ORD MINNETT

Margin Loan

Product Guide

Dated 9 November 2023

Issued by Leveraged Equities Limited
as Lender ABN 26 051 629 282 AFSL 360118.

Ord Minnett Limited
AFS Licence 237121 ABN 86 002 733 048

Important Notice

This Product Guide is designed to assist you in deciding whether to use the Ord Minnett Margin Loan and related financial services provided by the Lender. It contains information about some of the potential benefits, significant risks, fees and costs of a Ord Minnett Margin Loan, the financial services provided by the Lender (including remuneration and other benefits the Lender and its representatives may receive and how complaints will be dealt with) and other important matters. This Product Guide does not form part of your legal contract and is not a substitute for reading and understanding the terms and conditions of the documents that comprise your legal contract.

Lender

Leveraged Equities Limited (ABN 26 051 629 282, AFSL 360118) is the author of this Product Guide and is the Lender (either in its own capacity or as trustee of any trust) for the Leveraged Equities Margin Loan. A reference to the Lender, Leveraged Equities, LE, we or us or similar words means Leveraged Equities Limited unless otherwise specified. Leveraged Equities is a subsidiary of Bendigo and Adelaide Bank Limited (ABN 11 068 049 178, AFSL 237879).

The Lender, Sponsor and Nominee are not authorised deposit-taking institutions for the purposes of the Banking Act 1959 (Cth). Any obligation of the Lender or money held in a Loan Account are not deposits with or other liabilities of Bendigo and Adelaide Bank Limited (ABN 11 068 049 178, AFSL 237879), any other entity in the Bendigo and Adelaide Bank Group, any other deposit-taking institution or any other entity named in any document related to the Leveraged Equities Margin Loan.

Ord Minnett

Ord Minnett Limited (ABN 86 002 733 048 AFSL 237121) (Ord Minnett) distributes the Ord Minnett Margin Loan but does not lend money under the Ord Minnett Margin Loan. Any obligations of the Lender under the Ord Minnett Margin Loan are not deposits with or liabilities of Ord Minnett. Ord Minnett agrees to be named in this document but Ord Minnett did not cause this document to be issued and takes no responsibility for the contents of this document. The Customer Service Team are representatives of the Lender.

Defined words and expressions

Some words and expressions used in this Product Guide are capitalised as they have defined meanings. Capitalised terms in this Product Guide have the meaning given in Section 9 of the Facility Terms and Conditions dated 9 November 2023 or later on the Lender's website at www.leveraged.com.au (Facility Agreement or Agreement). A reference to time in this Product Guide is to the time in Sydney, Australia unless otherwise stated. A reference to AUD, $, or dollars is to Australian dollars, unless otherwise stated.

Product Documentation

Documentation for the Ord Minnett Margin Loan comprises the Ord Minnett Margin Loan Product Disclosure Statement dated 9 November 2023 or later (Margin Loan PDS), this Product Guide, the Facility Terms and Conditions (**Facility Agreement**) dated 9 November 2023 or later, and the Application Form dated 9 November 2023 or its electronic equivalent (together the Product Documentation). In addition to this Product Guide and the Facility Agreement, the Margin Loan PDS will help you to assess the suitability of the Ord Minnett Margin Loan for your circumstances. Information contained in the Product Documentation may change from time to time. The Lender may not always supplement or replace a document to reflect the change. To find out about any up to date information contact the Customer Service Team or the Lender's website.

The Product Documentation is not financial advice. No person is authorised by the Lender to provide any information or to make any representation in connection with the Ord Minnett Margin Loan which is not in the Product Documentation.

To the extent of any inconsistency between the explanations of the Ord Minnett Margin Loan in this Product Guide and the Facility Agreement, the Facility Agreement prevails.

Compensation Arrangements

The Lender has adequate professional indemnity insurance in place to compensate a Borrower for losses suffered if the Lender or its representatives breach their legal obligations to a Borrower. This professional indemnity insurance satisfies the requirements of section 912B of the Corporations Act 2001. The Lender's professional indemnity insurance covers representatives who are no longer representatives of the Lender for events that occurred whilst they were representatives.

Restrictions in foreign jurisdictions

The Ord Minnett Margin Loan is intended to be available in Australia only. The distribution of Product Documentation (including an electronic copy) in jurisdictions outside Australia may be restricted by law. If potential investors come into possession of the Product Documentation in jurisdictions outside Australia, they should seek advice on, and observe any such restrictions. If potential investors fail to comply with such restrictions, that failure may constitute a violation of applicable laws. The Product Documentation does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Ord Minnett Margin Loan in any jurisdiction outside Australia.

Examples

Examples in the Product Documentation are for illustrative purposes only and do not indicate any view of, or expectation about, a Margin Loan or any investment or transaction. The examples do not cover all the possible outcomes of using a Margin Loan or any investment. The examples are not intended as a recommendation, are simplified and may not reflect actual outcomes, market prices or movements, or taxation treatment.

Risks

You should refer to section 5 in this Product Guide for the details of some of the significant risks associated with a Margin Loan. In particular, borrowing to invest magnifies losses as well as gains. As well as the risks associated with using a Margin Loan you should consider the risks associated with your investment choices and how those investments fit in your overall financial circumstances and objectives.

No warranty or guarantee is given by the Lender, any other party named in any Product Documentation or any of their respective bodies corporate for the performance of the Ord Minnett Margin Loan, any investment acquired using money borrowed through or in connection with a Margin Loan or held as part of the Secured Portfolio, anything on a list of Acceptable Investments of the Lender.

You should also consider how borrowing through a Margin Loan fits with other loans you may have, your capacity to pay amounts as they become due and how it fits in your overall personal financial circumstances. A Margin Loan may not be suitable for all investors. A Margin Loan is not a traditional loan and may involve some extra risks. You should not apply for a Margin Loan or offer a Guarantee unless you understand and are comfortable with the risks and have read and understood all of the Product Documentation. You must regularly monitor your Margin Loan. Cooling-off rights may not be available in respect of the Margin Loan.

Contents

Overview

A Margin Loan may have benefits for some investors, but it is important to understand how it works, how to use it and the associated risks. This section is an introduction to the more detailed information in this Product Guide.

1.1 What is a Margin Loan?

A Margin Loan is a facility that allows you to borrow money which you use, in addition to your own money, to invest. To secure your obligations you offer to mortgage investments to the Lender. Even though you mortgage investments to the Lender you remain the owner of those investments in most circumstances.

The Lender regularly publishes a list of investments that it may accept as security for a Margin Loan. The list includes the amount, expressed as a percentage of Market Value, that you may be able to borrow against an investment. These investments are called Acceptable Investments and the percentage of Market Value is called the investment's Lending Ratio. The investments mortgaged to the Lender become part of the Secured Portfolio.

Acceptable Investments may include certain shares and other listed securities, marketable instruments and interests in a Managed Fund, trust or master trust. The current list of Acceptable Investments and Lending Ratios is available on the website or by contacting the Customer Service Team.

Unlike other loans there is no set date to repay the money you borrow. However, events, such as a fall in Market Value or change in Lending Ratio, can result in some or all of your loan becoming due for payment in a short time including immediately depending on the nature of the event. Refer to section 3.4 in this Product Guide for further information about Margin Calls and section 3.9 for information about Gearing Adjustment, Default and Termination.

1.2 Possible Investors

Whether a Margin Loan is suitable for you will depend on your financial situation and objectives. Investors who may like to consider whether a Margin Loan is suitable for them include:

- Investors who plan to borrow to buy a portfolio of Acceptable Investments because they expect the net return on their investments to exceed the cost of borrowing over their planned investment horizon;
- Investors who already own a portfolio of Acceptable Investments and who would like to supplement or diversify their portfolio without selling; or
- Investors who need a flexible loan facility that works with their overall investment arrangements.

Borrowers and Guarantors must be at least 18 years old. Borrowers can be an individual, company or trustee on behalf of a trust (excluding self managed superannuation funds). You should consider how a Margin Loan fits with other loans you may have, your capacity to pay amounts as they become due or to pay amounts at unexpected times if certain events occur.

1.3 Potential Benefits

Increase the amount you have available to invest

Borrowing to acquire an asset is called gearing or leverage. The net return on an investment includes growth in its value plus distributions less transaction costs and taxes. If, over your planned investment horizon, the net return on your investment exceeds your borrowing costs then by borrowing to invest you will generally earn a higher after-tax return than if you had invested without borrowing.

Diversify an existing portfolio without selling

You may be able to borrow against a portfolio of Acceptable Investments that you already own. You can then use the borrowed money to acquire other investments without selling your existing portfolio. These investments may be in a different range of asset classes, industries and companies. Investing in a range of different assets is called diversification and it is a financial technique that may reduce the risks associated with investing. Whether diversification changes your risk depends on your investment and borrowing decisions and your particular circumstances.

Manage your investments with the help of a flexible facility

There is no set date to repay the money you borrow although events may occur that result in your loan becoming due for payment in a very short period. Refer to section 3.4 in this Product Guide for details about Margin Calls and section 3.9 for details about Gearing Adjustment, Default and Termination. The Margin Loan has a number of flexible features including:

- a variety of ways to pay interest;
- a variety of Acceptable Investments including listed securities, marketable instruments, managed funds and some deposit accounts;
- borrowers can be individuals, companies or a trustee on behalf of a trust (except self managed superannuation funds);
- you can arrange for another person to be a Guarantor which may suit your overall financial arrangements (refer to section 3.7 in this Product Guide for information about Guarantors);
- you can use a Broker and Financial Adviser of your choice;
- you can authorise your Financial Adviser or another person to act on your behalf (refer to section 3.8 in this Product Guide for information about other people attached to your Margin Loan); and
- you may be able to use your Margin Loan in conjunction with your investment platform or independently directed portfolio service (IDPS).

You may be entitled to claim an income tax deduction for some or all of your borrowing costs depending on your individual circumstances. Refer to section 3.11 in this Product Guide for information about taxation.

1.4 Significant Risks

Changes in the value of investments and interest rates

Borrowing to invest magnifies gains as well as losses. It is possible that the performance of your investments or an interest rate increase may result in you earning a lower return or incurring a larger loss than if you had not borrowed to invest. Section 5.2 in this Product Guide describes some of the market risks and risks of leverage.

Events may occur that result in the loan becoming due for payment in a very short period

It is possible for certain events to occur, at any time, that result in some or all of the loan being due for payment in a short period including immediately depending on the nature of the event. These events include Margin Calls, Market Disruption, Default and Termination. Section 5.3 in this Product Guide describes the risks associated with these events.

Net proceeds may not cover the loan

It is possible for any net sale proceeds from the Secured Portfolio to be less than the Total Amount Owing. You (or any Guarantor) are required to pay the Total Amount Owing when declared due irrespective of any net sale proceeds. Incurring losses under your Margin Loan may make it harder for you to repay any other debt obligations you may have. Section 5.5 in this Product Guide describes the full recourse nature of a Margin Loan.

Mismatch of cash flows and limits on ability to deal in investments

It is possible for interest and other charges to become due for payment before or to be larger than any distribution paid on your investments. Certain events, such as a corporate action, may result in the Lender requiring that part of the Secured Portfolio be transferred to the Nominee. This may limit your ability to deal with that part of the Secured Portfolio. If any part of the Secured Portfolio is transferred to the Nominee you remain the beneficial owner. Refer to section 3.10 in this Product Guide for information about the Nominee. Section 5.4 in this Product Guide provides more details about these risks.

Reliance on the Lender, Nominee, Sponsor and other people

You and any Guarantor are reliant on the operations, policies and procedures of the Lender, Nominee and Sponsor. If you nominate an Authorised Person or Margin Call Agent you are reliant on that person to act in your interests and to perform their obligations. Guarantors are also reliant on the Borrower acting with the Guarantor's interests in mind and notifying Guarantors of important events. Section 5.6 in this Product Guide provides further details about your reliance on the entities that operate your Margin Loan and any Authorised Person or Margin Call Agent.

Powers of the Lender, Nominee and Sponsor and legislative changes

You and any Guarantor give the Lender, the Nominee and the Sponsor a power of attorney to do certain acts in relation to your Margin Loan and the Secured Portfolio. It is important that you read and understand the effect of giving this power of attorney. The Lender also has a number of discretions. For example, the Lender may change the Lending Ratio applicable to any part of the Secured Portfolio. It is possible that any such change by the Lender will adversely impact your ability to operate your Margin Loan in a way that suits your circumstances and meets your financial objectives. Changes in legislation and taxation policies may also impact your Margin Loan and the net after-tax return you expect to earn on your investments. Section 5.7 in this Product Guide provides further details about these risks.

More complex than a traditional loan

A Margin Loan is different to a traditional loan because there is no specified date for repayment (although repayment on short notice may be required in certain circumstances). Also the value of the Secured Portfolio can change by a larger degree and in a shorter time than other assets such as residential property and the Margin Loan is subject to Margin Calls. Typically, you will contribute money as well as borrow through your Margin Loan to invest. It is possible to use a facility, such as a home loan, to borrow the money contributed to the investment. This financial strategy is called double gearing. It is possible that the net return on any investment made through your Margin Loan will not be sufficient to cover the higher borrowing costs arising from double gearing. Further, it is possible that when you have to repay money borrowed under your Margin Loan that you will have to sell not only the Secured Portfolio but also other assets. Section 5.8 in this Product Guide provides further details about these risks.

