

# Short Plus

## Product Guide

**Dated 9 November 2023**

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

# Important Notice

This Product Guide is designed to assist you in deciding whether to add Short Plus to your Margin Loan (whether you have an existing Margin Loan or are applying for one at the same time as Short Plus). The Ord Minnett Margin Loan with Short Plus is a standard margin lending facility for the purposes of the Corporations Act. This Product Guide contains information about some of the potential benefits, significant risks, fees and costs of Short Plus. It supplements and should be read in conjunction with the Ord Minnett Margin Loan Product Disclosure Statement and associated documents (see 'Product Documentation' below). While you might find this Product Guide useful in helping you to understand how Short Plus works, 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 – being the terms and conditions set out in, and incorporated into, Part A (**Facility Terms and Conditions**) and Part D (**Short Plus Agreement**) of the Ord Minnett Terms and Conditions.

## 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 Ord Minnett 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 this Product Guide or in any document related to the Ord Minnett Margin Loan.

## 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 (the **Margin Loan Agreement**) and Clause 15 of the Short Plus terms and conditions dated 9 November 2023 or later (the **Short Plus Agreement**). Both documents are contained in the pack of terms and conditions called the 'Ord Minnett Terms and Conditions' on the Lender's website at [www.leveraged.com.au/ords/](http://www.leveraged.com.au/ords/). A reference to time in this Product Guide is to the time in Sydney, unless otherwise stated. A reference to AUD, \$, or dollars is to Australian currency, unless otherwise stated.

## Product Documentation

Documentation for the Ord Minnett Margin Loan with Short Plus comprises;

- Disclosure Documents, being the Ord Minnett Margin Loan Product Disclosure Statement dated 9 November 2023 or later together with the Incorporated Statements dated 9 November 2023 or later (together, the **PDS or Margin Loan PDS**); and
- Legal Documents containing the terms and conditions applying to the product, the main Legal Documents being those in Part A (**Facility Terms and Conditions**) and Part D (**Short Plus Agreement**) of the pack of terms and conditions called the '**Ord Minnett Terms and Conditions**' on the Lender's website at [www.leveraged.com.au/ords/](http://www.leveraged.com.au/ords/). The document in Part A is also referred to in this document as the **Margin Loan Agreement**. Page 1 of the Margin Loan Agreement describes all the documents containing terms and conditions that make up the "agreement" with the Lender (see the section headed "**The agreement with us**"); and
- Guides to how the product works, that are not intended to have legal effect, being the Ord Minnett Margin Loan Product Guide and this Short Plus Product Guide.

Together the above documents are referred to in this Product Guide as the '**Product Documentation**'. 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 obtain up to date information contact the Customer Service Team or check 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 with Short Plus which is not in the Product Documentation.

It is strongly recommended that Borrowers and any Guarantors read all of the Product Documentation before applying for a Ord Minnett Margin Loan with Short Plus or granting a Guarantee.

Product Documentation may contain references to listed securities, shares, managed funds and other financial products. These references are provided for illustrative purposes only in connection with the operation of a Margin Loan with Short Plus. The Product Documentation contains general information only and has been prepared without taking into account your objectives, financial situation or needs. You should consider the appropriateness of the information, having regard to your objectives, financial situation and needs, by seeking professional advice including taxation, financial and legal advice, before making a decision to apply for a Margin Loan with Short Plus or adding Short Plus to an existing Margin Loan.

To the extent of any inconsistency between the Short Plus Agreement and any other Legal Document, the Short Plus Agreement prevails in respect of all Short Plus transactions.

## Examples

The examples in the Product Documentation are for illustration only and do not indicate any view of, or expectation about, a Margin Loan with Short Plus or any investment or transaction. The examples do not cover all the possible outcomes of using a Margin Loan with Short Plus 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

Short selling is a complex financial strategy and you should seek financial advice before applying to add Short Plus to a Margin Loan or entering into any short selling arrangement. You should refer to section 3 in this Product Guide for the details of some of the significant risks associated with adding Short Plus to a Margin Loan. These risks are in addition to the risks associated with a Margin Loan itself. As well as the risks associated with using a Margin Loan with Short Plus 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 of the Product Documentation or any of their respective bodies corporate for the performance of the Ord Minnett Margin Loan with Short Plus, any investment acquired using money borrowed through a Margin Loan or held as part of the Secured Portfolio, any transaction in relation to Short Plus and 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 balance sheet. A Margin Loan with Short Plus may not be suitable for all investors and may involve some extra risks. You should not apply for a Margin Loan with Short Plus 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.

