certificate	Total return on Issue Price paid per Certificate
-15%	\$1	125%	\$1.00	\$0.00	0.00%
-10%	\$1	125%	\$1.00	\$0.00	0.00%
-5%	\$1	125%	\$1.00	\$0.00	0.00%
0%	\$1	125%	\$1.00	\$0.00	0.00%
5%	\$1	125%	\$1.06	\$0.06	6.25%
10%	\$1	125%	\$1.13	\$0.13	12.50%
15%	\$1	125%	\$1.19	\$0.19	18.75%
20%	\$1	125%	\$1.25	\$0.25	25.00%
30%	\$1	125%	\$1.38	\$0.38	37.50%
40%	\$1	125%	\$1.50	\$0.50	50.00%
50%	\$1	125%	\$1.63	\$0.63	62.50%

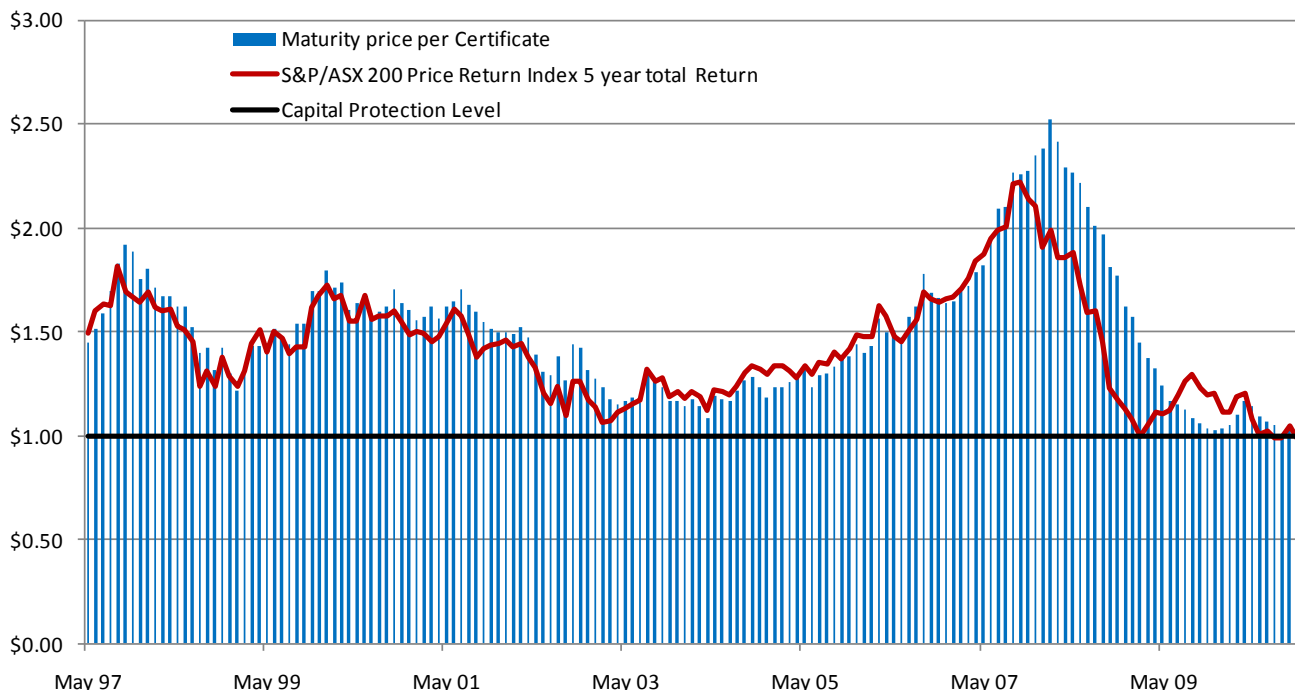
- The table shows that investors will have their investment protected at the Issue Price per Certificate should the **Reference Index decrease over the investment term**.
- Should the Reference Index decrease by any amount over the investment term the capital protection will result in investors receiving the **minimum Maturity Price per Certificate being \$1.00**. For investors to make a net gain, the Reference Index needs to have a positive return over investment term.
- Given the nature of the 100% capital protection, investors will not be subject to net losses. Net returns will be subject to the performance of the Reference Index and the Participation Rate, which will be determined by the Issuer on the Issue Date.

The following graph illustrates the above table.



### Historical Simulation

Using historical monthly values for the S&P/ASX 200 Price Return Index between May 1992 and December 2010, 164 monthly observations (each covering a rolling five year period) are analysed to investigate how the Maturity Price per Certificate varies with different market conditions. The first observation starts May 1992 and ends May 1997 while the final observation starts December 2005 and ends December 2010. The chart below illustrates the S&P/ASX 200 Price Return Index and the Maturity Price at the end of each observation using the minimum Participation Rate advised in the PDS of 125%.



