

Media release

3 November 2004

Capital secure with new Westpac high-return investment

In collaboration with Select Asset Management Limited (SELECT) Westpac today launched Bluewater, an investment offering exposure to one of Australia's highest-rated funds, the Gottex Market Neutral Fund. Bluewater provides investors with a capital guarantee and targeted absolute return of 10-12% p.a.^ over seven years.

Head of Westpac Structured Equity Investment Sales, Suzanne Salter, said Bluewater offers retail and institutional investors the opportunity to diversify their portfolios with the international A-rated* Gottex Market Neutral Fund – an award winning and premier-rated fund-of-hedge funds.

“The underlying portfolio of Bluewater is among the highest quality available within the Australian hedge fund arena, giving retail investors the opportunity to access top-performing hedge fund investments by capitalising on Gottex’s reputation as a “blue chip” fund of hedge fund manager,” Ms Salter said.

Ms Salter said Bluewater meets retail investors’ growing appetite for capital secured hedge funds with international diversification.

“Investors are increasingly looking towards alternatives to term deposits and bonds, and to having 10 to 15 per cent of their portfolios with alternative investments, including hedge funds.

“The Bluewater securities offer the advantage of potentially providing up to double the yield of term deposits, while protecting their initial investment. Bluewater aims to achieve a compound annual return (combined growth and dividends) of 10% to 12% p.a.^ (net of fees and expenses) over the seven-year term of the investment.”

Gottex has more than a decade’s experience in hedge fund management, specialising in conservative, market neutral fund of hedge funds. The Gottex MN Fund is ranked in the Top Ten Fund of Hedge Funds worldwide on a 1, 3 and 5 year risk adjusted basis (Source: MAR Hedge Publications, May 2004), and has received numerous awards, including Best Performing Hedge Fund of Funds (Source: Hedge Funds Review 2003) and Best Investment Process for European Hedge Fund of Funds (Source: Hedge Funds Review 2002).

The first series of Bluewater will close to new subscriptions at the end of this year. Westpac is also providing a loan facility at 6.95% p.a. reset annually, potentially offering investors the tax benefits associated with gearing.

“Bluewater is an attractive alternative to other guaranteed investments, offering potentially better and less volatile rates of return, and supported by a Westpac-backed capital guarantee,” said Ms Salter.

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“As investment manager for Bluewater, Westpac will dynamically manage the mix of assets, allocating between the Gottex 2XL Shares (two times leverage Australian dollar class of shares) and the Westpac Term Deposits. This will free as much money as is practicable to invest in the Gottex 2XL Shares. The initial allocation of Gottex 2XL Shares is estimated to be 95% of the monies raised,” Ms Salter said.

*Van Eyk Research, April 2004

The Bluewater Prospectus is available at

[www.westpac.com.au/internet/publish.nsf/AttachmentsByTitle/FSR_BluewaterPDS.pdf/\\$FILE/FSR_BluewaterPDS.pdf](http://www.westpac.com.au/internet/publish.nsf/AttachmentsByTitle/FSR_BluewaterPDS.pdf/$FILE/FSR_BluewaterPDS.pdf), and the Bluewater information line is 1300 727 087.

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Further information

Suzanne Salter
Head of Westpac Structured Equity Investment Sales
(02) 9284 8991

Virginia Nicholls
Westpac Media Relations
Ph: (02) 9284 8221 / (0417) 610 824

Bluewater features

- Potential to earn high returns of 10-12% p.a.[^], (capital growth and possible dividends) net of fees and expenses, in a variety of market conditions.
- 100% capital guarantee at maturity (7 years) by Westpac.
- Suitable for wide range of investors including individuals, companies, trusts and superannuation funds.
- Access to wholesale markets usually reserved for institutional investors.
- Portfolio diversity - opportunity to gain exposure to the international multi award-winning Gottex Market Neutral (MN) Fund. Gottex MN has historically generated attractive risk-adjusted returns across varied market conditions through a multi-manager or fund of hedge funds approach, with little correlation to the returns of more traditional Australian and international equity and bond markets.
- Flexibility to redeem prior to the maturity date subject to conditions and withdrawal fees.
- Possible tax deductibility for geared investments, with Westpac providing a loan facility at 6.95% p.a. reset annually (subject to credit approval).
- Minimum applications are \$5,000.
- Offer closes 8 December 2004*.