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Key Features at a Glance

Feature	Summary	Reference
What can I invest in?	If you don't own an investment portfolio when you apply, you will borrow money, in addition to your own money, to invest in a portfolio of Acceptable Investments. Acceptable Investments include shares, other listed securities, marketable instruments and interests in a Managed Fund, trust or master trust. A current list of Acceptable Investments, including the Lending Ratio for each, is available on the website or by contacting the Customer Service Team.	Section 3.1 in this Product Guide
What Credit Limit can I apply for?	The minimum Credit Limit you can apply for is $20,000. The maximum Credit Limit you may be able to apply for will depend on various factors including for example the characteristics of the portfolio you propose to mortgage to the Lender, and your financial circumstances including your income and expenses and other liquid assets you own. Based on information provided by you and other information the Lender obtains, the Lender will make an assessment, having regard to the requirements of the government regulation, of whether the Margin Loan with the Credit Limit you are applying is unsuitable for you. The Lender may base its assessments on other factors depending on the size of the Credit Limit you are applying for. The assessment by the Lender is separate to any personal financial advice you may receive from your financial adviser. If the Lender agrees to open a Margin Loan for the Credit Limit you have requested then this is not, by itself, an indication that a Margin Loan is or will be in fact suitable for you in your specific circumstances and for your specific financial objectives.	Section 3.6 in this Product Guide
How much can I borrow?	After establishing a Margin Loan, your borrowing capacity depends on your Credit Limit, the Lending Ratio and Market Value of each investment held as part of the Secured Portfolio. Your borrowing capacity will be the lesser of the Credit Limit and the Security Value. **Example A:** Borrowing against an existing portfolio of Acceptable Investments If the Lending Ratio for an investment is 70 per cent and the Market Value of your holding of that investment is $100,000 then your borrowing capacity is up to $70,000 which is the Security Value ($100,000 multiplied by 70 per cent) provided your Credit Limit is equal to or higher than this amount. **Example B:** Borrowing to acquire a portfolio of Acceptable Investments You intend to acquire Acceptable Investments with a Lending Ratio of 75 per cent and have $10,000 of your own money. This means you can potentially invest up to $40,000 ($10,000 divided by 25 per cent which is 100 per cent minus the 75 per cent Lending Ratio) in Acceptable Investments. This means you can borrow up to $30,000 ($40,000 minus $10,000) provided your Credit Limit is equal to or higher than this amount. Your borrowing capacity will continually change as the Market Value changes. A change in Lending Ratio can also affect your borrowing capacity. Changes in Market Values and Lending Ratios do not affect your Credit Limit which is a set amount. The maximum amount you can borrow is the lesser of your Credit Limit and your Security Value.	Sections 3.3 and 3.6 in this Product Guide
Can I borrow money for other purposes?	If you have borrowing capacity then you may be able to borrow through your Margin Loan. You must use some of the money borrowed to acquire financial products (for example listed securities or managed funds).	Section 3.1 in this Product Guide

Feature	Summary	Reference
What is the security for my Margin Loan?	To borrow money through a Margin Loan you offer to mortgage investments to the Lender. The investment portfolio mortgaged to the Lender is called the Secured Portfolio. The Secured Portfolio can comprise Acceptable Investments held through the Sponsor or Nominee, other investments held through the Sponsor and Nominee and other investments that may be accepted by the Lender. A Guarantor may also mortgage investments to the Lender as part of the Secured Portfolio. They do this as a guarantee that you will meet your obligations under your Margin Loan. If you don't meet your obligations the Lender can sell the Secured Portfolio, whether it is owned by you or any Guarantor, to repay some or all of the Total Amount Owing. You remain responsible for paying the Total Amount Owing irrespective of any net sale proceeds from the Secured Portfolio.	Section 3.1 in this Product Guide Clauses 26 to 32 (Section 3 – Security terms) of the Agreement
When do I repay the amounts I borrow?	Subject to certain events (see the next topic), there is no set date by which you must repay the Total Amount Owing. You may repay your Facility Balance at any time although a fee may apply if you repay the total Facility Balance within 4 months of the start of your first drawing or accepted borrowing request. Also restrictions may apply if you have a Fixed Rate Loan under your Margin Loan. Before repaying any of your Facility Balance you should consider the impact of the Minimum Interest Balance. To repay the Total Amount Owing you can arrange to sell or redeem the Secured Portfolio or use other funds and retain ownership of the Secured Portfolio. Your obligations under your Margin Loan continue and the mortgage over the Secured Portfolio will not be released until the Total Amount Owing is repaid in full irrespective of any net sale proceeds from selling the Secured Portfolio.	Section 3.6 in this Product Guide
What events can result in the loan becoming due for early repayment?	Certain events may result in some or all of the Total Amount Owing becoming due for payment in a short period, including immediately, depending on the nature of the event. These events include Margin Calls, your Facility Balance exceeding your borrowing capacity (the lesser of the Security Value + Buffer and the Credit Limit), Market Disruptions, Defaults and Termination by you or the Lender. These events may be outside your control, may be the result of actions by the Lender, and can occur at any time. You must resolve a Margin Call by the time specified in the Lender's record of Margin Call which will generally be 24 hours after the Lender records the Margin Call. For example, if the Lender records a Margin Call at 10am on Monday then you will have at least until 10am on Tuesday to resolve the Margin Call. All times are Sydney local time. Subject to certain conditions, you may terminate your Margin Loan by giving at least thirty (30) days' notice to the Lender. And if you are not in Default, the Lender may terminate your Margin Loan by giving at least sixty (60) days' notice to you. If this occurs the Total Amount Owing must be repaid at the end of the notice period. Your obligations and any Guarantor's obligations continue and the Lender's security interest over the Secured Portfolio will not be released until the Total Amount Owing is fully repaid either by you or by any Guarantor.	Sections 3.4 and 3.9 in this Product Guide Clause 5 (Margin Calls) of the Agreement Clause 8 (Gearing Adjustment) of the Agreement Clauses 46 to 51 (Section 6 – Default, termination and consequences) of the Agreement Clauses 26 to 32 (Section 3 – Security terms) of the Agreement

Feature	Summary	Reference
How is interest charged?	A Variable Rate applies to money borrowed under your Margin Loan unless you arrange for a Fixed Rate Loan. An additional interest charge may apply if your Facility Balance falls below the Minimum Interest Balance. Variable interest accrues daily and becomes due for payment on the last calendar day of each month. The Lender can change the Variable Rate applicable to your Margin Loan at any time. If the Lender agrees, you can arrange to fix the interest rate on some or all of your Facility Balance for a set term. This is called a Fixed Rate Loan. You can have more than one Fixed Rate Loan, typically at different fixed rates, under your Margin Loan. Interest on a Fixed Rate Loan accrues daily and there are a number of ways to pay interest. For example, you can pay 12 months of interest on your Fixed Rate Loan in-advance at the start of the 12 month period. You can also choose to pay interest monthly in-arrears. In this case, interest on your Fixed Rate Loan becomes due for payment on the last calendar day of each month. If you change or break a Fixed Rate Loan before the end of the fixed term then you will incur Break Costs and the Lender will usually not refund any interest paid in-advance. You will not earn credit interest on any excess funds held in your Loan Account. For example, if you arrange a Fixed Rate Loan and don't draw the funds from your Loan Account, you will not earn credit interest or any offset to the interest charged on the Fixed Rate Loan. To earn credit interest you can place any excess loan funds in a Linked Investment Account which is part of the Secured Portfolio. The Lender may charge an interest rate (the Overdue Money Rate) that is higher than the Variable Rate on any overdue money. The Lender does not pay interest on any credit balances. To pay interest you can arrange for the Lender to debit your Nominated Account when interest becomes payable or you can ask the Lender to capitalise interest to your Loan Account.	Section 3.5 in this Product Guide
Who owns the investments mortgaged to the Lender?	A Security Owner can be a Borrower or a Guarantor if they mortgage investments to the Lender as part of the Secured Portfolio. Each Security Owner is always the beneficial owner of their part of the Secured Portfolio even though it is mortgaged to the Lender. The Lender may require the Security Owner to hold or deal with their part of the Secured Portfolio in a particular way. For example, the Lender may require the Security Owner to transfer an investment to the Nominee if a corporate action is declared. The Nominee holds the investment as part of the Secured Portfolio on behalf of the Security Owner and the Security Owner remains the beneficial owner. ! **At no time does the Lender, Nominee or Sponsor lend any part of the Secured Portfolio to any other party.**	Sections 3.7 and 3.10 in this Product Guide

Feature	Summary	Reference
Who are Guarantors?	As a Borrower, it may be appropriate to your financial circumstances for another person to guarantee that you will meet your obligations under your Margin Loan. If you fail to meet your obligations a Guarantor will be required to pay some or all of the Guaranteed Money. The Guaranteed Money is generally all amounts owed by the Borrower to the Lender. A Guarantor may also be a Security Owner. This means the Guarantor offers to mortgage investments to the Lender and these investments become part of the Secured Portfolio. The Lender may sell any or all of the Secured Portfolio, whether owned by a Borrower or a Guarantor, to meet the Borrower's obligations. The Guaranteed Money and hence the liability of a Guarantor is usually equal to the Total Amount Owing but, for some Guarantors, it may be limited to the Market Value of their part of the Secured Portfolio. Market Values and the Total Amount Owning will almost certainly change which means that a Guarantor's liability will change. **! Being a Guarantor involves significant risks.** It is strongly recommended that all Guarantors: • Read the Margin Loan PDS, this Product Guide, the Agreement and the Application Form, completely and carefully. • Make their own enquiries about the Borrower's ability to meet their obligations under the Margin Loan, their honesty, their intention to act in a way that won't disadvantage a Guarantor and their financial position and history. • Regularly monitor the Margin Loan and actions by the Borrower particularly if the relationship between the Borrower and a Guarantor changes. • Seek independent advice including financial, legal and taxation advice.	Section 3.7 in this Product Guide Section 7 (Guarantee and indemnity) of the Agreement
Can I lose my contribution to the investments?	There are risks involved in investing through a Margin Loan which may result in you (and any Guarantor) losing some or all of the capital or Secured Portfolio contributed to the Margin Loan, earning a return less than expected or required to meet your financial objectives or that may limit a Security Owner's ability to deal with their investments. When considering risks it is important to think about the likelihood of any event or series of events occurring and your ability to cope with and respond to the impact of the event or circumstance. It is also important to understand that risk is not constant. The likelihood of any event occurring and its impact may change over time. **! You are always responsible for your investment choices, whether they are suitable for your circumstances and financial objectives and whether borrowing to acquire those investments will meet your return requirements.** Borrowing money through a Margin Loan includes the following risks: • Borrowing money to invest magnifies investment losses as well as investment gains. • Events can result in some or all the money borrowed becoming due for payment in a short period of time, including immediately. • The timing of cash inflows can be different to outflows and some events can restrict your ability to deal with an investment. • You are required to repay the Total Amount Owing when due irrespective of any net sales proceeds from the Secured Portfolio. This means it is possible that you will need to sell other assets to pay the Total Amount Owing. • You are reliant on the operations of the Lender and any other entity involved in the operation of your Margin Loan as well as other people attached to your Margin Loan. • Changes by the Lender and legislative changes can impact your Margin Loan and your ability to use it to meet your financial objectives.	Section 5 in this Product Guide

Feature	Summary	Reference
Can I use my own Financial Adviser and Broker?	You can nominate a Broker and Financial Adviser of your choice. A Broker facilitates buy and sell transactions on the Australian Stock Exchange (ASX). A Financial Adviser is licensed to give you personal financial advice. The Lender will not act as a Broker and does not give personal financial advice.	Section 3.8 in this Product Guide
What are the operating fees?	An application fee applies if you or any Guarantor is a company or trustee. You will incur Break Costs if you change or terminate a Fixed Rate Loan before the end of its fixed term. You will incur a fee if you repay the total Facility Balance within 4 months of the start of your first drawing or accepted borrowing request. Account closing fees apply if you or any Guarantor is a company or a trustee. Your Financial Adviser and Broker may charge fees for advice and to execute transactions. The Lender may charge fees to settle transactions through your Margin Loan. The Lender, Nominee or Sponsor will also charge for any taxes, fees or stamp duty they incur in relation to your Margin Loan. The Lender and the financial institution that holds a Nominated Account or Linked Investment Account may charge transactions fees (for example a fee to transfer funds or if a direct debit is dishonoured). The Lender may charge fees if you ask for additional account services (for example retrieving historical information).	Section 4 in this Product Guide
What is Instalment Plus?	Instalment Plus is a feature that allows you to combine regular monthly borrowings with your own contributions to progressively build a portfolio of certain Acceptable Investments that you nominate.	Section 3.14 in this Product Guide
What is Rewards Plus?	Rewards Plus is a feature that allows you to potentially earn Qantas Frequent Flyer award points based on your daily Facility Balance. You will need to be a member of the Qantas Frequent Flyer Program to apply. Rewards Plus may not be available on all Margin Loan Facilities.	Section 3.15 in this Product Guide
Can I manage my loan by linking a cash account to my Facility?	Linking a cash management account to a Margin Loan may suit investors who want to target a Facility Balance. The Lender periodically sweeps money between a Linked Investment Account and your Loan Account to achieve a Facility Balance close to your target. This may help you manage the amount borrowed. This feature is only available with certain cash management accounts and may not be available on all Margin Loan Facilities.	Application Form, Clause 14 of the Agreement
Are there other features to a Margin Loan?	You may be able to expand the range of Acceptable Investments or transactions available under a Margin Loan. This may include options traded on the ASX and short selling of certain ASX listed securities. An explanation and application for each feature is covered by a separate product guide which can be obtained from your financial adviser, the website or by contacting the Customer Service Team.	Product Guide for the relevant feature

Margin Loan Facility Details

This section explains how your Margin Loan operates, gives worked examples and highlights some of the key provisions in the Agreement.

3.1 Margin Loan Facility

Your Margin Loan is made up of:

- investments mortgaged to the Lender (the Secured Portfolio); and
- the amount you have borrowed (your Facility Balance) and other amounts owing for example accrued interest and transactions yet to be processed and settled. Your Facility Balance plus these other amounts is generally the Total Amount Owing.

Acceptable Investments includes shares, other listed securities, marketable instruments and interests in a Managed Fund, trusts or master trusts. The current list of Acceptable Investments, including Lending Ratios, is available on the website or by contacting the Customer Service Team. The Lending Ratio is an indication of the maximum amount you may be able to borrow against a particular Acceptable Investment. The Lender sets each Lending Ratio having regard to its own risks and it is not a recommendation or indication about any investment.

You can acquire a portfolio of Acceptable Investments by borrowing through your Margin Loan in addition to your own money. You may also use an existing portfolio of Acceptable Investments to borrow money through your Margin Loan if you have borrowing capacity. You must use some of the money borrowed to buy financial products such as listed securities or managed funds.

To secure your obligations under the Margin Loan you or a Guarantor (or both) offer to mortgage investments to the Lender. Typically, the mortgaged investments will be one or more of the Acceptable Investments but the Lender may accept other types of investments. Investments mortgaged to the Lender become part of the Secured Portfolio. All investments held through the Sponsor and Nominee, irrespective of whether they are Acceptable Investments or not, are part of the Secured Portfolio.

Example 3.1 A

Borrowing to acquire a portfolio

In this example, a share and a Managed Fund make up the Secured Portfolio.

