

# LM Australian Structured Products Fund

ARSN 149 875 669

Established in March 2011

Investment Class: LMASPF4 - Capital Protected  
S&P/ASX 200 Index (Growth)

Part 2  
Product Disclosure Statement (PDS)

Issued 27 January 2012

This PDS is issued in two parts where Part 1 is a separate core document with general information about the Fund and the investment and where Part 2 is a separate document relating to a specific offer of an identified financial product, comprising a Class of Fund Units, which is to be read with Part 1. Parts 1 and 2 make up the whole PDS.

ABN 68 077 208 461 Responsible Entity & AFSL No. 220281



**LM Investment Management Ltd**

The global pathway to Australian investment solutions

ESTABLISHED IN 1998

This is Part 2 of the Product Disclosure Statement (“PDS”) issued on 27 January 2012 that supplements Part 1 of the Product Disclosure Statement (“PDS”) issued on 31 March 2011 for the LM Australian Structured Products Fund ARSN 149 875 669 (the “Fund”). Investors should read both parts of the PDS prior to investing in the Fund.

The following is a summary of the terms of Investment Class LMASPF4 - Capital Protected S&P/ASX 200 Index (Growth) which provides investment exposure to the performance of the S&P/ASX200 Index.

## Key Dates<sup>1</sup>

<b>Offer Period Open</b>	27 January 2012
<b>Offer Period Close</b>	30 March 2012
<b>Trade Date</b>	Within 10 business days of the Offer closing
<b>Issue Date</b>	Trade Date + not more than 10 business days
<b>Final Valuation Date</b>	Issue Date + 5.5 years
<b>Maturity Date</b>	Final Valuation Date + 3 Business Days

## Investment Opportunity

Investors are invited to subscribe for Units in the LMASPF4 - Capital Protected S&P/ASX 200 Index (Growth) Investment Class. Funds raised under this Offer will be invested in 5.5 year capped performance notes (Notes) issued by Deutsche Bank AG, London branch a branch of Deutsche Bank Aktiengesellschaft (Deutsche Bank AG) which will provide investment exposure to the S&P/ASX 200 Index. This Part 2 provides details of this Investment Class and the terms of the Notes, as well as information about Deutsche Bank AG.

## Key Features of the Investment Class

<b>Minimum Investment</b>	\$1,000
<b>Minimum Subscription</b>	\$5,000,000
<b>Investment Term</b>	5.5 years
<b>Redemption Prior to Maturity</b>	Investors can apply to redeem Units prior to Maturity. However, the Manager’s ability to redeem Units will be dependent on Deutsche Bank AG facilitating a buy-back of the Notes as discussed below. The Manager will redeem Units and pay redemption proceeds to a redeeming Investor within 10 business days of the receiving the buy-back proceeds from Deutsche Bank AG.
<b>Minimum Redemption Amount</b>	\$5,000
<b>Documentation</b>	Investors must have read Parts 1 of the PDS issued 31 March 2011 and Part 2 of the PDS issued on 27 January 2012 for details in relation to their investment in this Investment Class in the Fund. The PDS is available from the Manager’s website at <a href="http://www.LMaustralia.com">www.LMaustralia.com</a> .