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# Overview

Adding Short Plus to 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 information in this Product Guide.

## 1.1 What is Short Plus?

Short Plus is a feature you may be able to add to your Margin Loan. Under Short Plus you borrow certain Securities listed on the Australian Securities Exchange (ASX) from the Lender which you may then sell. Selling Securities that you have borrowed but don't own is called covered short selling. You then purchase the Securities at a later date (which must be less than 11 months and 15 days) and return the borrowed Securities (or their equivalent) to the Lender.

The return you earn (or loss you incur) is the difference between the sale price of the Securities and the subsequent purchase price less transaction costs, fees and taxes. If the subsequent purchase price is lower than the initial sale price then you will earn a return (ignoring transaction costs, fees and taxes). If however the price of the Securities rises so that the purchase price is higher than the sale price then you will incur a loss.

You must return the borrowed Securities (or their equivalent) to the Lender in less than 1 year (especially within 11 months and 15 days). While you continue to borrow Securities from the Lender you may have to pay to the Lender the value of any income or distributions (for example dividends and franking credits) or the value of any corporate action that is paid or accrues on the borrowed Securities. If you continue to borrow the Securities over an entitlement date then you may become liable to pay the value of any distribution or corporate action even if you don't receive the benefit yourself and irrespective of whether you sell the borrowed Securities or not.

The Lender publishes a list of Securities that may be available for covered short selling. Only Securities listed on the ASX may be available for covered short selling. Any particular Security may not be available at all times for use with Short Plus.

**! Short selling is a complex trading strategy. You should seek financial advice before applying to add Short Plus to a Margin Loan or entering into any short selling arrangement.**

## 1.2 Possible Investors

Whether a Margin Loan with Short Plus will be appropriate for you will depend on your financial situation and objectives. Investors who may like to consider whether adding Short Plus to their Margin Loan is appropriate for them include:

- Investors who believe the price of a particular Security may fall materially at some time in the short to medium term and would like to earn a return if the expected fall in price does occur.
- Investors who would like to offset potential losses in an existing investment portfolio if an expected fall in the price of a Security in their portfolio does occur in the short to medium term.
- Investors who believe the price of one Security may increase while the price of a different Security may decrease and would like to earn a return if the expected price movements do occur in the short to medium term.

## 1.3 Potential Benefits

### Earn a return if the price of a Security falls

You will earn a return (less transaction costs, fees and taxes) if the price of the Security you have short sold is lower at the time you buy back the Security. You may be able to short sell a range of listed Securities through Short Plus. Any particular Security may not be available at all times for short selling.

### An alternate hedging strategy

If you own an existing investment portfolio and are concerned that the price of a certain Security in your portfolio might fall over the short to medium term then covered short selling may be an effective strategy to offset potential losses without selling your investments. Unlike some other hedging products you only need to provide the Collateral (brokerage, fees and other charges may apply). See section 2.2 below for information about the Collateral.

### Implement a long/short or pairs trading strategy

Using Short Plus with your Margin Loan, you may be able to buy a Security you believe may rise in price and short sell a Security you believe may fall in price over the short to medium term. This is called a long/short or pairs trading strategy. If, at the time you close the strategy, the expected price movement has occurred then you will earn a return (ignoring transaction costs, fees and taxes).

## 1.4 Significant Risks

### Losses are potentially unlimited

You will incur a loss if, at the time you buy the Security back, the price of the Security is higher than the initial sale price. It is possible for the price of a Security to increase by an unlimited amount. This means that the amount you can lose is potentially unlimited. Refer to section 3.2 in this Product Guide for further information.

### Security income paid to the Lender

If a Security that you have borrowed pays or accrues a dividend, franking credit or otherwise returns capital, that dividend, franking credit or return of capital must be paid to the Lender as part of the arrangement to borrow the Securities. Refer to section 3.3 in this Product Guide for further information.