Back-tested performance

As outlined in the chart on page 12 of the Prospectus back testing results indicate that an investment in the Bluewater A Shares in June 1999 in the Gottex 2XL Shares would be worth nearly 80% more in June 2004. In comparison, an investment, which tracked Australian bonds, as measured by the UBS Composite (All Maturities) Bond Index, would have grown by less than half that amount. Further, an investment in the Bluewater A Shares would have earned over 3.5% p.a. more than an investment in Australian equities as measured by the S&P/ASX200 Accumulation Index (including both appreciation and dividends), with lower risk. However, the back tested performance of Bluewater A Shares is not a reliable indicator of future performance.

Risk/return

In terms of risk/return, the chart on page 13 of the Prospectus indicates the back-tested returns on Bluewater A Shares compared to various other asset classes such as Australian and international bonds and Australian and international equities. The back tested returns indicate that Bluewater A Shares would have performed favourably against all of these asset classes over the period from June 1999 to July 2004. The chart also shows comparative levels of risk between Bluewater A Shares and the other asset classes. Over the period June 1999 to July 2004 the

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Bluewater A Shares would have achieved higher annualised returns than each of these asset classes (indices) with a lower level of risk than Australian and international equities but a marginally higher level of risk than Australian bonds. However, the back tested performance of Bluewater A Shares is not a reliable indicator of future performance.

Risks

The various risks associated with investing in Bluewater Class A Shares are set out on pages 17 to 19 of the Prospectus and include: underlying investment risk, no operating history, market risk, currency risk, interest rate risk, investment style risk, liquidity risk, minimum subscription, Gottex MN Fund Management risk, leverage risk, derivative risk, early termination, guarantor risk and taxation.

Important Information

*Note: All dates are subject to change and accordingly, are indicative only. Bluewater Funds Management SPC reserves the right to extend the Closing Date of the Offer. Interest, fees and charges apply. Bluewater Funds Management SPC (ARBN 111 215 779) ('Bluewater') is the share issuer. Westpac Banking Corporation (ABN 33 007 457 141) ('Westpac') is the Provider of the Capital Guarantee (Subject to the terms of the Capital Guarantee in the Prospectus), Investment Manager and Arranger. A copy of the Prospectus and Westpac's Financial Services Guide is available and can be obtained by calling 1800 990 107 or visiting www.westpac.com.au/structuredinvestments. Investors wishing to acquire the shares will need to complete an application form attached to the Prospectus. Investors should read and understand the Prospectus before deciding whether to acquire, continue to hold or dispose of Bluewater or Westpac Products. The information in this document has been prepared from the Prospectus dated 12 October 2004 without taking account of the objectives, financial situation or needs of any specific recipient. Because of this recipients should, before acting on this information, consider its appropriateness having regard to your objectives, financial situation or needs. The individual situation of investors may differ and investors should seek independent professional advice before making an investment decision. Neither Bluewater, Westpac, SELECT nor Gottex America Limited nor any of their respective directors, officers, employees, associates or any of their subsidiaries guarantee or give any assurance in regards to the performance of the investment or its income return. Offers of the shares are made in the current Prospectus.

^ Stated targets are no guarantee of a particular level of return on your investment. Investors should be aware that past performance is not a reliable indicator of future performance and investors should not base their investment decision solely upon past performance. Volatility as measured by the annualised standard deviation of returns, is historically below volatility experienced in traditional equity markets.

**The Capital Guarantee is provided on the terms and conditions summarised in the Prospectus.