



# news release

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## **AXA North launches new Protected Investment Guarantee**

Embargoed until Monday 3 November, 2008

AXA Australia has added a new guarantee option to its innovative capital protection product, North. The introduction of the new Protected Investment guarantee now gives investors the opportunity to insure against investment loss over a minimum term of 5 years.

Andrew Barnett, AXA's Head of Structured Solutions says there is a clearly a heightened desire for this type of product in the current environment.

"We have seen a significant increase in new business for North since extreme volatility returned to our markets earlier this year.

"Investors are understandably anxious about their investments. With North, Australians now have access to a real solution to market volatility. North doesn't just guarantee an investor's savings, it also allows them to take advantage of sudden market recoveries by remaining fully invested in their chosen assets at all times," he said.

Mr Barnett said the new Protected Investment Guarantee option is a 5 or 7 year, 100 per cent return of capital guarantee, which guarantees to return all investments and contributions to investors at the end of the term.

"The current extreme volatility is symptomatic of a market torn between two directions. In one scenario, economic conditions deteriorate further as consumers cut back on spending and the markets hit new lows. In another scenario, liquidity and confidence return, and markets stage a strong recovery.

"Investors face a dilemma. On one hand, they need capital preservation to shield the assets they have remaining and are moving funds to safe havens such as cash. On another hand, if they are out of the market they are unlikely to participate fully in a market recovery, and end up disadvantaged by a poor starting point once they do reinvest.

"North provides a solution to this dilemma by simultaneously providing full market exposure with a capital guarantee," he said.

North is the only product in Australia that manages the guarantee through dynamic hedging, a form of risk management where investors remain fully invested in growth assets of their choice, regardless of market conditions.

Adviser research conducted by AXA confirms the market appetite for North and the guarantees.

Specifically:

- 79% of advisers said the method of providing capital protection is important or very important
- 78% said delivery of guarantees on a platform was important and would encourage them to start using, or use more capital protected products
- 77% said capital protected products are appropriate or very appropriate in the current market.



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## **About North**

The new North Protected Investment guarantee complements the existing North Protected Growth guarantee.

North administers superannuation, pension, transition to retirement pensions and ordinary money. AXA offers 50 investment options with the guarantee. Contributions, withdrawals and switches are also available throughout the term.

The design and conception of the product took place over two years ago based on the success of similar capital protected products in the Global AXA Group's portfolio.

North has also received industry recognition, and has been awarded the Rainmaker 'Best New Superannuation Product 2008' and SuperRatings' 'Best New Product 2009'

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