### Events may occur that result in you providing additional Collateral

It is possible for certain events to occur, unexpectedly and at any time, which result in the Lender requiring you to provide additional Collateral. Refer to section 3.4 in this Product Guide for further information.

## **Suspended Securities**

It is possible that a Security you have borrowed and short sold may become suspended from trading before you have a chance to buy it back. Refer to section 3.5 in this Product Guide for further information.

## **Powers of the Lender and other changes**

The Lender has a number of discretions. For example, the Lender may require you to close out any short sale arrangement and return the borrowed Securities before your planned timeframe. Changes in legislation, regulations and taxation policies may also impact any expected benefits of short selling or how it operates or may result in a complete ban on short selling. Refer to section 3.7 in this Product Guide for further information.

## **Short selling is a complex financial transaction**

Short Plus is a feature you add to your Margin Loan, whether you have an existing Margin Loan or are applying for a facility at the same time as Short Plus. You should consider all the risks of a Margin Loan as well as those specific to Short Plus. Refer to section 3.7 in this Product Guide and the Margin Loan Product Guide for further information.

# Short Plus Facility Details

## 2.1 What is covered short selling?

Short selling means you sell Securities that you don't currently own. You then buy those Securities back at a later date. You may decide to short sell Securities if you expect the price at the time you buy the Securities back to be lower than your initial sale price. Covered short selling is where you first borrow the Securities that you intend to sell. If you do sell the borrowed Securities then the Securities you subsequently buy back are returned to the Lender to satisfy the Securities borrowing arrangement.

## 2.2 How Short Plus works

The example in this section demonstrates how a Margin Loan with Short Plus can be used for covered short selling. If you have sufficient borrowing capacity under your Margin Loan you will typically borrow money instead of contributing the required funds. Refer to the Margin Loan Product Guide for further information about borrowing capacity.

### Borrowing the Securities

To borrow Securities you make a Securities Borrow Request. A Securities Borrow Request is made for each Security you want to borrow and is only valid on the same day that it is made. For example, if you want short sell a portfolio of Security A and Security B you will make a Securities Borrow Request for each Security.

If the Lender accepts your request to borrow the Securities, the Lender will give you or your Broker an Authorisation. This will include an authorisation number, details of the Securities you have been authorised to borrow, the number of units and any fees. The number of units authorised by the Lender may be less than the number of units in your request. In return, you pay to the Lender the Collateral.

The Lender will apply a Fee to each Securities Borrow Request made. Refer to section 4.1 in this Product Guide for further information.

Upon receiving the Authorisation, you can proceed with the sale instructing your Broker to settle the trade to your Loan Account.

### What is the Collateral?

Collateral is an amount equal to a Security's market value multiplied by a collateral percentage determined by the Lender from time to time. The collateral percentage is typically 105 per cent. You pay this amount to the Lender when you borrow the Securities as an assurance that you will return the borrowed Securities (or their equivalent). If you have sufficient borrowing capacity, you will typically borrow the Collateral through your Loan Account. Borrowing the Collateral through your Loan Account means interest will accrue on the higher Loan Balance.

Typically, you will immediately arrange to sell the borrowed Securities and the sale proceeds will fund 100 per cent of the Market Value (less brokerage fees). Therefore the net amount you need to fund or borrow through your Margin Loan Facility is usually approximately 5 per cent (100 per cent sale proceeds less 105 per cent Collateral) plus brokerage and other transaction costs. It is possible for the market value used to calculate the Collateral to be different to the sale proceeds.

The amount of Collateral required is assessed daily. If the Reference Price of the borrowed Securities increases, the Lender may require you to provide additional Collateral. If the Reference Price of the borrowed Securities decreases, the Lender may credit any excess Collateral to the Loan Account. Whether or not the Lender requires additional Collateral or returns any excess Collateral depends on:

- market factors (for example volatility of price of the Securities); and
- the nature of the Securities being borrowed (for example the ease with which the Lender can obtain the Securities in the wholesale market).