	Share	Managed Fund	Total
Market Value	$28,000 (14,000 units at a price of $2.00)	$50,000 (10,000 units at a price of $5.00)	$78,000
Lending Ratio	75%	60%	
Security Value (Market Value x Lending Ratio)	$21,000	$30,000	$51,000
Funds you contribute (Market Value less Security Value)	$7,000	$20,000	$27,000

3.2 Why use a Margin Loan?

Borrowing to acquire an asset is called leverage or gearing. Typical users are either:

- People who expect the net return on their investments to exceed borrowing costs over their planned investment horizon. By borrowing to invest the investor can acquire a larger portfolio than if they had used their own funds alone. If their return expectations are achieved then they will earn a larger net after-tax return than if they had not borrowed. Conversely, if their net return is less than their borrowing costs then they will incur a lower net after-tax return or larger loss than if they had not borrowed; or
- People who already own a portfolio of Acceptable Investments and who would like to borrow to supplement or diversify their portfolio without selling their existing investments.

Example 3.2 A

Comparing investing with and without borrowing

This example is based on the information in example 3.1 A. For simplicity, it excludes interest, taxes and transaction fees such as brokerage.

	With a Margin Loan	Without a Margin Loan
Your funds	$20,000	$20,000
Loan	$40,000	$0
Market Value of Secured Portfolio	$60,000	$20,000
Market Value after 10% assumed increase	$66,000	$22,000
Your capital after loan repayment	$26,000	$22,000
Gain as percentage of funds you invested	30%	10%
Market Value after 10% assumed decrease	$54,000	$18,000
Your capital after loan repayment	$14,000	$18,000
Loss as percentage of funds you invested	(30%)	(10%)

3.3 Amount you may be able to borrow

The amount you may be able to borrow (called borrowing capacity or available funds) through your Margin Loan, depends on:

- your Credit Limit (refer to section 3.6 in this Product Guide for information about Credit Limits);
- the Lending Ratio (if any) assigned by the Lender to each part of the Secured Portfolio; and
- the Market Value of each part of the Secured Portfolio.

You may be able to borrow up to the lesser of your Credit Limit and Security Value. Your Security Value is a total across all of the Secured Portfolio. It is calculated by multiplying each investment's Market Value by its Lending Ratio (which may be zero) and adding the results. Other amounts may be deducted from the Security Value as a result of other features you may add to your Margin Loan. Refer to the relevant product guide for each additional feature for further information.

Example 3.3 A

Calculate the Security Value

	Share	Managed Fund	Total
Market Value	$28,000	$50,000	$78,000
Lending Ratio	75%	60%	
Security Value (Market Value x Lending Ratio)	$21,000	$30,000	$51,000

Determine your borrowing capacity

Your borrowing capacity is the lesser of your Credit Limit and Security Value.

	Credit Limit	Security Value	Borrowing Capacity
Security Value is lowest	$100,000	$51,000	$51,000
Credit Limit is lowest	$35,000	$51,000	$35,000

! You are responsible for ensuring that the Facility Balance does not exceed your borrowing capacity.

If at any time your Facility Balance is greater than your borrowing capacity then:

- the amount of the excess does not form part of the Credit Limit;
- the amount of the excess is immediately due and payable; and
- your Margin Loan will become subject to Gearing Adjustment. Refer to section 3.9 for information about Gearing Adjustment.

As a result, you must monitor your Facility Balance and the possible impact of any proposed transactions to ensure you don't exceed your borrowing capacity. The Lender will not be liable if the Facility Balance exceeds your borrowing capacity even if this occurs because the Lender continued to settle your transactions.

Example 3.3 B

Understanding the Gearing Ratio

In this example the weighted average Lending Ratio is 65 per cent ($51,000 Security Value divided by the $78,000 Market Value). Assume your Credit Limit is greater than $51,000 and you borrow $51,000 then your Gearing Ratio is also 65 per cent. If instead you only borrow $36,000 then your Gearing Ratio will be 46 per cent ($36,000 divided by $78,000) which is less than the weighted average Lending Ratio.

Example 3.3 C

Total available for investment

Assume you have $10,000 of your own money to invest. You decide to invest in a Managed Fund which currently has a Lending Ratio of 70 per cent. In this case, you may be able to invest a maximum of $33,000 ($10,000 divided by 30 per cent which is 100 per cent minus the 70 per cent Lending Ratio) in the Managed Fund. Your investment will comprise $10,000 of your own funds and $23,000 borrowed through your Margin Loan.

A change in any of the following factors can impact your borrowing capacity:

- your Credit Limit;
- the Lending Ratio (if any) assigned by the Lender to each part of the Secured Portfolio; and
- the Market Value of each part of the Secured Portfolio.

Example 3.3 D

Changes to borrowing capacity when Market Value decreases

This example follows on from example 3.3 A and shows a drop in Market Value of both the share and Managed Fund.

	Share	Managed Fund	Total
Market Value after prices fall	$26,040 (14,000 units at a price of $1.86)	$45,000 (10,000 units at a price of $4.50)	$71,040
Lending Ratio	75%	60%	
Security Value (Market Value x Lending Ratio)	$19,530	$27,000	$46,530

Your borrowing capacity decreases to $46,530 compared to $51,000 in example 3.3 A (assuming your Credit Limit is greater than $51,000).

3.4 Margin Calls

When do Margin Calls occur?

A Margin Call occurs whenever the Total Amount Owing exceeds the Security Value plus Buffer. The Buffer is the aggregate of the Market Value of each part of the Secured Portfolio multiplied by its buffer percentage (if any) assigned by the Lender. During a typical day, as Market Values change the Security Value moves up and down within a small range. The purpose of the Buffer is to allow for small intraday fluctuations in Security Value without triggering a Margin Call.

! The Buffer does not represent additional borrowing capacity.

When a Margin Call occurs, the Lender may record a Margin Call. A Margin Call is a demand from the Lender for you to reduce the Total Amount Owing. You may be able to resolve a Margin Call in other ways and this is explained below.

Typically, the Lender checks if the Total Amount Owing exceeds the Security Value plus Buffer after the close of business each day and makes any Margin Calls the following morning. However, the Lender can check for Margin Calls at any time and may make a Margin Call at any time. This means it is possible for you to have more than one Margin Call outstanding at any time.

A Margin Call can occur because either the:

- Security Value decreases
  Refer to section 3.3 in this Product Guide for information about calculating the Security Value. The Security Value changes as Market Values change and Market Values change constantly. The Security Value may also decrease if the Lender decreases a Lending Ratio applicable to any part of the Secured Portfolio;
- The Lender decreases or removes a buffer percentage applicable to any part of the Secured Portfolio; or
- Total Amount Owing increases
  The Total Amount Owing increases as you borrow money, including when interest or fees are capitalised to your Loan Account. The Total Amount Owing decreases when you repay borrowed money.

! A Margin Call can occur at any time, unexpectedly and can be the result of events outside your control including actions by the Lender.

Example 3.4 A

A Margin Call has not occurred

Assume the Total Amount Owing equals $50,000.

	Share	Managed Fund	Total
Market Value	$28,000	$50,000	$78,000
Lending Ratio	75%	60%	
Security Value (Market Value x Lending Ratio)	$21,000	$30,000	$51,000
Percentage buffer	10%	10%	
Buffer (Percentage buffer x Market Value)	$2,800	$5,000	$7,800

In this case, the Total Amount Owing ($50,000) is less than $58,800 (Security Value of $51,000 plus Buffer of $7,800) and a Margin Call has not occurred.

In the buffer

Assume the Total Amount Owing remains at $50,000 but the Market Value of both investments in the Secured Portfolio decrease by 10 per cent.

	Share	Managed Fund	Total
Market Value (A fall of 10%)	$25,000	$45,000	$70,200
Lending Ratio	75%	60%	
Security Value (Market Value x Lending Ratio)	$18,900	$27,500	$45,900
Percentage buffer	10%	10%	
Buffer (Percentage buffer x Market Value)	$2,520	$4,500	$7,020

In this case, the Total Amount Owing exceeds the Security Value by $4,100 ($50,000 minus $45,900) but this is less than the Buffer of $7,020. Your Margin Loan is "in the buffer" and a Margin Call has not yet occurred but may be imminent.

Example 3.4 A continued

Margin Call

Assume the Total Amount Owing is still $50,000 but the Market Value of both investments in the Secured Portfolio decreases by 20 per cent.

	Share	Managed Fund	Total
Market Value (A fall of 20%)	$22,400	$40,000	$62,400
Lending Ratio	75%	60%	
Security Value (Market Value x Lending Ratio)	$16,800	$24,000	$40,800
Percentage buffer	10%	10%	
Buffer (Percentage buffer x Market Value)	$2,240	$4,000	$6,240

In this case, the Total Amount Owing is greater than $47,040 (Security Value of $40,800 plus Buffer of $6,240). A Margin Call has occurred and the short fall amount is $9,200 (Total Amount Owing of $50,000 minus Security Value of $40,800).

How is a Margin Call made?

After recording the occurrence of a Margin Call, the Lender will take reasonable steps to notify the Borrower of the Margin Call. The steps that are considered reasonable will depend on what type of Borrower you are (a retail or wholesale individual Borrower, a company or a trustee).
If you are not a Retail Borrower then the notice of a Margin Call may be via a status flag on the Online Service for example. If you are a Retail Borrower the Lender will take reasonable steps to contact you directly in addition to updating the status flag on the Online Service. In most circumstances, the Lender will take reasonable steps to contact all Borrowers directly affected by a Margin Call.

As the Borrower, you can indicate a preference for receiving a Margin Call via email or a short text message (sms) alerting you to the Margin Call and where you can obtain the complete notice. The Lender may attempt to contact you in other ways if, for example the mobile phone network is disrupted at the time the Lender attempts to send you an sms.

If the Lender takes reasonable steps to send the notice to any of the points of contact nominated by you, then you are deemed to have received the Margin Call even if you don't read it. For example, your internet service provider doesn't deliver an email to your inbox in a timely manner. This delay does not change the time by which you are required to respond to the Margin Call. The Lender may, but is not required to attempt to contact your Nominated Financial Adviser, any alternate contact (for the purpose of finding you) or any Authorised Person. If you elect to receive an sms alert then you will need to take additional steps to obtain the complete Margin Call notice, usually by downloading it from the Online Service or by calling the Customer Service Team. The time needed to obtain the full message may delay your ability to respond to the Margin Call.

The notice of Margin Call will contain information for resolving the Margin Call including the short fall amount, the time by which you must resolve the Margin Call and the consequences if you do not resolve it. This means a Margin Call (and any sms alert) will contain personal information.

Example 3.4 B

Margin Call

Following on from example 3.4 A, assume the Lender checked for Margin Calls as at the close of business on Monday and determined that the Margin Loan was in short fall by $9,200. On Tuesday at 9am the Lender records the Margin Call and takes reasonable steps to notify you. The Margin Call notice requires you to pay $9,200 in cleared funds into your Loan Account by 9am Wednesday. The Margin Call notice may specify a later time. Refer below for more information about resolving a Margin Call.

Example 3.4 C

Multiple Margin Calls

Assume the market continues to decline and that on Tuesday afternoon the Lender determines that the total shortfall is $12,000. On Tuesday at 5pm the Lender records a second Margin Call and takes steps to contact you. The second Margin Call requires you to pay an additional $2,800 ($12,000 total shortfall minus $9,200 from the first Margin Call in example 3.4 B) in cleared funds into your Loan Account by 5pm Wednesday. In this case, you must resolve the first Margin Call in example 3.4 B by no later than 9am Wednesday and the second Margin Call by no later than 5pm Wednesday.

It is very important that you:

- Regularly monitor your Margin Loan. It may be appropriate for you to take action, or plan a response, if you believe a Margin Call appears likely to occur.
- Ensure that the contact details the Lender has for you and any alternate contact, Nominated Financial Adviser and Authorised Person remain current.
- Give the Lender points of contact for Margin Calls (email address or a mobile phone for an sms alert) that you regularly monitor. You should not nominate your Financial Adviser's contact details unless they agree to act as your Margin Call Agent.
- Seek financial advice before making any decision about how you will resolve a Margin Call.

When and how to resolve a Margin Call

If a Margin Call occurs you must act promptly. The Margin Call will include the time by which you must resolve the Margin Call. This will be no less than 24 hours after the Lender records the Margin Call. For example, if the Lender records the Margin Call at 10am on Monday then you will have until at least 10am on Tuesday to resolve the Margin Call.

To resolve a Margin Call you must pay the short fall amount specified in the Margin Call. The short fall is set by the Lender so that, after the Margin Call is resolved, the Total Amount Owing will be at a level acceptable to the Lender. Generally, this means paying an amount to reduce the Total Amount Owing to less than or equal to the Security Value calculated by the Lender at the time it records the Margin Call. The Lender may set a larger amount if for example it expects the Security Value to continue to decline in the short term or it is aware of unsettled transactions that are expected to increase the Total Amount Owing before the Margin Call is resolved.

It is possible for the Security Value to continue to decline after the Lender makes a Margin Call. This means that even though you pay the short fall amount specified in the Margin Call notice the Lender may determine that another Margin Call has occurred and record another Margin Call. This may happen at any time including before you have had an opportunity to resolve the first Margin Call.

The Lender may, but is not obliged to, accept other ways to resolve a Margin Call. For example:

- You or a Guarantor may be able to add investments to the Secured Portfolio. The amount you will need to contribute will depend on the Market Value and Lending Ratio for those investments.
- You or a Guarantor may be able to sell part of the Secured Portfolio and use the net sale proceeds to reduce the Total Amount Owing. The amount you will need to sell will depend on the Market Value and Lending Ratio of those investments.

You must transfer into your Loan Account the short fall amount specified in the Margin Call in cleared funds and by the time specified in the Margin Call. The Lender may accept other evidence of your actions to resolve a Margin Call, for example a contract note from your Broker to sell some of the Secured Portfolio. If you want to resolve the Margin Call by taking actions other than by paying cleared funds into your Loan Account then you or your Nominated Financial Adviser should contact the Customer Service Team to confirm that your intended actions and evidence of those actions will be acceptable to the Lender.

Before repaying borrowed money or selling any investments in the Secured Portfolio you should consider the impact on any Fixed Rate Loan and the Minimum Interest Balance (refer to section 3.5 in this Product Guide).

The following examples are based on example 3.4 A "Margin Call". The Total Amount Owing is $50,000, the Market Value is $62,400, the Security Value is currently $40,800 and the Buffer is $6,240. In this example, the Lender issues a Margin Call notice for the $9,200 short fall ($50,000 minus $40,800).

Example 3.4 D

Reduce the Total Amount Owing using other funds

You decide to transfer $9,200 from another bank account into your Loan Account and this reduces the Total Amount Owing to $40,800 which equals the current Security Value. To transfer money into your Loan Account you can contact the Customer Service Team or use the Online Service to arrange a direct debit from a Nominated Account. Alternatively, your financial institution may be able to transfer funds directly into your Loan Account.