Source: Bloomberg, Lonsec

For the 164 observations ending December 2010, only three (September, November & December 2010) resulted in a Maturity Price per Certificate of \$1.00. For those observations where the Maturity Price per Certificate is above \$1.00, Investors would have received a greater return by investing in series B Certificates than directly in the Reference Index on 65% of occasions.

The following chart and table summarise the frequency of Maturity Prices, showing that nearly 74% of Maturity Prices would have been \$1.50 or above for the analysed period.



Source: Bloomberg, Lonsec

**Past performance is not a reliable indicator of future performance. No assumption of the historical Issue Price is made in this analysis as past factors, such as interest rates and index level and volatility, would have resulted in different Issue Prices over the period.**

## Reference Index

The S&P/ASX 200 Price Return Index is recognised as the investable benchmark for the Australian equity market. The index is maintained by the S&P Australian Index Committee, a team of five including three Standard & Poor's economists and index analysts and two Australian Securities Exchange representatives.

The Index Committee reviews constituents quarterly to ensure adequate market capitalisation and liquidity. Both market capitalisation and liquidity are assessed using the previous six months data.

The following tables outline the performance of the Reference Index over the 7 year period to 31 December 2010:

S&P/ASX 200 Price Return Index				
Period	1 Yr	3 Yrs	5 Yrs	7 yrs
Performance (% pa)	-2.6	-9.2	-0.1	5.3
Standard Deviation (% pa)	14.7	18.8	15.9	14.2
Worst Drawdown (%)	-11.8	-47.2	-50.5	-50.5

Source: Bloomberg, Lonsec

## What happens at Maturity?

Investors choose one of the two options:

- Accept physical delivery of the Delivery Asset; or
- Instruct the Issuer to sell the Delivery Asset on their behalf and forward the sale proceeds.

The value of the Delivery Asset received equates to the maturity amount of the investment less any expenses.

## Risks

**An investment in the Certificates carries a number of standard investment risks associated with investment markets. These include performance, leverage, counterparty, distribution and tax risks. These and other risks are outlined in the PDS and should be read in full and understood by potential investors. Lonsec considers the following to be the major risks:**

- **Performance Risk** – The Maturity Price depends on the performance of the Reference Index between the Issue Date and the average of the twelve monthly valuations in the last year of the investment. The Reference Index is not actively managed and can be affected by many different factors including but not limited to interest rates, economic policies, political events, war and natural events. There is no guarantee the value of Certificates will increase over the investment term.
- **Leverage Risk** – Gains and losses in the product will be magnified by the use of leverage.
- **Capital Protection** – Minimum maturity prices only apply at maturity.
- **Counterparty Risk** – Investors are exposed to the creditworthiness of DMIL as Certificate returns are dependent on DMIL performing its obligations as they fall

due. DMIL is a fully owned member of the Deutsche Bank Group.

- **Early Termination Risk** – The Issuer has wide powers under the Certificates to determine an early termination for specific events, for example: tax, legislative, market disruptions and corporate events, investor insolvency or if Deutsche Bank, as the hedge provider, can't hedge the Issuer's exposure under the Certificates. Any early termination may result in a lower amount than if the Certificates were held to maturity.

## Taxation

Any gains made by Investors in relation to the Certificates and the Delivery Asset should be subject to taxation under the capital gains tax (CGT) rules.

***These comments constitute 'General Advice' only and Lonsec advises potential investors to consult a taxation specialist before making a decision to invest (or not to invest) based upon these taxation considerations. Investors should refer to Part 2 of the PDS.***

## Liquidity

An investment in the Certificates is designed to be held until maturity and the Certificates are not listed on any securities exchange. However, the Issuer has the discretion to accept early withdrawal requests on a monthly basis.

The minimum number of Certificates that an investor can withdraw is 5,000 provided that the investor will continue to hold at least 10,000 Certificates. For example, an investor holding 15,000 Certificates may withdraw 5,000 Certificates, however another investor holding 12,000 Certificates may only withdraw 12,000 Certificates.

Withdrawal requests must be received by the Issuer no later than 5pm on the 10th day of each month to be processed that month. Requests received after this time will be processed the following month.

The withdrawal price is calculated in the Issuer's discretion and considers a range of factors including the market value of hedging instruments and breaks costs and taxes associated with unwinding those instruments.

An accepted withdrawal request is paid in cash within seven days of the last day for accepting withdrawals (i.e. 17th day of the month).

## Further Information

Further information can be obtained by contacting the Issuer:

**Phone:** 02 8258 2515

**Website:** [www.dbaccess.db.com](http://www.dbaccess.db.com)

## Analyst Disclosure & Certification

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Analyst remuneration is not linked to the rating outcome. The Analyst(s) may hold the product(s) referred to in this document, but Lonsec considers such holdings not to be sufficiently material to compromise the rating or advice. Analyst(s) holdings may change during the life of this document. The Analyst(s) certify that the views expressed in this document accurately reflect their personal, professional opinion about the financial product(s) to which this document refers.

**Date Prepared: January 2011**

**Analyst: Duncan Knight**

**Release Authorised by: Michael Elsworth**

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