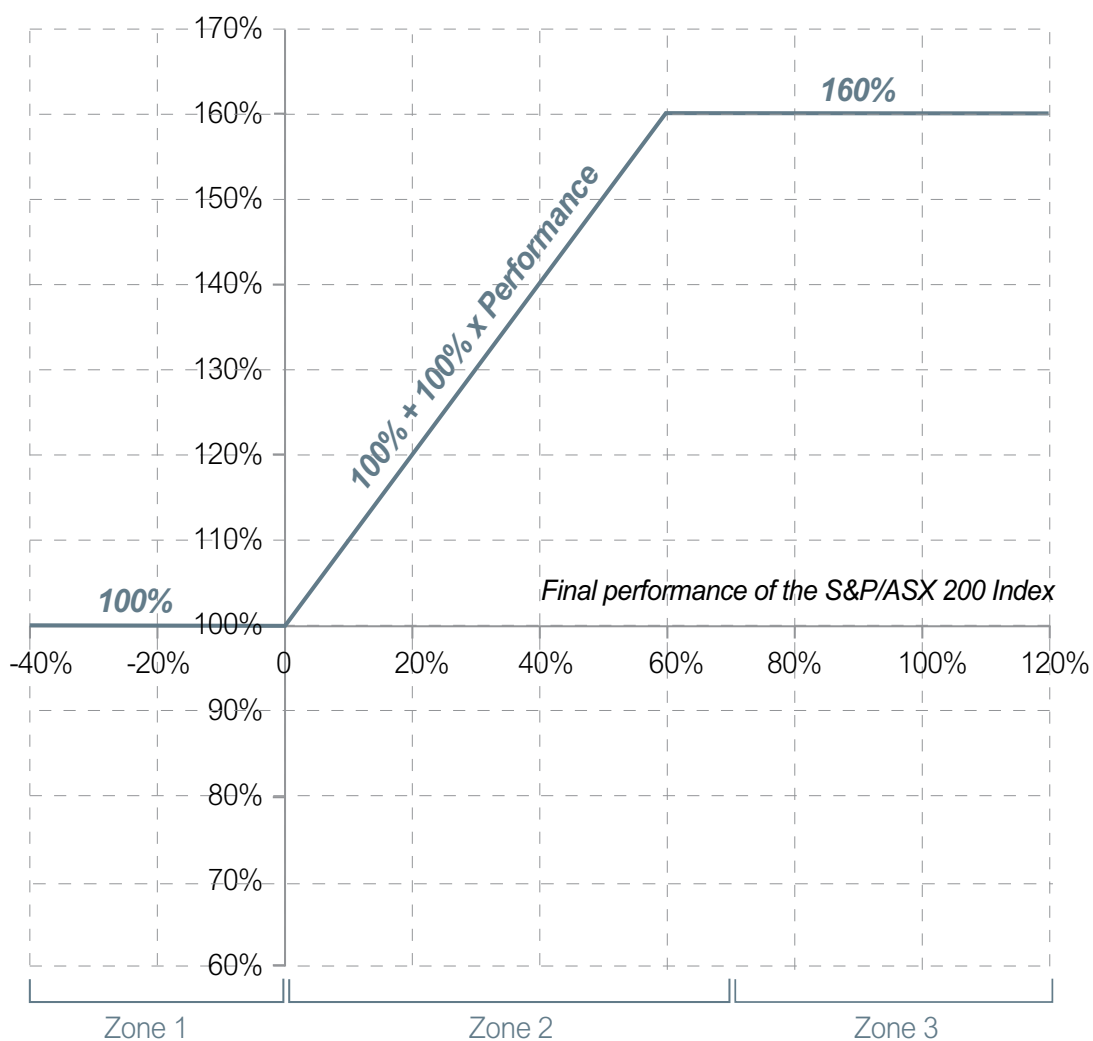
<sup>1</sup> The Key Dates are indicative only. The Manager may, in its discretion, extend or shorten the offer period without prior notice. If this happens, the Issue Date and/or Payment Date and Maturity Date may vary accordingly. If the Manager extends or shortens the offer period it may post a notice on the website informing Applicants of the changes at: <http://www.LMaustralia.com/LMASPF4.aspx>