Example 3.4 E

Add investments to the Secured Portfolio

This example assumes you hold investments outside your Margin Loan or have other funds with which to acquire the investments. In this example, a Margin Call has been recorded and not yet resolved. This means you have no borrowing capacity and can't buy investments through your Margin Loan.

You decide to transfer Acceptable Investments to your Margin Loan to become part of the Secured Portfolio. Assume the Acceptable Investments you transfer have a Lending Ratio of 70 per cent. In this case, you will need to add Acceptable Investments with a Market Value of at least $13,200 ($9,200 divided by 70 per cent). The aggregate Market Value of the Secured Portfolio increases to $75,600 and the Security Value increases to $50,020. This is higher than the Total Amount Owing and, if your actions are acceptable to the Lender, you have resolved the Margin Call. To arrange for an investment to become part of the Secured Portfolio you can contact the Customer Service Team.

Example 3.4 F

Sell part of the Secured Portfolio and apply the net sale proceeds to your Loan Account

Selling part of the Secured Portfolio will cause the Security Value and Buffer to fall. This means the amount you need to sell to resolve a Margin Call will depend on your circumstances, the investments you intend to sell and its Lending Ratio.

In this example you decide to sell $25,000 of the Managed Fund. This reduces the Market Value to $37,400, the Security Value to $28,800 and the Total Amount Owing to $25,000. The Total Amount Owing is less than the Security Value and, if your actions are accepted by the Lender, you have resolved the Margin Call. This example assumes no brokerage fee and does not take into account any other fees or taxes that may arise from selling part of the Secured Portfolio. Refer to section 3.6 for information about selling investments in the Secured Portfolio.

What happens if you don't resolve a Margin Call?

If you do not resolve a Margin Call by the required time and in a manner acceptable to the Lender then your Margin Loan automatically becomes subject to Gearing Adjustment. The Lender will take reasonable steps to notify you if your Margin Loan is subject to Gearing Adjustment. Refer to section 3.9 in this Product Guide for information about Gearing Adjustment.

If your Margin Loan becomes subject to Gearing Adjustment the Lender is entitled to sell some or all of the investments in the Secured Portfolio to ensure that the Total Amount Owing is reduced to a level that is acceptable to the Lender. Generally, the Lender will reduce the Total Amount Owing to an amount less than or equal to the prevailing Security Value which may be more than the shortfall amount in the Margin Call.

If your Margin Loan becomes subject to Gearing Adjustment, it is important to understand the following points:

- The Lender may sell some or all of the investments in the Secured Portfolio even though there are other outstanding Margin Calls at the time your Margin Loan became subject to Gearing Adjustment;
- If the Lender considers it prudent to protect its interests the Lender may sell more of the Secured Portfolio than required to reduce the Total Amount Owing by the short fall amount in any Margin Call. The Lender may continue to sell the Secured Portfolio until your Margin Loan is no longer subject to Gearing Adjustment;
- The Lender will decide which parts of the Secured Portfolio to sell that best protects its interest. The investments sold by the Lender may belong to you or a Guarantor; and/or
- Any decision, action, delayed action or inaction by the Lender may not have the same result as if you had resolved the Margin Call yourself and this may affect your financial objectives and strategies.

Other important points

- Although the Lender may take reasonable steps to notify the Borrower of a Margin Call the Lender will not confirm that the Borrower has in fact read or received the notice. You may not receive or read a Margin Call if, for example, you don't regularly monitor the point of contact you nominated as your preferred method for receiving Margin Calls, the point of contact is no longer active or your internet service provider fails to transmit the Margin Call to your email account in a timely manner. If the Lender has taken reasonable steps to notify you then you are obliged to resolve the Margin Call within the time specified;
- The Lender will not notify a Guarantor of a Margin Call and a Guarantor can't instruct the Lender to notify it of a Margin Call. A Guarantor may be able to monitor one of the points of contact nominated by the Borrower;
- The Buffer is used to determine whether a Margin Call has occurred. To resolve the Margin Call you must pay the short fall amount specified in the Margin Call. The Lender will usually set the short fall amount so that, after the Margin Call is resolved, the Total Amount Owing will be less than or equal to the Security Value calculated at the time and the Lender recorded the Margin Call. The Buffer is not taken into account when setting the short fall amount and doesn't represent additional borrowing capacity; and/or
- Other events, including a failure to resolve any Margin Call, can result in your Margin Loan becoming subject to Gearing Adjustment. These events can occur at any time including before you resolve any outstanding Margin Calls. These events may be the result of actions outside your control including actions by the Lender. Refer to section 3.9 in this Product Guide for information about Gearing Adjustment, Default and Termination.

3.5 Interest

A Variable Rate applies to your Facility Balance unless you arrange a Fixed Rate Loan under your Margin Loan. The Lender can change the Variable Rate applicable to your Margin Loan at any time.

The Variable Rate applicable to your Margin Loan will typically be related to and depend on the standard variable rate for the Leveraged Equities Margin Loan but may be a different rate. The Lender will set the standard variable rate after considering its costs and the risks associated with its overall business operations and capital requirements. The Lender's costs are affected by the general level of interest rates in financial markets which may or may not be related to the Reserve Bank of Australia's cash rate target. Interest rates in financial markets can change at any time.

The Lender will usually notify you of a change to the standard variable rate through the Online Service but it may notify you of a change to the standard variable rate in other ways.

A change to the Variable Rate applicable to your Margin Loan does not depend on you receiving or reading the notice of change. The Lender may charge a rate higher than its standard variable rate on any overdue money. The Lender does not pay credit interest or allow any off-set of interest on any excess funds held in your Loan Account.

Paying Interest

Interest on your Loan Account accrues daily and there are a number of payment options.

Interest Rate	Payment Option
Variable Rate	Payable in-arrears on the last calendar day of each month.
Fixed Rate	Payable in-advance at the start of each interest period. You may be able to pay up to 12 months of interest in-advance. Payable in-arrears on the last calendar day of each month.

The Lender may agree to other interest payment options.

You can pay interest by transferring money into your Loan Account or by authorising the Lender to debit a Nominated Account. You may be able to capitalise interest to your Margin Loan. Your election to capitalise interest will cease if and to the extent that capitalising the interest would cause the Facility Balance to exceed your borrowing capacity. Capitalising interest to your Loan Account means interest will be charged on the capitalised interest. It may also result in a Margin Call or increase the likelihood of a Margin Call.

Minimum interest charge

Unless you are using Instalment Plus, a minimum interest charge applies 30 days after your first drawing or borrowing request. This period is intended to give you sufficient time to select and arrange to acquire your investment portfolio. The Minimum Interest Balance is currently set at $20,000. If on any day your Facility Balance is less than the Minimum Interest Balance then a minimum interest charge will accrue for that day. This is calculated by applying the Variable Rate to that portion of your Facility Balance that is not subject to a Fixed Rate Loan.

Example 3.5 A

Calculating the minimum interest

	Loan	Interest Rate	Daily Accrued Interest
Variable portion of Facility Balance	$12,000	10% p.a. Variable Rate	$4.11 based on Minimum Interest Balance
Fixed Rate Loan	$5,000	9% p.a. Fixed Rate	$1.23
Total	$17,000		$5.34

In this example, your Facility Balance is less than the Minimum Interest Balance. The interest that will accrue to your Margin Loan will be $1.23 interest for the Fixed Rate Loan plus $4.11 for the variable portion. Interest for the variable portion is calculated on $15,000 (Minimum Interest Balance of $20,000 less $5,000 Fixed Rate Loan) multiplied by the Variable Rate of 10 per cent p.a. and then divided by 365 to give a daily amount.

Fixed Rate Loan

You may arrange for a Fixed Rate Loan. This means you fix the interest rate that will apply to some or all of your Facility Balance for an agreed period. The Lender will determine the fixed rate at the start of the fixed term and will not change the fixed rate during that fixed term. You don't earn credit interest on any excess funds held in your Loan Account. If you arrange a Fixed Rate Loan and don't use all the funds borrowed under the Fixed Rate Loan immediately, you will not earn credit interest or any offset to the fixed rate charged on the full Fixed Rate Loan. To earn credit interest you can place the excess funds in a Linked Investment Account which is part of the Secured Portfolio.

At the end of the fixed term you may request a new Fixed Rate Loan. In this case the Lender will determine a new fixed rate. If you do not arrange for a new Fixed Rate Loan then that portion of your Facility Balance becomes subject to the variable interest rate.

You may request a Fixed Rate Loan at any time. Each Fixed Rate Loan under your Margin Loan may be for a different fixed term and each Fixed Rate Loan will likely have a different fixed rate. This means that a variety of interest rates may apply to different portions of your Facility Balance at different times.

You may not repay or terminate a Fixed Rate Loan or change the agreed interest payment terms before the end of the fixed term unless the Lender agrees. Making a change is called "breaking" the Fixed Rate Loan and you will incur Break Costs.

A Fixed Rate Loan may impact your choices for resolving a Margin Call. For example, assume your entire Facility Balance is subject to a Fixed Rate Loan and you receive a Margin Call. If you want to resolve the Margin Call by paying the short fall amount then you will need to ask the Lender to break the Fixed Rate Loan. In this case, rather than breaking the Fixed Rate Loan you may be able to resolve the Margin Call by transferring funds into a Linked Investment Account which is part of the Secured Portfolio. Refer to section 3.4 in this Product Guide for other ways you may be able to resolve a Margin Call.

! If the Lender does agree to break a Fixed Rate Loan you will incur Break Costs. Refer to section 4.1 in this Product Guide for further information about Break Costs. If you have paid interest in advance the Lender may not refund any portion of the prepaid interest.

3.6 Operating your facility

Before initiating any transaction on your Margin Loan you should check that the transaction will not cause a Margin Call or your Facility Balance to exceed the lesser of your Credit Limit and your Security Value (in other words you should check that you have sufficient borrowing capacity).

Borrowing Money

To borrow money through your Margin Loan you must give a valid Borrowing Request to the Lender. A Borrowing Request will set out the amount of the loan, the date you wish to start the loan and payment instructions (for example to settle a buy order or investment in a managed fund). Other information may be required, for example if you wish to arrange a Fixed Rate Loan. A Borrowing Request will typically be part of an instruction to buy an investment or sent by you through the Online Service.

If the Lender receives a valid Borrowing Request before 2pm (Sydney time), the borrowed money is to be paid to a Nominated Account and you have sufficient borrowing capacity then you can usually borrow money on the same day.

Circumstances can arise where the Lender may not be able to process a Borrowing Request on the same day. For example;

- Your borrowing capacity changes due to fluctuations in the Market Value between the time you send a Borrowing Request and the Lender processes your instruction;
- The Lender receives an unusually large number of time critical instructions and requests from its clients; and/or
- The inter-bank payment system fails unexpectedly.

! You should submit a Borrowing Request at least one (1) Business Day before the day on which you would like to borrow money to minimise the inconvenience of any processing delays.

Buying, Selling or Transferring Investments

A Security Owner can instruct the Lender on a variety of transactions related to their part of the Secured Portfolio. The Lender will not act as the Security Owner's Broker. This section provides a summary of a few typical transactions. Procedures may change from time to time and depend on the nature of your Margin Loan and the type of transaction. Refer to the Online Service or contact the Customer Service Team for further information or to obtain the relevant forms.

Before selling any part of the Secured Portfolio you should always check that the investment is held in your name. For example, you may need to confirm that the investment hasn't been transferred to the Nominee (refer to section 3.10 in this Product Guide for further details).

Type of Investment	Action
Listed Securities	**Buying or Selling** You place an order with your Nominated Broker. You may not be able to cancel an order once placed. You must tell your Nominated Broker to settle the transaction through your Margin Loan and instruct them to contact the Lender. Your Nominated Broker may have arrangements that allow it to electronically send instructions to the Lender. Net proceeds from any sale will be paid into your Loan Account. After settlement of a buy transaction you may receive correspondence from the registry for the Securities. For example, the registry may confirm your transaction and ask you to provide dividend payment instructions. **Transfers** If there is sufficient borrowing capacity the Security Owner may ask the Lender to release its Security Interest over the Security Owner's listed Securities. If the Lender agrees then the listed Securities will no longer be part of the Secured Portfolio, the Security Value will decrease and the Lender will transfer the listed Securities to another HIN or Issuer Sponsored account (identified by a Security Reference Number (SRN)). This may increase the likelihood of a Margin Call if you don't also reduce your Facility Balance and it will affect your borrowing capacity. A Security Owner can ask the Lender to transfer its listed Securities into a HIN associated with your Margin Loan. All investments held though the Sponsor are part of the Secured Portfolio irrespective of whether they are Acceptable Investments or not.
Interest in a Managed Fund and other unlisted security	A Security Owner should read and carefully consider any disclosure document before making a decision to invest. If you decide to invest, complete and sign the relevant application for the investment. Send the completed application, along with a Borrowing Request, and the contribution (if any) you intend to make to the Lender. If the Borrowing Request is approved, the Lender will submit the application form to the issuer of the investment. You may not be able to cancel any application after it is received by the Lender. To redeem an investment you will need to complete a redemption form provided by the issuer of the investment and send it to the Lender. Net redemption proceeds will be paid into your Loan Account. **Transfers** If there is sufficient borrowing capacity under your Margin Loan the Security Owner may ask the Lender to release its Security Interest over the Security Owner's investment. If the Lender agrees the investment will no longer be part of the Secured Portfolio and the Security Value will decrease. This may increase the likelihood of a Margin Call if you don't also reduce your Facility Balance and will affect your borrowing capacity. A Security Owner can ask the Lender to add an investment to the Secured Portfolio.

Repaying

Unless certain events occur (refer to section 3.4 and 3.9 in this Product Guide for further information) there is no regular repayment schedule and no set date on which you must repay the Total Amount Owing. If you decide to repay some or all of the money borrowed then:

- You may repay by selling some or all of the investments in the Secured Portfolio and paying the net sale proceeds into your Loan Account; and/or
- You may repay by transferring money from other accounts into your Loan Account and retain ownership of the investments in the Secured Portfolio.

Before repaying any money borrowed you should consider the following points:

- You will incur a fee if you repay all of the Facility Balance within 4 months of the start of the first drawing or accepted borrowing request;
- You may need to consider the Minimum Interest Balance. Refer to section 3.5 in this Product Guide for further information;
- You may not be able to repay a Fixed Rate Loan until the end of the fixed term. Refer to section 3.5 in this Product Guide for more information about breaking a Fixed Rate Loan;
- If you pay more than the Facility Balance you will not earn interest on any excess money held in your Loan Account; and/or
- Repaying money does not mean that your obligations (or any Guarantor's obligations) under your Margin Loan are terminated. Refer to section 3.9 in this Product Guide for information about terminating your Margin Loan.

