

# Capital protection

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## What is the strategy?

Capital protection provides a level of protection over financial investments in the event of a decline in investment markets.

## Who is suited to this strategy and why?

Capital protection may be suitable for people who are:

- nervous about market volatility and wish to keep their investments in cash
- approaching retirement and want to protect the funds they are accumulating, or
- in retirement and want to protect the funds they have already accumulated.

## How the strategy works

Depending on the capital protection product selected, a person will usually pay an additional fee to cover the cost of protection of their investment. Usually the amount of investment that is protected is the initial capital amount less any entry fees.

By investing into a protected investment, a person can benefit from future investment growth while removing the risk of losing their capital.

The cost of the protection is similar to the cost of insurance. It is the premium a person pays to ensure they will be protected against a specified event, in this case, the event where investment markets may fall.

If the investment markets only rise during the term of the investment, the individual still pays the premium. This is similar to general insurance, such as home insurance, where the individual still pays the premium even though the home may never suffer damage and the person never makes a claim.

The terms and conditions on capital protected products vary between product providers. For example, a product may:

- require the investor be invested for a specified term
- only protect the initial balance, or it may also protect additional contributions.

### What is wealth advice?

We see creating and looking after your wealth as a lifelong commitment. That's why we offer regular financial advice and guidance throughout the different stages of your life. Together, we can build the financial wealth that lets you enjoy the truly important things in life.

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## AXA North

North is AXA's innovative capital protected wealth management solution for superannuation, pension and ordinary money investments.

North guarantees to protect your client's initial investments (40 available investments with a guarantee), and is flexible and open-ended which allows contributions and withdrawals, as well as transition to retirement pensions.

Built on market-leading technology, North offers online access to a sophisticated investment solution complete with customised business reporting, client data management and a diverse range of investment options.

### The Protection guarantee range

Clients can also protect their investment from the impact of market losses with North's range of guarantees.

- Protected Retirement guarantee ensures that clients receive a guaranteed minimum retirement income for life, even if their investment capital runs out.

The two capital guarantees protect initial capital and contributions, as well as investment growth over the course of the investment term.

- Protected Growth guarantee – 10 and 20 year terms, annual ratchet
- Protected Investment guarantee – 6 and 8 year terms, biennial ratchet

## Risks and implications

- the cost of the guarantee can reduce the returns of your portfolio.



**Note:** Any advice contained in this document is general in nature and does not consider your particular situation or needs. Please do not act on this advice until its appropriateness has been determined by a qualified adviser.

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## Need more information?

Contact your Genesys wealth adviser to arrange a consultation.