## Key Features of the Notes

<b>Issuer of the Notes</b>	Deutsche Bank AG, London branch. A branch of Deutsche Bank Aktiengesellschaft (Deutsche Bank AG).
<b>Description of Notes</b>	The Fund will invest in 5.5 year capped performance notes issued by Deutsche Bank AG, London branch a branch of Deutsche Bank Aktiengesellschaft (Deutsche Bank AG). The Notes are a principal obligation of Deutsche Bank AG. Under the terms of the Notes Deutsche Bank AG undertakes to repay the nominal amount of each Note (specified in the term sheet of the investment as AUD1,000) at maturity (currently specified as 5.5 years from issue). In addition, Deutsche Bank AG undertakes to pay at maturity a Coupon Amount as set out in the term sheet of the investment which is set out below. The Notes are unsecured and subject to Deutsche Bank AG's ability to perform.
<b>100% Capital Return at Maturity</b>	Deutsche Bank AG undertakes to return of 100% of investment capital if the Notes are held until maturity. This capital repayment obligation applies to the Fund's investment in the Notes. The redemption proceeds payable to Investors upon a redemption of Units at the end of the investment term will be equal to the proceeds received from Deutsche Bank AG upon maturity of the Notes less Management Costs, currently estimated as 0.25%pa. At maturity, if the performance of the ASX index is negative and the Fund only receives 100% of investment capital, the amount Investors receive at maturity will be their initial capital investment less the Management Costs.
<b>Investment Term</b>	5.5 years
<b>Minimum Investment</b>	\$1,000
<b>Secondary Market</b>	Saleable in the secondary market prior to maturity. Generally, under normal market conditions, the Fund can redeem the Notes prior to the maturity date however the 100% return of the Fund's investment capital will not apply and redemption will be subject to Deutsche Bank AG being able to facilitate buy-back of the Notes at the time requested. The Manager does not have control over whether Deutsche Bank AG will allow buy-back prior to maturity, it is totally at the issuer's discretion. The minimum value of the requested redemption by the Fund is \$5,000.
<b>Currency of Notes</b>	Australian dollars
<b>Asset Class</b>	Structured product indexed (or linked) to the S&P/ASX 200 Index (Code: XJO) referred to as 'ASX Index'.
<b>Leverage</b>	The Notes will provide investment exposure of 100% on the upside with a maximum redemption objective of 160% of the capital initially invested. The Fund will not have any direct borrowings in connection with this Investment Class.
<b>Description of Investment Class LMASPF4 - Capital Protected S&amp;P/ASX 200 Index (Growth)</b>	<p>At maturity, whatever the performance of the ASX Index, the Fund should receive 100% of the capital initially invested in the Notes. In addition to the capital initially invested, the Fund will receive 100% of the positive final performance of the ASX Index with a maximum of 60% increase in the initial investment value.</p> <ul style="list-style-type: none"> <li>&gt; If the performance of the ASX Index is negative, the Fund receives 100% of the capital invested (see zone 1 in illustration below)<sup>2</sup>;</li> <li>&gt; Otherwise, if the final performance of the ASX Index is positive though under a 60% increase, the Fund will receive 100% of the capital initially invested +100% of the final performance of the index (see zone 2 in illustration below);</li> <li>&gt; Otherwise, if the final performance of the ASX Index is an increase of 60% or above, the Fund will receive 100% of the capital initially invested + 60% increase in the initial investment value (see zone 3 in the illustration below).</li> </ul>

<sup>2</sup> 100% return of the Fund's investment capital requires investment until maturity and presumes Deutsche Bank AG's ability and commitment to pay.

## Final Redemption Based on the Final Performance of the S&P/ASX 200 Index Redemption at Maturity



The graph above does not have regard for redemption prior to maturity nor does it take into account the impact of any fees on the investment, for example Management Costs of 0.25%pa. The graph is not intended to depict any expected rise in the S&P/ASX 200 Index. The graph is for illustration of possible returns that could be made so that example data can be assessed in context. The 100% return of capital component depends on the ability of Deutsche Bank AG to pay the 100% capital return on investment maturity.

The table below provides an overview of the terms and conditions of the Notes in which this Investment Class will invest.