Receiving Distributions on Secured Portfolio

Dividends and cash distributions earned on the Secured Portfolio are paid to the Security Owner by the registry or investment issuer if the investments aren't held by the Nominee. If you wish to have dividends or cash distributions paid into your Loan Account you will need to give the registry or investment issuer the banking details for your Margin Loan. These banking details can be obtained from the Customer Service Team or via the Online Service. Where the Secured Portfolio is held under CHESS with the Sponsor (refer to section 3.10 Sponsorship and Nominee) the Security owner can give these instructions directly to the Sponsor to notify the registry. Investments obtained under a Dividend or Income Reinvestment Plan become part of the Secured Portfolio if the investment paying the distribution is part of the Secured Portfolio. You can elect to participate in these plans if they are offered by contacting the registry or investment issuer.

Credit Limit and Facility Reviews

When you apply you nominate the Credit Limit that will apply to your Margin Loan. Your Credit Limit impacts your borrowing capacity.

If your Facility Balance does exceed the lesser of your Security Value (plus Buffer) and your Credit Limit, the amount of the excess is immediately due and payable and your Margin Loan will become subject to Gearing Adjustment. Refer to section 3.9 in this Product Guide for information about Gearing Adjustment.

You may apply to increase your Credit Limit. All Borrowers and any Guarantors must agree to all requests to increase your Credit Limit. The Lender will conduct an assessment of your request to increase your Credit Limit. Refer to section 3.13 (Processing your application) in this Product Guide for information about how the Lender conducts this assessment. The Lender bases its assessment on information and documents provided by you at the time you apply for the increase or other information the Lender obtains or calculates. The Lender does not give personal financial advice and its assessment is separate to any financial advice you may receive from your financial adviser about the suitability of a Margin Loan. The Lender may decrease your Credit Limit at any time. If the Lender does change your Credit Limit, this is not an indication that a Margin Loan with that Credit Limit is or will be in fact suitable to meet your financial objectives.

The Lender may periodically conduct reviews of your Margin Loan including reviewing the financial characteristics of the Secured Portfolio. This review is for the benefit of the Lender only and the Lender does not give personal financial advice. To complete its review the Lender may require you to provide additional information or verify statements made by you. Unlike any financial advice you may receive from your financial adviser, the Lender may not take into account your individual circumstances and may only take into account its own security position, risks and interests. The Lender will not take into account your financial objectives, the suitability of a Margin Loan to your circumstances and financial objectives or the appropriateness of your financial and borrowing arrangements to your risk appetite. You should not consider the outcome of any review of your Margin Loan as financial advice on either your Margin Loan or any investment held through your Margin Loan.

Corporate Actions

Corporate actions are events such as takeovers, rights issues, bonus issues, company restructures, returns of capital, buy backs, the exercise of options, share purchase plans and partly paid call payments. In most circumstances, the Security Owner is the registered owner of its investments in the Secured Portfolio. This means that the issuer, fund manager or registry for an investment affected by a corporate action will contact the Security Owner directly.

If you would like the Lender to arrange payment on your behalf for any corporate action, you will need to send a Borrowing Request with the relevant corporate action form to the Lender. You will need to allow sufficient time for the Lender to receive and process your request and forward it to the registry. The Lender takes no responsibility for late receipt of any request by a registry.

The Lender may require the Security Owner to transfer an investment that is part of the Secured Portfolio and that is affected by a corporate action to the Nominee until the corporate action is complete. Generally, this will occur in the event of a takeover or a buy back to ensure that any proceeds are paid into your Loan Account. It is recommended that you contact your Financial Adviser for advice regarding any particular corporate action.

3.7 Guarantor and Security Owner

As a Borrower, it may be appropriate in your financial circumstances for another person to guarantee that you will meet your obligations under your Margin Loan. This person is called a Guarantor. There may be more than one Guarantor on a Margin Loan.

! Offering a Guarantee involves significant risks.

If a Borrower fails to meet any obligation under their Margin Loan the Lender may call on any Guarantor, in addition to or instead of the Borrower, to pay some or all of the amount the Borrower owes (or contingently owes) to the Lender (called the Guaranteed Money). For this reason, it is important that Guarantors read about the risks in section 5 in this Product Guide. In addition, Guarantors need to be aware of the following risks specific to offering a Guarantee:

- A Guarantor may not be able to limit their liability. Refer below for further information about the liability of a Guarantor;
- The Lender will act on instructions from a Borrower and any Authorised Person and is not required to notify the Guarantor about these instructions. For example, the Lender may act on an instruction to increase the amount borrowed and this may increase the liability of a Guarantor. This means you are reliant on the Borrower and any Authorised Person to act in a way that doesn't expose you to additional risk;
- The Lender is not required to notify the Guarantor of events on the Margin Loan for example a Margin Call;
- If the Borrower fails to meet their obligations, the Lender may deal with any investments that are part of the Secured Portfolio and that are owned by the Guarantor without notifying or seeking approval of a Guarantor; and/or
- A Guarantor's obligations continue until all the Borrower's obligations are repaid in full, the Lender releases its Security Interest over the Secured Portfolio and the Margin Loan is closed.

It is very important for all Guarantors to:

- Read this Product Guide, the Agreement, the Margin Loan PDS and the Application Form, completely and carefully;
- Make their own enquiries into the Borrower's ability to meet their obligations under the Margin Loan, their honesty, their intention to act in a way that won't disadvantage a Guarantor and their financial position and history;
- Continue to monitor the Margin Loan and the Borrower's activities particularly if the relationship between the Borrower and the Guarantor is expected to change; and
- Seek independent advice including financial, legal and taxation advice.

! The Lender will act on instructions from a Borrower or an Authorised Person, or may deal with any investments mortgaged by a Guarantor to the Lender without notifying or seeking approval of a Guarantor.

There are 3 types of Guarantors:

- Guarantors who at any time mortgage investments to the Lender as part of the Secured Portfolio. These Guarantors are called Security Owners. For example, a Borrower's spouse may be the registered owner of the investments mortgaged to the Lender. In this example, the Borrower's spouse is a Security Owner Guarantor;
- Guarantors who are directors of a company Borrower (including a company trustee). Directors may or may not mortgage investments to the Lender as part of the Secured Portfolio; or
- Guarantors who do not contribute investments to the Secured Portfolio. For example, the Borrower may be a young adult and their parents are Guarantors under the Margin Loan but are not Security Owners.

Security Owner Guarantors (excluding guarantors who are directors of a company Borrower including a company trustee)

Guarantors who at any time mortgage investments to the Lender as part of the Secured Portfolio are called Security Owners. This means the Secured Portfolio may be made up of investments owned by a Borrower and a Guarantor and both the Borrower and the Guarantor are Security Owners.

If the Borrower fails to meet any obligation under their Margin Loan the Lender may sell, or otherwise deal with any part of the Secured Portfolio including the investments owned by a Guarantor. This may be in addition to or instead of selling or dealing with any investments in the Secured Portfolio that are owned by the Borrower.
A Security Owner cannot have their part of the Secured Portfolio transferred or released unless the Lender agrees. The Lender may only agree to transfer or release a Security Owner's investments if the Borrower mortgages other investments to the Lender or reduces the Total Amount Owing to an amount acceptable to the Lender.

! If the Lender agrees in writing, the liability of a Guarantor who is a Security Owner (except directors of a company Borrower including a company trustee) may be limited to the Market Value of their part of the Secured Portfolio. Market Values change which means the liability of a Security Owner Guarantor changes. Otherwise, the liability of Security Owner Guarantors is similar to the liability of other types of Guarantors, as to which, please see 'Directors of a company Borrower' and 'Guarantors who are not Security Owners' below.

A Security Owner's limitation of liability may be lost if they give any incorrect statements to the Lender in their application to become a Guarantor, and the Lender has relied on the accuracy of these statements in deciding to limit their liability.

Directors of a company Borrower (including a company trustee)

In all but exceptional circumstances the Lender will require all directors (or the sole director if there is only one) of a company Borrower to become Guarantors. If the Lender agrees that a director doesn't need to be a Guarantor the Lender will usually reduce the Lending Ratios applicable to the investments in the Secured Portfolio.

Directors who are Guarantors typically don't mortgage investments to the Lender as part of the Secured Portfolio but they may. If a director does own any part of the Secured

Portfolio then they are a Security Owner. If the Borrower fails to meet any obligation under their Margin Loan the Lender may sell, or otherwise deal with any part of the Secured Portfolio including investments owned by a Guarantor. This may be in addition to or instead of selling or dealing with investments in the Secured Portfolio that are owned by the Borrower.

! **The liability of directors who are Guarantors is limited only by the total amount owed or contingently owed by the Borrower (the Guaranteed Money). This is the case even if the director is a Security Owner. The amount the Borrower owes can change which means the liability of a director Guarantor changes.**

Guarantors who are not Security Owners

These Guarantors do not contribute investments to the Secured Portfolio.

! **The liability of Guarantors who are not Security Owners is limited only by the total amount owed or contingently owed by the Borrower (the Guaranteed Money). The amount the Borrower owes can change which means the liability of a Guarantor changes.**

3.8 Other people attached to your facility

You can give other people various authorities in relation to your Margin Loan and the Secured Portfolio. You can change any authority by completing a relevant form and returning it to the Lender.

Authority	Explanation	Who you can nominate
View Access	The person is authorised to view all information about your Margin Loan and the Secured Portfolio. They may be able to do this via the Online Service or by requesting information (given verbally, in writing or electronically) from the Lender. Important Note: The information in this section (*View Access*) is historical and only applies if you have already selected this type of authority.	• Nominated Financial Adviser (Your Nominated Financial Adviser, including employees and the Australian Financial Services (AFS) Licence holder the adviser represents, is given view access unless you instruct the Lender otherwise) • Nominated Broker • Guarantor • A person related to or connected with the Borrower (For example, a spouse or an officer of a company Borrower)
Alternate Contact	The Lender may, but is not obliged to contact this person for the purpose of finding you particularly when the matter is urgent. You can authorise the Lender to give personal information to this person possibly making it easier for them to give you a message. Alternatively, you can instruct the Lender not to give personal information beyond your name. Important Note: The information in this section (*Alternate Contact*) is historical and only applies if you have already selected this type of authority.	• Any person excluding your Nominated Financial Adviser. For example, a personal assistant at work.
Authorised Person	This person can give to the Lender, Nominee or Sponsor almost all the same instructions (whether verbally, in writing or electronically) that a Borrower is able to give. This person will also have “view access” as outlined above. For example, this person can instruct the Lender to sell some or all of the investments in the Secured Portfolio, can make Borrowing Requests and can transfer money between the Loan Account and a Nominated Account. The Lender is not required to notify a Borrower or Guarantor of any instructions it receives from an Authorised Person. The Lender may not accept all instructions, for example if the Lender requires the Borrower’s signature, an instruction to add or change a Nominated Account or an instruction to change the contact point for receiving a Margin Call. Refer to Clauses 69.1 to 69.3 (Authorised Persons) of the Agreement for information about Authorised Persons.	• Nominated Financial Adviser • Guarantor • A person related to or connected with the Borrower (For example, a spouse or an officer of the company Borrower) • Any other person nominated by the Borrower and agreed to by the Lender.

Authority	Explanation	Who you can nominate
Margin Call Agent	This person is authorised by the Borrower to receive a Margin Call on their behalf. It is the responsibility of the Margin Call Agent to notify you of a Margin Call.	• Nominated Financial Adviser (The Nominated Financial Adviser and their AFS Licensee must agree to act as your Margin Call Agent)

3.9 Gearing Adjustment, Default and Termination

Gearing Adjustment

Your Margin Loan may become subject to Gearing Adjustment for any of the following reasons.

Event	Outcome
Failure to resolve a Margin Call	Your Margin Loan automatically becomes subject to Gearing Adjustment at the time and date specified or described in the notice of the Margin Call you failed to resolve. This may occur even if there are other Margin Calls outstanding at that time. If you fail to comply with a notice and as a consequence, your facility automatically becomes subject to Gearing Adjustment, the Lender will not send you another notice to tell you that your Margin Loan is now subject to Gearing Adjustment.
Market Disruption	The Lender will notify you if your Margin Loan is subject to Gearing Adjustment due to Market Disruption. The Notice will set out or describe the date and time when your facility will automatically become subject to Gearing Adjustment if you do not make the required payment. The date and time will depend on the nature of the Market Disruptions and can be as short as a few hours or even immediately. If you fail to comply with a notice and as a consequence, your facility automatically becomes subject to Gearing Adjustment, the Lender will not send you another notice to tell you that your Margin Loan is now subject to Gearing Adjustment.
Your Facility Balance exceeds or is likely to exceed the lesser of your Credit Limit or Security Value + Buffer Value.	Any amount in excess of the lesser of your Credit Limit or Security Value plus Buffer is immediately due and payable. Your Margin Loan will automatically become subject to Gearing Adjustment if you fail to pay the excess amount by the time and date set out or described in the notice. If you fail to comply with a notice and as a consequence, your facility automatically becomes subject to Gearing Adjustment, the Lender will not send you another notice to tell you that your Margin Loan is now subject to Gearing Adjustment.

A Market Disruption occurs when, in the reasonable opinion of the Lender, market events adversely impact the Lender's ability to manage its risks, operate its business or a feature of a Margin Loan and these events are expected to persist. The following are examples of Market Disruptions:

- A significant fall (relative to their usual percentage movement) in the All Ordinaries Index, similar market index or price of a particular investment in any 24 hour period. For instance, a fall of 10% would clearly be significant;
- An Acceptable Investment or class of investments are withdrawn from trading or becomes illiquid; or
- The volatility of the All Ordinaries Index, similar market index or particular investment remains more than 2 standard deviations above its historical average for more than 1 day.

The Lender may publish other factors it considers when determining if a Market Disruption has occurred.

! The Lender will only consider factors that are relevant to its interests. You remain responsible for your investment choices and should make your own assessment about the impact of any extraordinary market events on you.

While your Margin Loan is subject to Gearing Adjustment;

- The Lender may enforce any of the mortgages and sell some or all of the investments in the Secured Portfolio whether the investments are owned by the Borrower or any Guarantor;
- If it considers it prudent to protect its interest, the Lender may sell more of the Secured Portfolio than the minimum required to meet the obligations arising from the event that triggered the Gearing Adjustment (for example the short fall amount on a Margin Call you failed to resolve);
- The Lender may take these actions at various times until your Margin Loan is no longer subject to Gearing Adjustment. Your Margin Loan continues to be subject to Gearing Adjustment until the Lender is satisfied that the event or condition that caused your Margin Loan to become subject to Gearing Adjustment no longer exists or has been resolved;
- The Lender may take these actions even if there are outstanding Margin Calls or other Notices that you intend to resolve in the manner specified in the Margin Call or Notice; and/or

- The Lender will follow its internal guidelines to determine which investments in the Secured Portfolio to sell. The investments in the Secured Portfolio sold by the Lender may belong to you or any Guarantor.