While you continue to borrow the Securities, the Collateral belongs to the Lender and is held for its benefit alone. Once you return the borrowed Securities (or their equivalent) the Lender pays the Collateral (net of any outstanding amounts) to the Loan Account. Interest may also accrue on the Collateral while you continue to borrow the Securities. Whether interest does accrue depends on the amount of Collateral. That interest, if any, will be credited to the Loan Account when you return the borrowed Securities and the Lender returns the Collateral.

Refer to the current Short Plus Collateral Interest Rates Schedule located on the Lender's website.



## What is a Safety Margin?

In addition to the Collateral, the Lender protects its interest in the borrowed Securities by setting a Safety Margin for each approved Short Plus Security. The Safety Margin for a particular Security is an amount equal to a Security's market value multiplied by a safety margin percentage determined by the Lender. The safety margin percentage set by the Lender is typically between 10 per cent and 30 per cent but may be higher depending on the Security you wish to borrow. The list of Securities available for short selling and their applicable Safety Margin is available on the Lender's website.

The Safety Margin does not represent an additional amount borrowed. The Lender uses the Safety Margin to reserve borrowing capacity against possible increases in the Securities price. This reduces the overall Security Value for your Loan Account and your ability to borrow money for other purposes. As outlined in the Margin Loan Product Guide, a reduction in Security Value reduces your borrowing capacity. The examples in this section assume you provide sufficient funding for the Collateral and to ensure you have sufficient Security Value to cover the Safety Margin. Typically, you will have sufficient Security Value from other investments that are part of the Secured Portfolio and will not provide funds to cover the Safety Margin.

## Stages of Covered Short Selling

Covered short selling occurs in two stages: borrowing the Securities and selling the borrowed Securities. Further, you will typically have borrowing capacity as a result of other investments held as part of the Secured Portfolio.

The following example demonstrates how a Short Plus Feature and a Margin Loan can be used to short sell a security.

### Initial Portfolio

Assume you hold a portfolio of Security A with a market value of \$60,000 (3,000 units of Security A at a current price of \$20).

The Lending Ratio assigned by the Lender to Security A is 75 per cent giving a Security Value of \$45,000 (being \$60,000 multiplied by 75 per cent). Assume you have geared approximately 66 percent borrowing \$30,000 under your Margin Loan. The difference between the current Security Value and the amount you have borrowed is your borrowing capacity (refer to the Margin Loan Product Guide for further information about borrowing capacity). In this example your borrowing capacity is \$15,000 (being \$45,000 Security Value minus \$30,000 Loan Balance). Security A receives a Buffer of \$6,000 (being 10 per cent of the Market Value).

Security A	
Units	3,000
Current market price	\$20
Market Value	\$60,000
Lending Ratio	75%
Security Value	\$45,000
Loan Balance	\$30,000
Borrowing Capacity	\$15,000
Buffer	\$6,000

### Authorisation Stage

You expect the price of Security B to fall over the short term. Security B has a current market price of \$10.00 and you would like to short sell 6,000 units. Security B has a Safety Margin of 15 per cent. You give the Lender a Securities Borrow Request. If the Lender accepts your request then your Margin Loan is updated to reflect the borrowing of Security B.

Security B	
Units	-6,000
Current market price	\$10
Market Value	-\$60,000
Safety Margin	15%
Net Short Plus Security Value	\$9,000

This will decrease the borrowing capacity by the Net Short Plus Security Value, \$9,000 (being \$60,000 Market Value of Security B multiplied by 15 per cent Safety Margin of Security B) and the borrowed amount would increase by \$25 (being the authorisation fee). This results in your borrowing capacity being reduced to \$5,975 (being \$45,000 Security Value minus \$9,000 the Net Short Plus Security Value minus \$30,025 Loan Balance). Securities that are borrowed for Short Plus do not receive any Buffer.

Margin Loan (with Security A & B)	
Market Value	\$60,000
Lending Ratio	75%
Security Value	\$45,000
Net Short Plus Security Value	-\$9,000
Loan Balance	\$30,025
Borrowing Capacity	\$5,975
Buffer	\$6,000

## Settlement Stage

You sell 6,000 units of Security B using an approved broker of your choice who settles the transaction through your Margin Loan. After the sale transaction settles the following activity occurs on your Margin Loan.