## Note Terms & Conditions

<b>Issuer</b>	Deutsche Bank AG, London branch. A branch of Deutsche Bank Aktiengesellschaft (Deutsche Bank AG)
<b>Minimum Investment</b>	AUD 1,000.00
<b>Trade Date</b>	Within 10 Business Days of the Offer closing
<b>Issue Date</b>	Trade Date + not more than 10 Business Days
<b>Final Valuation Date</b>	Issue Date + 5.5 years
<b>Maturity Date</b>	Final Valuation Date + 3 Business Days
<b>Denominated Currency</b>	Australian dollars (AUD)
<b>Underlying Index</b>	S&P/ASX 200 Index (Code: XJO)
<b>Bloomberg code</b>	AS51 <Index>
<b>Redemption Type</b>	Cash Settlement only
<b>Trading Size</b>	AUD 1,000 minimum
<b>Listing</b>	Unlisted
<b>Governing Law</b>	English Law
<b>100% Return of Capital at Maturity</b>	Deutsche Bank AG undertakes to return 100% of the Fund's investment capital if the investment is held until maturity.
<b>Coupon Amount per Note</b>	<p>The Coupon Amount at maturity can be defined as:</p> $\text{Max} \left[ 0, \text{Min} \left[ US - LS, \frac{I_F - LS}{I_T} \right] \right] \times PR \times NA$ <p>Where:</p> <p>US is the Upper Strike which is 160%</p> <p>LS is the Lower Strike which is 100%</p> <p><math>I_F</math> is the Final Reference Level (the official closing price of the underlying index on the Final Valuation Date)</p> <p><math>I_T</math> is the Initial Reference Level (the official closing price of the underlying index on Trade Date)</p> <p>PR is the Participation Rate which is 100%</p> <p>NA is the Nominal Amount (denomination) of each Note</p>
<b>Adjustment Provisions</b>	As the Notes are linked to the S&P/ASX 200 Index, there may be times that Deutsche Bank AG is required to make adjustments to the Notes, for example if the S&P/ASX 200 Index no longer existed Deutsche Bank AG would need to adjust the Notes to reflect the relevant replacement index. Deutsche Bank AG has the right to make any necessary adjustments as and when required during the term of the investment in line with provisions as set out in the underlying base prospectus for this investment by the Fund.
<b>Market Disruption Event</b>	Deutsche Bank AG will be responsible for dealing with the Notes which are linked to the S&P/ASX 200 Index during the term of the investment. As the Notes are reliant on Deutsche Bank AG's ability to trade and value the Notes on the relevant exchange/s, events could occur in the market that disrupt the trading/valuation of the Notes. These are referred to as Market Disruption Events and are out of the control of Deutsche Bank AG and could impact on Deutsche Bank AG's ability to transact the necessary dealings or valuations. In the event that a Market Disruption Event occurs Deutsche Bank AG will deal with the event as outlined in the underlying base prospectus for this investment by the Fund. If Market Disruption Event/s occur it could impact on the any return and/or a delay in meeting any investor's withdrawal payment at the end of the investment term could occur. Investors can request a copy of the underlying base prospectus from the Manager's regional offices or head office on +617 5584 4500.

## Bank Account Details for Investment Subscription

The Application Form for investment is contained in Part 1 of the PDS. Please complete and sign the Application Form. Remit funds directly by telegraphic transfer or electronic direct credit to the relevant bank account below. Once funds have been remitted please fax the completed Application Form, appropriate Anti-Money Laundering Form and copy of the telegraphic transfer or credit receipt to the Manager on +617 5592 4116 or scan and email the documentation to the Manager at mail@LMAustralia.com and send the original to the Manager by mail at LM Investment Management Ltd, PO Box 485 Surfers Paradise Qld 4217, Australia.