The Lender will determine when your Margin Loan is no longer subject to Gearing Adjustment. If your Margin Loan is subject to Gearing Adjustment for more than 30 days', the Lender may declare that a Default has occurred (if a Default has not already occurred).

Default

Events giving rise to a Default include events that may be outside your control and may arise because of actions by the Lender or any entity that holds the Secured Portfolio on your behalf (for example if a wrap, platform or custodian fails to register and maintain the Lender's Security Interest).

Clause 46 of the Agreement sets out the Defaults and Clause 47 of the Agreement sets out the actions the Lender may take if a Default occurs.

Generally, if a Default occurs the Lender may:

- declare that some or all of the Total Amount Owing is due for immediate payment;
- enforce any of the mortgages and sell some or all of the Secured Portfolio whether the investments are owned by the Borrower or a Guarantor; or
- terminate your Margin Loan.

Termination

Termination of your Margin Loan may occur in one of three ways:

- You give the Lender at least 30 days' notice of your intention to terminate your Margin Loan. You will incur a fee if you terminate your Margin Loan within 4 months of the start of the first drawing or accepted borrowing request. Companies and trustees may incur additional termination fees. The Total Amount Owing is payable at the end of the notice period;
- The Lender gives you notice of its intention to terminate your Margin Loan. Provided no Default has occurred the Lender must give you at least 60 days' notice of its intention to terminate (although if the Loan Balance is nil or in credit, the Lender may terminate the facility immediately on giving you notice). The Total Amount Owing is payable at the end of the notice period; or
- The Lender declares that a Default has occurred and is terminating your Margin Loan (the Lender may take other action as a result of a Default). In this case the Total Amount Owing is payable immediately.

If your Margin Loan is terminated, after the Total Amount Owing is repaid and all other obligations are met, the Lender will release its Security Interest over the Secured Portfolio and close your Loan Account. The Lender will instruct the Sponsor to close any HIN associated with the Margin Loan. This means that you may need to transfer Securities held in the HIN to another account.

3.10 Sponsorship and Nominee

What is CHESS?

CHESS (Clearing House Electronic Subregister System) is a computer system which electronically transfers title between the buyers and sellers of Securities listed on the Australian Securities Exchange (ASX). It is a paperless system where security ownership is recorded on an account in CHESS, rather than through the use of physical certificates. CHESS also enables the electronic settlement of transactions between CHESS participants (usually Brokers and institutional investors). CHESS is operated by the ASX Settlement Pty Limited (formerly ASX Settlement and Transfer Corporation Pty Ltd), a wholly owned subsidiary of the ASX.

All CHESS participants must abide by published rules known as the ASX Settlement Operating Rules. Under these rules the Sponsor must give you an explanation of the main points of the Sponsorship Agreement under your Margin Loan. By signing the Application Form, you acknowledge that you have read and understood the explanation in this section.

Sponsor

Sponsors are required because it is impractical for individual investors to have direct electronic access to CHESS. When your Margin Loan is established each Borrower, joint Borrower and Guarantor enters into a Sponsorship Agreement with the Sponsor. The terms of the Sponsorship Agreement are set out in Section 5 (clauses 35 to 45) of the Agreement. The Sponsorship Agreement contains provisions that protect the Lender as mortgagee of all your CHESS settled Securities held with the Sponsor. In particular, it stipulates that the Sponsor will only act in accordance with instructions received from the Lender. Otherwise, the Sponsorship Agreement contains standard provisions required by the ASX Settlement Operating Rules.

Under the Sponsorship Agreement each Borrower, joint Borrower and Guarantor agree to appoint Pirie Street Custodian Ltd (or such other person the Lender may nominate from time to time) to be the Sponsor. You only appoint the Sponsor to sponsor CHESS settled Securities that are mortgaged to the Lender under your Margin Loan. All Securities held through the Sponsor are part of the Secured Portfolio including Securities that may not be Acceptable Investments. You may have another sponsor for CHESS settled Securities.

The Sponsor is a General Settlement Participant, and will provide transfer and settlement services on your behalf in relation to CHESS settled Securities that are part of the Secured Portfolio. The Sponsor will open an account in your name and CHESS will allocate you a Holder Identification Number (HIN) for the Securities lodged with the Sponsor. The HIN identifies you as the Security Owner and is similar to an account number for a bank account. The HIN will be shown on your CHESS holding statements mailed to you from time to time by ASX Settlement.

Nominee

When your Margin Loan is established each Borrower, joint Borrower and Guarantor enters into a Nominee Agreement with the Nominee. The terms of the Nominee Agreement are set out in Section 4 (clauses 33 and 34) of the Agreement. The Nominee will only act on instructions that are consistent with the Lender's requirements and your obligations under the Margin Loan. Each Borrower, joint Borrower and Guarantor agrees that, if required by the Lender, they will transfer some or all of the investments held as part of the Secured Portfolio to the Nominee. This arrangement helps the Lender to administer your Margin Loan. Generally, the Lender will only ask the Security Owner to do this if an investment becomes the subject of a Corporate Action such as a takeover or the registry is unable to satisfactorily register the Lender's Security Interest over the investment. All investment held by the Nominee are part of the Secured Portfolio. Refer to Section 4 (clauses 33 and 34) of the Agreement for information about the obligations of the Security Owner and what the Nominee may do when it holds property on behalf of the Security Owner.

! **The Nominee holds the Secured Portfolio on behalf of the Security Owner and the Security Owner remains the beneficial owner. At no time does the Lender, Nominee or Sponsor lend any part of the Secured Portfolio to any other party.**

The Margin Loan remains a standard margin lending facility as defined in the Corporations Act despite any transfer of the Secured Portfolio to the Nominee. This is because the credit provided by the Lender to the Borrower under the terms of the Agreement is not provided as consideration or security for the transfer of any part of the Secured Portfolio.

3.11 Taxation

This section contains general information about some of the taxation factors that should be considered by a typical Borrower. You should not rely solely on the information contained in this section and it may not be your only obligation under Australian taxation laws. It is recommended that you seek professional advice including tax advice. Taxation law and practice may change and changes can impact your Margin Loan. This section is based on Australian income tax and GST laws applicable as at the date of this Product Guide.

In this section, a typical Borrower is an individual, an Australian resident for tax purposes and does not carry on the business of trading or dealing in securities. A Margin Loan may be suitable for other types of Borrowers but may result in a different tax outcome. Each Borrower has unique financial circumstances and hence obligations under Australian tax laws.

Factors to Consider	Action
Tax deduction for borrowing costs	Provided you are a typical Borrower and use money borrowed through your Margin Loan to acquire investments with the expectation of realising a long term return then you may be entitled to a deduction for your borrowing costs, generally interest paid. Whether you will in fact be entitled to such a deduction will depend on your personal circumstances and you should seek your own professional advice on this matter. If your borrowing costs are in fact deductible, you should generally be entitled to a deduction in the year in which the interest is paid where such interest is paid in arrears. If you pay interest in advance (for a period not exceeding 12 months) you should also be entitled to a deduction when the amounts are paid. The Lender and any other party named in this Product Guide do not guarantee that your borrowing costs will in fact be deductible by you.
Tax File Number	Collection of tax file numbers (TFNs) is authorised, and its use and disclosure are strictly regulated by the tax laws and Privacy Act. Quotation is not compulsory but tax may be taken out of certain payments made to you at the highest marginal rate of taxation plus Medicare levy if you do not quote your TFN or claim an exemption.
Stamp Duty and GST	You may be liable for GST and stamp duty in respect of any transaction on your Margin Loan or the Secured Portfolio. To the extent that GST or stamp duty is imposed on any payment made to or from the Lender, Nominee or Sponsor, they have the right to be compensated by you for that GST or stamp duty.

3.12 Keeping you informed

Reports about your Margin Loan may list the Secured Portfolio, Market Values, Lending Ratios and Security Value. This information will be updated as at the date of the report or when you log onto the Online Service. Prices that affect reported Market Values may be updated at regular intervals but are not continuously updated.

It is important to understand that any reported price or Market Value may not represent a price at which you can sell or buy any investment and you should not rely solely on this information to make investment decisions. Market Values used by the Lender to determine if a Margin Call has arisen may be different to those reported through the Online Service. Prices that affect reported Market Values are obtained by the Lender from various sources. You should contact your Financial Adviser, Broker or the relevant product issuer to get up-to-date price and redemption values before making any decision regarding your investments.

Statement

You will receive a statement for record keeping purposes. You can nominate the frequency of your statement and it will be made available to you via the Online Service.

A statement will show a summary including (information as at the date of the statement):

- Facility Balance;
- Transactions on your Loan Account. Transactions include interest and fees, purchase and sale of investments, loans and repayments;
- Borrowing capacity;
- Gearing Ratio for your Margin Loan;
- Details of the Secured Portfolio;
- Lending Ratio applicable to each investment in the Secured Portfolio;
- Buffer (refer to section 3.4 in this Product Guide for details about how the Buffer is calculated);
- Variable Rate and any Fixed Rates; and
- Credit Limit.

Online Service

You may view information about your Margin Loan, obtain your statement, review some notices given by the Lender, and give some instructions to the Lender through the Online Service. You are obliged to regularly monitor your Margin Loan through the Online Service. Unless you elect to restrict the access of your Nominated Financial Adviser or Nominated Broker they will be able to view information about your Margin Loan through the Online Service. You will receive more information about this service if your Margin Loan is approved.

Alerts

The Lender may be able to give additional alerts that can help you manage your Margin Loan.

These include alerts before your Margin Loan is subject to a Margin Call and if the Gearing Ratio exceeds your preferred target.

It is important to understand that these alerts are an additional service provided to you or your Nominated Financial Advisor and not Notices the Lender may be required to give to you. The Lender provides these additional alerts on a best efforts basis and you should always monitor your Margin Loan.

3.13 Opening and Maintaining a Margin Loan Facility

Applying

You and any Guarantor must read the Margin Loan PDS, this Product Guide, the Agreement and the Application Form and obtain appropriate advice.

The Lender may accept the following types of Borrowers:

- An individual or two individuals (called joint Borrowers) who are at least 18 years old;
- A company; or
- A trustee on behalf of a trust (except as trustee of a self managed superannuation fund).

The Lender will only accept Guarantors who are at least 18 years old. The Lender may accept a Guarantor that is a company or a trustee on behalf of a trust (except as trustee of a self managed superannuation fund). Company and trust Guarantors must meet certain criteria before they will be accepted. The criteria will depend on the nature of the company and trust and you should call the Customer Service Team for further information.

You should refer to the checklist when completing the Application Form. Return the completed and signed Application Form, along with the required supporting documentation and identification as outlined in the Application Form, to your Nominated Financial Adviser or directly to the Lender.

Onboarding Team

Post GPO Box 5388
Sydney NSW 2001

You may also need to complete an application for an account with your Nominated Broker or an application for any Master Trust or Wrap you intend to nominate. If you require any information in relation to applying for a Margin Loan you can contact the Customer Service Team.

Processing your application

The Lender will conduct an assessment before it may agree to accept your application for a Margin Loan or a request to increase an existing Credit Limit. Based on information provided by you and obtained or calculated by the Lender, the Lender will assess whether a Margin Loan, with the requested Credit Limit, is unsuitable for you having regard to the requirements in the Corporations Act and its own internal policy. The factors the Lender may consider include:

- The type of Borrower (retail or wholesale individual, company or trustee);
- Your ability to meet your obligations under the Margin Loan given the Credit Limit you are requesting;
- Your ability to understand the risks of using a Margin Loan;

- The characteristics of the Secured Portfolio you propose to hold and any liquid assets you currently hold. The Lender may use this information to determine your ability to meet a hypothetical Margin Call without substantial hardship given the Credit Limit you are requesting;
- The characteristics of your household balance sheet, for example your overall level of liabilities relative to your assets;
- Whether you are borrowing to fund your contribution to the Margin Loan and whether you are borrowing against a primary residential property; and
- Whether you are readily contactable, will monitor your Margin Loan or have appointed an Authorised Person or Margin Call Agent to act on your behalf.

The Lender may consider different factors for different types of Borrowers and depending on the Credit Limit being requested. The Lender may consider other factors than those listed above and may not consider all of the factors listed above.

To complete its assessment the Lender may require you to provide information and documentation in addition to those indicated in the Application Form. If, for any reason, it takes more than 90 days from the date of your Application Form (or the date of any Statement of Advice provided as part of your application, whichever is the earlier) to open a Margin Loan then the Lender may require you to resubmit part of your application including the supporting documentation.

If your application is not accepted:

- The Lender is not obliged to give you information about its assessment or whether applying for a lower Credit Limit may be acceptable to the Lender.

If your application is accepted:

- The Lender will open a Margin Loan in the name of the Borrower in the Application Form and will notify you of the approval. The Sponsor will establish a HIN in the name of each Security Owner or transfer an existing HIN if you are lodging an existing portfolio of Securities;
- The Credit Limit you have requested is not an indication that a Margin Loan will in fact be suitable for you in your specific circumstances or for your specific financial objectives;
- The Lender will not periodically conduct this assessment (other than when you request an increase to your Credit Limit) and will not check that you are operating your Margin Loan in a manner that is consistent with the information you provided in your application and on which it based its assessment; and
- You may request a copy of the Lender's assessment.

You may not be able to transact on your Margin Loan until the Lender, you and/or your Nominated Financial Adviser have completed further actions. For example:

- If another lender has lodged a security interest over your investments, the Lender may need to request a release of that security interest;
- The Lender contacts the Borrower to confirm their understanding about the general risks and how to operate the Margin Loan; and
- The Lender verifies the identity of all Borrowers and Guarantors.

Maintaining your Margin Loan Facility

Requests that you can make to maintain your Margin Loan include:

- Changing your personal details;
- Changing your Nominated Financial Adviser or Nominated Broker;
- Changing the point of contact for a Margin Call;
- Changing the authority of other people attached to your Margin Loan;
- Transaction requests;
- Changing Nominated Account details;
- Redemptions; and/or
- Requesting a change to your Credit Limit.

The relevant forms can be obtained via the Online Service or by contacting the Customer Service Team.