### **All investors (except New Zealand residents) can telegraphically transfer investment funds to the following bank account:-**

Account Name: The Trust Company (PTAL) Limited acf LMIM atf LM Australian Structured Products Fund Subscription  
AUD Subscriptions Account No 2  
Bank: HSBC  
Address: 133 Regent Street, London W1B 4HX  
Branch: London  
Sort Code: 400515  
Swift Code: MIDLGB22  
IBAN: GB95MIDL40051571825220  
Account No: 71825220

### **New Zealand resident investors can telegraphically transfer investment funds to the following bank account:-**

Account Name: The Trust Company (PTAL) Limited acf LM Australian Structured Products Fund  
Bank: ANZ  
Address: 215 Lambton Quay, Wellington, New Zealand  
Branch: Wellington  
Swift Code: ANZBNZ22  
Account No: 212070-AUD02

When depositing funds by telegraphic transfer or electronic direct credit please attach a copy of the telegraphic transfer or electronic direct credit receipt and provide and on the Application Form in Part 1 of the PDS in Section 12 provide the reference code provided by the bank.

## Subscription Period

The Fund will open Investment Class LMASPF4 - Capital Protected S&P/ASX 200 Index (Growth) for subscription on 27 January 2012 and close the subscription period on 30 March, 2012. The Manager may, in its discretion, extend or shorten the offer period without prior notice.

A minimum of \$5,000,000 must be raised during the subscription period for the Manager to proceed to invest in the Notes. If the minimum subscription amount is not raised by the Closing Date the Manager may extend the subscription period subject to Deutsche Bank AG's acceptance proceed with a lesser amount or notify Investors that the Investment Class is not proceeding to trade and return subscription monies to investors.

Applications and subscription monies received during the subscription period will be held in the Fund's subscription account pending trade of the investment in the Notes issued by Deutsche Bank AG, London Branch. During the subscription period no interest will be earned on subscription monies.

During the subscription period market events could occur which alter the terms and conditions of the Offer. Should any change occur that alters the terms and conditions of the Offer the Manager will notify proposed investors of the changes prior to the Trade Date. Upon notification of the changes investors can reassess the Offer and decide whether they want to proceed to invest in the Fund. If an investor no longer wants to proceed to invest in the Fund, subscription monies will be returned to the bank account nominated on the Application Form.

Following settlement of the investment by the Fund in the Notes issued by Deutsche Bank AG, London Branch, the Manager will issue Contract Notes to Investors confirming commencement of investment in the Fund.

## Description of Issuer – Deutsche Bank AG

The information set out below is intended to be a summary only of the Issuer. Investors must make their own assessment of the ability of Issuer to meet its obligations in relation to this Investment Class. Nothing in this Part 2 of the PDS is, or may be relied upon, as a representation as to any future event or a promise as to the future.

### History and Development of the Deutsche Bank

The Deutsche Bank (the “Bank”) originated from the reunification of Norddeutsche Bank Aktiengesellschaft, Hamburg, Rheinisch-Westfälische Bank Aktiengesellschaft, Dusseldorf and Süddeutsche Bank Aktiengesellschaft, Munich; pursuant to the Law on the Regional Scope of Credit Institutions, these had been disincorporated in 1952 from Deutsche Bank Aktiengesellschaft which was founded in 1870. The merger of the name were entered in the Commercial Register of the District Court Frankfurt am Main on 2 May 1957.

### Registered Office and Legal Form

The Bank has its registered office in Frankfurt am Main, Germany. It maintains its head office at Taunusanlage 12, 60325 Frankfurt am Main (telephone +49 69 910-00) and branch offices in Germany and abroad including London, New York, Sydney, Tokyo and an Asia-Pacific Head Office in Singapore which serve as hubs for its operations in the respective regions.

The Bank is a banking institution and a stock corporation incorporated under the laws of Germany under registration number HRB 30 000 of the Commercial Register of Frankfurt am Main.

### Organisation Structure and Principal Areas of Activity

The Bank is the parent company of a group consisting of banks, capital market companies, fund management companies, a property finance company, instalment financing companies, research and consultancy companies and other domestic and foreign companies (“the Deutsche Bank Group”).

The objects of Deutsche Bank Aktiengesellschaft, as laid down in its Articles of Association, include the transaction of all kinds of banking business, the provision of financial and other services and the promotion of international economic relations. The Bank may realise these objectives through itself or through subsidiaries and affiliated companies. To the extent permitted by law, the Bank is entitled to promote the objectives of the Bank, in particular: to acquire, administer and dispose of participations in other enterprises, and to conclude enterprise agreements.

Deutsche Bank Aktiengesellschaft operates through three group divisions, each of which is not established as a separate company but is rather operated across Deutsche Bank Group.

### Issuing Branch of the Issuer under this Investment Class

The underlying assets for this Investment Class of the Fund will be issued by Deutsche Bank Aktiengesellschaft, acting through its London branch. On 12 January 1973, Deutsche Bank Aktiengesellschaft filed in the United Kingdom the documents required pursuant to section 407 of the Companies Act 1948 to establish a place of business within Great Britain. On 14 January 1993, Deutsche Bank Aktiengesellschaft registered under Schedule 21A to the Companies Act 1985 as having established a branch (Registration No. BR000005) in England and Wales. Deutsche Bank AG, London Branch is an authorised person for the purposes of section 19 of the Financial Services and Markets Act 2000. In the United Kingdom, it conducts wholesale banking business and through its Private Wealth Management division, it provides holistic wealth management advice and integrated financial solutions for wealthy individuals, their families and selected institutions.

### Financial Report of Deutsche Bank AG

Investors can download the latest available annual financial report and quarterly financial report of Deutsche Bank AG from [http://www.db.com/ir/en/content/reports\\_2011.htm](http://www.db.com/ir/en/content/reports_2011.htm).

## External Custodian

The Manager has appointed The Trust Company (PTAL) Limited as external custodian for all Fund assets. The Trust Company (PTAL) Limited (the “Custodian”) is a wholly owned subsidiary of The Trust Company Limited. The Trust Company Limited is one of the oldest and largest independent statutory trustee companies in Australia having been established for over 125 years. The Trust Company Limited is a public company listed on the Australian Stock Exchange, employs more than 250 people across Australia and Asia Pacific, and holds a market capitalisation in excess of \$180 million.

The role of the Custodian is to hold the structured product assets and any other assets of the Fund (for example bank accounts) and undertake other duties as nominee of the Manager. The Custodian has not been involved in the preparation of this PDS. Although referred to in this PDS, the Custodian has no authorised the issue of it. The Custodian does not give any guarantee with respect to the performance of the Fund. The Custodian has no interest in relation to the Fund and has not received any inducements other than the remuneration it is entitled to receive under the custody agreement of the constitution by way of custodian fees. The Custodian fees for the Fund are the greater of 0.02% pa of the assets of the Fund or \$15,000 pa. This fee forms part of the Fund’s expenses.

## Standard & Poor's ("S&P") Disclaimer

The LM Australian Structured Product Fund Investment Class LMASPF4 - Capital Protected S&P/ASX 200 Index (Growth) ("LMASPF4") is not sponsored, endorsed, sold or promoted by Standard and Poor's ("S&P") or its third party licensors. Neither S&P nor its third party licensors makes any representation or warranty, express or implied, to the owners of the LMASPF4 or any member of the public regarding the advisability of investing in the securities generally or in the LMASPF4 particularly or the ability of the S&P/ASX 200 Index (the "Index") to track general stock market performance. S&P's and its third party licensor's only relationship to LM Investment Management Ltd ("LM") is the licensing of certain trademarks and trade names of S&P and the third party licensors and of the Index which is determined, composed and calculated by S&P or its third party licensors without regard to LM or the LMASPF4. S&P and its third party licensors have no obligation to take the needs of LM or the owners of the LMASPF4 into consideration in determining, or composing or calculating the Index. Neither S&P nor its third party licensors is responsible for and has not participated in the determination of the prices and amount of the LMASPF4 or the timing of the issuance or sale of the LMASPF4 or in the determination or calculation of the equation by which the LMASPF4 is to be converted into cash. S&P has no obligation or liability in connection with the administration, marketing or trading of the LMASPF4.

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## Directors' Consent

The Directors have consented to this issue of this Part 2 of the PDS.

## Contact Details

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