3.14 Instalment Plus

Instalment Plus is a feature that may suit investors who want a regular savings and investment plan to progressively build an investment portfolio. You nominate an initial contribution, initial investment and the Acceptable Investments that you intend to invest in. Not all Acceptable Investments are available for Instalment Plus. You also nominate a monthly contribution and monthly investment. The difference between each investment amount and your contribution is the amount you will borrow through your Margin Loan.

You transfer the initial contribution into your Loan Account and each month you transfer the monthly contribution into your Loan Account. The initial investment and each monthly investment are then used to acquire the Acceptable Investments which become the Secured Portfolio through your Margin Loan.

The minimum initial investment for Instalment Plus is $3,000 with a minimum initial contribution of $1,000. The ongoing minimum monthly investment is $500 with a minimum monthly contribution of $250. You will need to check any minimum investment with the issuer of any Security that you intend to invest in. The amount you are able to borrow will depend on the Lending Ratio assigned to your selected investments. Refer to section 3.3 in this Product Guide for an example of how to calculate the amount you may be able to borrow.

Example 3.14 A

You nominate an initial contribution of $1,000 and an initial investment of $3,000. This means your initial loan will be $2,000. You choose to invest equally in 3 different managed funds each with a Lending Ratio of 70 per cent. At the end of the first month you will have $1,000 invested in each managed fund. Each month you decide to contribute $250 and invest $600.

This means you increase the amount borrowed by $350 each month. After the first month your Facility Balance will be $2,350 (initial loan of $2,000 plus monthly loan of $350) assuming no interest, costs or other charges are capitalised to your Loan Account. After the first month you will have invested a total of $3,600 which is $1,200 in each of the 3 nominated managed funds.

While Instalment Plus continues to operate on your Margin Loan you will not be subject to the Minimum Interest Balance as described in section 3.5 in this Product Guide. You can cancel the Instalment Plus feature at any time by writing to the Lender.

3.15 Rewards Plus

Rewards Plus allows one Member of the Qantas Frequent Flyer Program to earn Points based on your Facility Balance. The Member of the Qantas Frequent Flyer Program must be a Borrower, Guarantor or Nominated Financial Adviser under your Margin Loan. If the Lender accepts your request to participate in Rewards Plus the Lender may increase the variable interest rate applicable to your Margin Loan.

Points that the Member may earn depends on your daily Facility Balance and are usually awarded in the month following the period for which you have paid interest.

The awarding and redeeming of Points is subject to rules of the Qantas Frequent Flyer Program. Qantas may charge a fee to join or operate their program. The Lender may cease to offer Rewards Plus or may change the features of Rewards Plus at any time.

Go to www.leveraged.com.au/rewards-plus-qantas for the current schedule of Points the Member may earn on a Facility Balance and any fees associated with Rewards Plus or contact the Customer Service Team.

Fee Schedule

Small differences in fees and costs can impact your long term returns. Whether you incur a fee depends on the type of Borrower you are and the nature of the transaction you want to make.

Information provided here is correct as at the date shown on the front of this Product Guide.
Go to www.leveraged.com.au/ords/fees for the current Fee Schedule.

Establishment Fee

Pay by direct debit from your Nominated Account.

If you do not pay any applicable establishment fee you will not be able to operate your Margin Loan. Establishment fees are not refundable if you don't proceed with your application.

Type	Fee
Individual Borrower	Nil
Company Borrower or Guarantor Establishment Fee Release another Security Interest	 $150.00 $69.00
Trust Borrower or Guarantor The Lender's fee to vet the trust deed. Applicable if a solicitor's trust opinion is not provided. Refer to the Application Form for details.	$250.00

Additional Product Features Fees

Paid by direct debit from your Nominated Account.

Feature	Fee
Exchange Options Plus	Nil
Instalment Plus	Nil
Rewards Plus	Nil
Short Plus	
Security Borrow Request	$25 (unless specified otherwise in the Authorisation)
Settlement	$50

Transaction Fees

Paid by direct debit to the Loan Account.

Type	Fee
Credit funds to the Loan Account	Nil
Pay funds from the Loan Account Standard direct credit Same day TT/RTGS	 Nil $26.00
Dishonour Fees Applicable if a funds transfer fails, for example if there are insufficient funds in an account. Transfer from Loan Account Direct debit from a Nominated Account	 $9.00 $35.00
Issuer Sponsored Search	$16.50
Retrieval of information Applicable when your Nominated Adviser requests the Lender to retrieve, collate, sort and/or provide archived or historical information.	$50.00
Break Costs Applicable if you break a Fixed Rate Loan.	Refer to the next page
Company/Executive Company Options Arrange payment to exercise Loan repaid within 4 months	 $250.00 $200.00 or 1% of exercise application, whichever is greater
Off Market Transfer Fee Applicable when a transfer of Security resulting in a Change of Beneficial Ownership to Issuer Status or another Controlling Participant	$25 per security
Late Settlement of Buy Contract Note Applicable when a buy contract note does not settle on the due date as specified on the contract note.	$30 per contract note
Late Settlement of Sell Contract Note Applicable when a sell contract note does not settle on the due date as specified on the contract note.	$30 per contract note

Facility Closing Fees

Paid by direct debit from your Nominated Account.

Type	Fee
Early Repayment Applicable if you repay the total Facility Balance in full within 4 months of the start of your first drawing or accepted borrowing request.	$200.00
Release Fee Applicable to Company Security Owners only.	$69.00

4.1 Additional Explanation of Fees and Costs

Break Costs

You will incur Break Costs if you break a Fixed Rate Loan. Breaking a Fixed Rate Loan includes terminating the Fixed Rate Loan or changing the agreed interest payment arrangements before the end of the relevant fixed term.

Typically, if the Lender agrees to break a Fixed Rate Loan it must unwind transactions in the wholesale financial markets. This may result in the Lender incurring costs which it passes on to you in the form of Break Costs. Break Costs also include other operating and processing costs of the Lender. The Lender will notify you of the Break Costs when you ask to break any Fixed Rate Loan.

! **Break Costs can be substantial and depend on market factors such as interest rates as at the date you break the Fixed Rate Loan.**

For this reasons it is not possible to exactly state Break Costs in the Fee Schedule. The minimum Break Cost is $250. Other things being equal, the higher the fixed rate is above prevailing interest rates the higher Break Costs are likely to be. Also the longer the time until the end of the fixed rate term the higher Break Costs are likely to be.

Commissions and Administration Fees

The Lender may pay commissions to people who refer you to the Leveraged Equities Margin Loan including Financial Advisers, Brokers and the firm which the Financial Adviser or Broker represents. The Lender may pay administration fees to a platform operator, fund manager or master trust operator that administer the investments used to secure your Margin Loan. Any commission and administration fees are usually based on your daily Facility Balance but may also be based on the overall volume of business a particular firm or adviser gives to the Lender. For example, if you borrow $100,000 through your Margin Loan, the Lender may pay your Financial Adviser $350 each year (0.35 per cent p.a. of $100,000). These fees are illustrative only and may not indicate actual commissions and payments.

The Lender will not however provide benefits, commissions or administrative fees to Financial Advisers, Brokers or other AFS licensees or representatives, if prohibited by law.

If you do not use a Financial Adviser, you will not receive a payment or discount equal to any commissions that may have been paid by the Lender. Any commissions paid by the Lender are paid out of income the Lender receives. Contact the person or entity that referred you to the Leveraged Equities Margin Loan for further information about the commissions they may receive.

Taxes (including GST) and Duty

All amounts referred to in this Product Guide are GST inclusive unless otherwise stated. To the extent that GST is imposed on any payment made to or from the Lender, Sponsor or Nominee, they have the right to be compensated by you for that GST. To the extent that any tax or duty is imposed on the Lender, Nominee or Sponsor in relation to any transaction on your Margin Loan they have the right to be compensated by you for that tax or stamp duty.

Incidental fees

To the extent that any charge or cost is imposed on the Lender, Nominee or Sponsor in relation to any transaction on your Margin Loan they have the right to be compensated by you for that cost. You may incur fees related to the payment or receipt of money, fees related to buying, selling, registering or managing your investments (for example brokerage) and fees related to failed instructions. For example, if you choose to pay an amount by direct debit, your financial institution may charge a processing fee or an overdraft fee if there are insufficient funds at the time your account is debited. This may be in addition to any dishonour fee charged by the Lender. The Lender may transfer money directly to your Nominated Account and your financial institution may charge a fee to process the transaction. You should refer to the relevant disclosure document for those accounts for a description of fees that may be charged by that financial institution.

Significant Risks

By understanding the risks you may be able to take steps to minimise their impact or make an informed decision to accept the risk as part of the cost of using a Margin Loan.

5.1 Overview

Risks are events or circumstances that are unpredictable and that may result in you losing some or all of your capital or the Secured Portfolio, earning a return less than expected or required or that may limit your ability to deal with your investments. As outlined in the Example 3.2 A in this Product Guide, borrowing to invest magnifies gains as well as losses. Using a Margin Loan to borrow to invest involves more risks than investing without borrowing.

When considering risk it is important to think about the likelihood of any event or series of events occurring and your ability to cope with and respond to the impact of the event or circumstance. It is also important to understand that risk is not constant which means the likelihood of any event occurring changes over time.

! You are responsible for your investment choices and consequently whether any net return is sufficient to cover the cost of borrowing and other costs and the investment's suitability to your circumstances and financial objectives.

Neither the Lender, any other party associated with the operation of your Margin Loan or any other party named in this Product Guide warrant or guarantee that borrowing money through a Margin Loan will have a positive outcome for you in your circumstances.

This section is a summary of what are considered to be the significant risks of using a Margin Loan. If you are a Guarantor then you are guaranteeing that the Borrower will meet their obligations under their Margin Loan. This means you should also consider the risks in this section as well as the risks in section 3.7 in this Product Guide.

This document doesn't list every risk of investing, borrowing to invest or acting as a Guarantor. This document doesn't cover the specific risks of any investment you may choose to acquire through your Margin Loan. You should obtain information about an investment from the relevant disclosure document and by obtaining independent financial advice.

Before deciding whether to apply for a Margin Loan, you and any Guarantor should read the Margin Loan PDS, this Product Guide, the Agreement and the Application Form, and carefully consider the following risks. You should have regard to your own investment objectives, circumstances and needs, and consider the need for professional advice, including taxation and legal advice.

5.2 Market risk and gearing

Price changes

The net return on an investment is the change in its value plus distributions less investment costs and taxes over the investment horizon. Changes in the price of an investment are usually a key determinant of the return you earn or loss you incur on an investment. The manner and degree by which prices change affect the performance of your investments and hence the risks and benefits of borrowing to invest.

How the price of an investment changes within a day is called price volatility. For example, a security is said to exhibit high price volatility if its price typically changes by a large degree, either up or down, each day. Conversely, a security is said to exhibit low price volatility if its price typically changes by only a small amount each day. The price volatility of a particular security may also change over time. For example a security that historically exhibits low price volatility may begin to exhibit high price volatility. Changes in price and price volatility may occur because of the nature of the investment itself, the particular market sector to which the investment relates or performance of the economy or financial markets as a whole.

This means:

- The value of your investments can change in unexpected ways and may not earn the net return you expect. Further, the value of your investments can change in a very short period of time even before you have time to act;

- Borrowing to acquire an investment that falls in value or doesn't earn a net return greater than your borrowing costs will result in a larger loss or lower after-tax return than if you had not borrowed to invest or not invested at all. Conversely, borrowing to acquire an investment that earns a net return greater than your borrowing costs will generally result in a larger after-tax return than if you had not borrowed to invest;
- If a high price volatility investment is part of the Secured Portfolio then there is generally a higher likelihood of a Margin Call when compared to a portfolio of low price volatility investments (all other things being equal);
- Changes in price volatility, for example, may cause the Lender to change a Lending Ratio or declare a Market Disruption which may affect your borrowing capacity or require you to repay some or all of the Total Amount Owing in a short period including immediately. Refer to section 3.3 in this Product Guide for information about how the Lending Ratio determines your borrowing capacity; and/or
- Significant, abrupt or unusual falls in the market as a whole or the market for different classes of investments may be a Market Disruption. Refer to section 3.9 in this Product Guide for details about Gearing Adjustment caused by Market Disruptions.

Interest rate changes

Unless you apply for a Fixed Rate Loan the Lender may vary the Variable Rate applicable to your Margin Loan at any time. This means that the return you expect to earn on your investment may be less than the increased borrowing costs or that you are no longer able to meet the interest obligations on your Facility Balance. You may need to sell some or all of the Secured Portfolio or other assets you own to meet your obligations or reduce the Facility Balance. This can occur before the end of your planned investment horizon and your investments may not have earned the return you expect or require to meet your objectives.

If you establish a Fixed Rate Loan under your Margin Loan interest rates may subsequently decline. This means you will not be able to take advantage of the lower interest rates unless you break the Fixed Rate Loan in which case you will incur Break Costs. Refer to section 3.5 in this Product Guide for information about breaking a Fixed Rate Loan.

5.3 Events triggering early repayment

Certain events can occur at any time that result in some or all of the Total Amount Owing becoming due for payment in a short period of time including immediately or within 1 or up to 5 Business Days depending on the nature of the event. These events include Margin Calls, events that result in your Margin Loan becoming subject to Gearing Adjustment, Default and Termination by the Lender. These events may be caused by things outside your control, actions by the Lender or other parties related to the operation of your Margin Loan or the Secured Portfolio.

Margin Calls are explained in section 3.4 in this Product Guide. Gearing Adjustment and Default are explained in section 3.9 in this Product Guide. If you don't have sufficient funds from other sources to pay an amount when due then you (or a Guarantor) may need to sell some or all of the Secured Portfolio or other assets you (or a Guarantor) own. This can occur before the end of your planned investment horizon and your investment may not have earned the return you expected or require to meet your objectives.

5.4 Mismatch of cash flows and limits on ability to deal in the Secured Portfolio

It is possible for interest, fees or other amounts to be higher or become due for payment before you receive a distribution (if any) from your investments or before your investments have increased in value (if at all). This means that you may need to meet any amounts due from other funds or by selling some of the Secured Portfolio or other assets you (or a Guarantor) own. This may occur before the end of your planned investment horizon and your investment may not have earned the return you expected or require to meet your objectives. Any failure to meet your obligations to pay amounts when they fall due is a Default. Refer to section 3.9 in this Product Guide for further information about Defaults.

The Lender only releases its Security Interest over the Secured Portfolio when the Total Amount Owing is repaid in full and the Margin Loan is closed. This means the Security Owner cannot deal in their part of the Secured Portfolio unless the Lender agrees. However, the Security Owner remains the owner of their investments in the Secured Portfolio or beneficial owner when an investment Secured Portfolio is held through to the Nominee (refer to section 3.10 in this Product Guide for information about the Nominee).

5.5 Full recourse

It is possible for the net proceeds from selling (whether by the Security Owner or the Lender as mortgagee) the Secured Portfolio will be insufficient to repay the Total Amount Owing. The Margin Loan is a "full recourse" facility. This means you (and any Guarantor if you fail to meet your obligations) are obliged to pay the Total Amount Owing when it is declared due irrespective of any net sale proceeds. In other words, your liability as Borrower is equal to the Total Amount Owing and is not limited to the value

of the Secured Portfolio incurring losses under your Margin Loan may make it harder for you to repay any other debt obligations you may have. Refer to section 3.7 in this Product Guide for information about the liability of a Guarantor.

5.6 Reliance on the Lender, Nominee, Sponsor and other Authorised Person

The Lender, Nominee and Sponsor

You rely on the ability and willingness of the Lender to operate your Margin Loan. The Lender has the right to terminate your Margin Loan at any time. This means you may need to sell some or all of the investments in the Secured Portfolio or even other assets you own to repay the Total Amount Owing. This can occur before the end of your planned investment horizon and your investment may not have earned the return you expected or require to meet your objectives. The Lender can also vary the Agreement applicable to your Margin Loan which could result in the Margin Loan no longer meeting your circumstances and financial objectives.

You rely on the Lender, Nominee and Sponsor and any service provider they engage to have proper processes in place, including appropriately trained staff and computing hardware and software. Any lack of such resources, or any breach in the proper operation of your Margin Loan or transactions on the Secured Portfolio, could adversely affect your investment. The Agreement includes provisions that limit the Lender's liability for any costs or losses you may incur as a result of its operations.

It is possible for the Lender, Nominee or Sponsor to act, fail to act or make a decision regarding your Margin Loan or the Secured Portfolio that is different to the acts or decisions you or a Security Owner would make in similar circumstances. This means you may incur a loss, additional costs or a lower net return on your investments.

The Lender, Nominee, Sponsor and their related bodies corporate, their directors, employees or affiliates may buy and sell (whether as principal or agent) Acceptable Investments or Securities related to the Acceptable Investments or Secured Portfolio. Potential conflicts of interest may arise for example if the Lender (as mortgagee) sells some or all of the Secured Portfolio to meet your obligations under the Margin Loan.

Authorised Person

An Authorised Person can give the Lender almost all the same instructions that you and any Security Owner can give under your Margin Loan and can access information, including personal information, regarding your Margin Loan. For example, an Authorised Person can give a Borrowing Request under your Margin Loan. All Loans increase your borrowing costs and you are responsible for paying all borrowed money when it is declared due. This means you are relying on any Authorised Person you nominate to act in your interest at all times.

You may be able to appoint a Margin Call Agent to receive any Margin Calls on your behalf. In this case the Lender will send the Margin Call to the Margin Call Agent instead of you. This means you are reliant on your Margin Call Agent to notify you of a Margin Call and act in your interest.

5.7 Adjustments and regulatory changes

The Lender can at any time change the list of Acceptable Investments and the Lending Ratios and Buffer percentages it applies to investments held as part of the Secured Portfolio. The Lender may also remove an investment from the list of Acceptable Investments or make a Lending Ratio or Buffer percentage zero. It is also possible for the issuer of a Security or the ASX to halt redemptions or trading in a Security or Managed Fund and this may result in the Lender declaring a Market Disruption.

These changes will impact your borrowing capacity or may impact your ability to operate your Margin Loan in a way that suits your circumstances and meets your financial objectives. These changes may also result in a Margin Call, your Margin Loan to become subject to Gearing Adjustment or Default or increase the likelihood of these events and actions.

Corporate actions are events such as takeovers which may be announced in relation to a particular investment at any time. As a result of a corporate action, the Lender may require the Security Owner to transfer the affected investments to the Nominee to be held on behalf of the Security Owner. This means that the Security Owner may not be able to participate in the corporate action in the same way as if you did not have a Margin Loan and it may limit the Security Owner's ability to deal with that investment. Further, as a result of a corporate action the Lender may change the Lending Ratio or remove the investment from the list of Acceptable Investments. Changes in government and taxation policies can also impact (both positively and negatively) your ability to borrow and operate your Margin Loan in a way that suits your circumstances and meets your financial objectives.

Taxation laws can change and this could impact your ability to claim a deduction for some or all of your borrowing costs. This means that any net after-tax return earned on your investments may be less than you expect.

5.8 Complexity

The Agreement is a complex contract. It includes provisions giving rise to a mortgage or security interest in our favour and other provisions such as set-off rights, indemnities, limits on the Lender's liability, immediate repayment after certain events and termination. It is possible to use a facility, such as a home loan, to borrow the money contributed to the investment. This financial strategy is called double gearing. It is possible that the net return on any investment made through your Margin Loan will not be sufficient to cover the higher borrowing costs arising from double gearing. Further, it is possible that when you have to repay money borrowed through your Margin Loan that you will have to sell not only the Secured Portfolio but also other assets.

A Margin Loan is more complex than a traditional loan. It is strongly recommended that you and any Guarantor read the Margin Loan PDS, this Product Guide, the Agreement and the Application Form and seek financial, taxation and legal advice before deciding to apply for a Margin Loan.

Additional Information

This section provides information about the financial services the Lender may provide you, privacy, dispute resolution and other general information about a Margin Loan Facility.

6.1 About the Lender

Leveraged Equities is a wholly owned subsidiary of Bendigo and Adelaide Bank Limited (ABN 11 068 049 178, AFSL 237879). It is related to companies in the Bendigo and Adelaide Bank Group including the following financial product issuers:

- Bendigo and Adelaide Bank Limited;
- Sandhurst Trustees Limited.

You can give the Lender instructions using the following contact details.

Contact details

Post GPO Box 5388
Sydney NSW 2001

Call 1300 307 807

Email customerservice@leveraged.com.au

Visit leveraged.com.au

Some instructions can be provided to the Lender through the Online Service. Details of the types of instructions that can be provided through the Online Service are set out in the guide for that service. The Lender will record telephone conversations.

6.2 Lender's Financial Services

The Lender is responsible for the financial services it may provide to you in relation to the Leveraged Equities Margin Loan. The Lender is authorised to issue, apply for, acquire, vary or dispose of the following financial products:

- standard margin lending facilities; and
- derivatives.

The Lender is authorised to apply for, acquire, vary or dispose of the following financial products on behalf of another person:

- basic deposit products;
- interests in managed investment schemes including IDPS;
- securities; and
- standard margin lending facility.

The Lender is authorised to provide general financial product advice in relation to:

- standard margin lending facilities,
- derivatives,
- securities, and
- managed investment schemes including IDPS.

The authorisations apply to retail and wholesale clients. The Lender is not authorised to give personal financial advice and has not authorised any person to give personal financial advice on its behalf in relation to the Leveraged Equities Margin Loan. The Lender will not act as a Broker.

Remuneration

The Lender may earn a return based on the difference between the interest rate it charges you and the wholesale interest rate it is charged by Bendigo and Adelaide Bank or other entities that fund its assets. Funding of the Lender's assets is done on a consolidated basis and is not separate for each Margin Loan.

Refer to section 4 in this Product Guide for information about the fees the Lender may charge you. These fees cover general operational expenses and direct charges the Lender incurs when providing services in relation to a Margin Loan. If you acquire other products issued by the Lender or another company in the Bendigo and Adelaide Bank Group of companies, the relevant product issuer may receive fees as specified in the relevant PDS or disclosure document associated with the product. These fees may ultimately benefit other Group members or associates including the Lender.

You may receive personal financial advice in relation to your Margin Loan from Financial Advisers who are not representative of the Lender. A Financial Adviser and the licensee they work for may receive commissions from the Lender. Refer to section 4 in this Product Guide for more information about commissions. If your Financial Adviser gives you personal financial advice they are required to set out any commissions or other benefits they receive in a Statement of Advice.

The Lender's representatives are paid salaries, not commissions. Representatives are eligible for an annual bonus payment that is based on a number of performance factors. These factors include business performance against growth projections, maintaining acceptable standards and values, personal development and customer service. The Lender's representatives may receive non-monetary benefits from product providers, Financial Advisers or other people associated with the Lender's operations. These benefits include things such as tickets to events or promotional merchandise.

You may request particulars of the remuneration or other benefits that the Lender or its representatives may receive but that request must be made within a reasonable time after you are given this document and before any financial service identified in this document is provided to you.

6.3 Personal information and Privacy

You and any Guarantor should read the privacy policy and the credit reporting policy issued by the Lender.

The privacy policy contains information about:

- how you and any Guarantor can access and seek correction of its personal information;
- how you and any Guarantor can complain about a breach of the privacy laws by the Lender and how the Lender will deal with a complaint; and
- if the Lender will disclose personal information to overseas entities, and where applicable, which countries those recipients are located in.

To obtain a copy of the privacy policy, visit www.leveraged.com.au or contact the Customer Service Team.

The credit reporting policy contains information about:

- how you and any Guarantor can access and seek correction of its credit eligibility information;
- how you and any Guarantor can seek correction of its credit information;
- how you and any Guarantor can complain about a breach of the credit reporting laws by the Lender and how the Lender will deal with a complaint; and
- if the Lender will disclose credit information or credit eligibility information to overseas entities, and where applicable, which countries those recipients are located in.

To obtain a copy of the credit reporting policy, visit www.leveraged.com.au or contact the Customer Service Team.

By completing an Application Form and operating a Margin Loan you and any Guarantor supply personal information to the Lender, Nominee and Sponsor. You and any Guarantor consent to this information being disclosed to other entities associated with assessing your application, opening and operating your Margin Loan, being provided through the Online Service and being included in various Notices including a Margin Call that may be sent electronically.

The entities associated with your Margin Loan include a Credit Reporting Body, your Nominated Financial Adviser and a Nominated Broker (including their employees and representatives) and the AFS Licence holder which the adviser or broker represents (including their employees and representatives). If you do not provide all the required information then the Lender may not be able to process your application or you will not be able to operate your Margin Loan. Refer to Part C (Privacy Disclosure and Consent) of the Leveraged Equities Terms and Conditions for how your personal information may be collected, used or disclosed.

Credit Reporting Body

Name	Veda Advantage Public Access Division
Post	PO Box 964 North Sydney, NSW 2059
Call	1300 762 207
Visit	www.mycreditfile.com.au
Name	Dunn & Bradstreet Australia
Post	PO Box 745 St. Kilda Road Melbourne VIC 3004
Call	1300 734 806
Visit	www.checkyourcredit.com.au

6.4 Cooling Off Period

Cooling off rights are not available in respect of a Margin Loan after you have made your first Borrowing Request. You may not be able to withdraw a Borrowing Request once it is received by the Lender. Cooling off rights are not available in respect of any Loan however you can generally repay some or all of your Facility Balance, except a Fixed Rate Loan, at any time. Cooling off rights may apply to an application for some investments that you can acquire through your Margin Loan. You should refer to the relevant disclosure document for those investments for further details.

6.5 Anti-Money Laundering and Counter-Terrorism Financing

The Lender is committed to the rules of the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (AML/CTF). To comply with these requirements the Lender may:

- Require you and other parties named in the Application Form to provide, or authorise the Lender to otherwise obtain, any documentation or other information that identifies you or the other party;
- Suspend, block or delay transactions on your Margin Loan, or refuse to provide services to you; and/or
- Report any actual or proposed transaction or activity to any body authorised to accept such reports relating to AML/CTF or any other laws.

6.6 Lender's Customer Relations and Dispute Resolution

If you are dissatisfied with any investment held under your Margin Loan you should contact the relevant issuer or your Financial Adviser. If you are dissatisfied with your Margin Loan or the Lender's services or processes then you should contact the Customer Service Team.

Customer Service Team
Customer Complaint Management

Post GPO Box 5388
Sydney NSW 2001

Call 1300 138 028
Email customerservice@leveraged.com.au
Visit leveraged.com.au

You can expect the Lender to acknowledge your complaint, explain the steps it will take to investigate your complaint and keep you informed of its progress to respond to your complaint. If you are dissatisfied with the Lender's final response to your complaint or how your complaint was managed you can refer the matter to the External Dispute Resolution (EDR) scheme. The Lender's EDR Scheme is the Australian Financial Complaints Authority (AFCA). You can contact AFCA as follows:

Australian Financial Complaints Authority

In writing to: GPO Box 3, Melbourne VIC 3001

Post GPO Box 3, Melbourne VIC 3001

Call 1800 931 678
Visit www.afca.org.au

When lodging a complaint with AFCA, time limits may apply and so you should act promptly or consult the AFCA website to determine if or when any time limit relevant to your complaint expires.

The information in Section 4 and Section 6 in this Product Guide is included pursuant to Regulation 7.7.02A of the Corporations Regulations.

ORD MINNETT

For more information about your Ord Minnett Margin Loan:

Call **1300 138 028**
Visit **leveraged.com.au/ords**
Post to **GPO Box 5388, Sydney NSW 2001**

Sydney
Grosvenor Place
Level 18, 225 George Street
Sydney NSW 2000
Tel: (02) 8216 6300

Adelaide
Level 5, 100 Pirie Street
Adelaide SA 5000
Tel: (08) 8203 2500

Brisbane
Riparian Plaza Level 34,
71 Eagle Street
Brisbane QLD 4000
Tel: (07) 3214 5555

Sunshine Coast (Buderim)
99 Burnett Street
Buderim QLD 4556
Tel: (07) 5430 4444

Canberra
Ambit House
101 Northbourne Avenue
Canberra ACT 2600
Tel: (02) 6206 1700

Geelong
Office 3, Suite 4
200 Malop Street
Geelong, VIC 3220
Tel: (03) 4210 0200

Gold Coast
Level 7, 50 Appel Street
Surfers Paradise QLD 4217
Tel: (07) 5557 3333

Hobart
Ground Floor,
85 Macquarie Street
Hobart TAS 7000
Tel: (03) 6161 9300

Mildura
128 Lime Avenue
Mildura VIC 3500
Tel: (03) 9608 4111

Mackay
45 Gordon Street
Mackay QLD 4740
Tel: (07) 4969 4888

Melbourne
Level 22, 35 Collins Street
Melbourne VIC 3000
Tel: (03) 9608 4111

Newcastle
426 King Street
Newcastle NSW 2300
Tel: (02) 4910 2400

Perth
Level 27, 108 St Georges Terrace
Perth WA 6000
Tel: 1800 517 411

Hong Kong
1801 Ruttonjee House
11 Duddell Street
Central, Hong Kong
Tel: 852 2912 8980