- The Lender records the short position in Security B on your Margin Loan with a Lending Ratio of 120 per cent (being 100 per cent plus the 15 per cent Safety Margin plus the 5 per cent Collateral). Refer to section 2.4 in the Product Guide for information about the Safety Margin.
- Net sale proceeds of \$59,400 (being \$60,000 less \$600 brokerage) are credited to your Loan Account (decreasing your Loan Balance).
- The required Collateral of \$63,000 (being 105 per cent of the current market value of Security B) is borrowed under your Margin Loan and held by the Lender. Refer to section 2.5 in the Product Guide for information about required Collateral increasing your Loan Balance.
- The \$50 settlement fee for borrowing the Securities (**Settlement Fee**) is capitalised to your Loan Account.

Margin Loan (following sale of Security B)	
Market Value	\$60,000
Lending Ratio	75%
Security Value	\$45,000
Net Short Plus Security Value	-\$9,000
Loan Balance	\$33,675
Borrowing Capacity	\$2,325

In this example your Loan Balance increases to \$33,675 (being the existing loan of \$30,025 plus \$50 Borrow Fee plus \$3,600 which is the difference between the net sale proceeds (\$59,400) and the amount of the Collateral (\$63,000)). Your borrowing capacity is now \$2,325 (being \$45,000 Security Value less the Net Short Plus Security Value of \$9,000 less the current Loan Balance of \$33,650).

## Events while you continue to borrow the Securities

While you continue to borrow the Securities the Reference Price and hence the Market Value of the Securities can change. A change in the Market Value of the borrowed Securities affects the amount of Collateral and the Safety Margin.

## Example 2.2 A: Price of Security B Increases

Assume that the price of Security B increases to \$10.50 while you hold the covered short sale position. This example assumes that the Lender does ask you to provide additional Collateral because of the increase in the security price.

Security B	
Units	-6,000
Current market price	\$10.50
Market Value	-\$63,000
Safety Margin	15%
Net Short Plus Security Value	-\$9,450
Collateral	105%
Collateral required	\$66,150

In this example, the Net Short Plus Security Value has increased to \$9,450 (being 15 percent of Security B Market Value) from \$9,000. This will decrease your borrowing capacity by an additional \$450.

The Lender may ask you to contribute additional Collateral of \$3,150 (being the difference between the current Collateral and the Collateral calculated at the current Reference Price). In this example it is assumed that the Lender does ask you to provide additional Collateral. This results in an increase to the Loan Balance. The new Loan Balance is \$36,825 (being the Loan Balance after the initial sale of Security B, \$33,675 plus the additional collateral of \$3,150). The borrowing capacity is now -\$1,275 (being the Security Value \$45,000 less Net Short Plus Security Value \$9,450 less Loan Balance \$36,825). You no longer have any further borrowing capacity and are in Buffer.

Margin Loan (following price increase in price of Security B)	
Market Value	\$60,000
Lending Ratio	75%
Security Value	\$45,000
Net Short Plus Security Value	-\$9,450
Loan Balance	\$36,825
Borrowing Capacity	-\$1,275
Buffer	\$6,000

### Example 2.2 B: Price of Security B Decreases

This example follows on from the Settlement Stage and does not include Example 2.2 A.

Assume that the price of Security B decreases to \$9.50 while you hold the covered short sale position. The Lender may credit excess Collateral of \$3,150 to the Loan Account (being the difference between the current Collateral and the Collateral calculated at the current Reference Price). This example assumes that the Lender does not credit the excess Collateral.

Security B	
Units	-6,000
Current market price	\$9.50
Market Value	-\$57,000
Safety Margin	15%
Net Short Plus Security Value	-\$8,550
Collateral	105%
Collateral required	\$59,850

In this example, the Net Short Plus Security Value has decreased to \$8,550 (being 15 percent of Security B Market Value) from \$9,000. This will increase your borrowing capacity by an additional \$450. The Lender may credit excess Collateral of \$3,150 to the Loan Account being the difference between the current Collateral and the Collateral calculated at the current Reference Price. This example assumes that the Lender does not credit the excess Collateral, therefore there is no change to the Loan Balance and it will remain at \$33,675 (being the Loan Balance after the initial sale of Security B).

Margin Loan (following price decrease in price of Security B)	
Market Value	\$60,000
Lending Ratio	75%
Security Value	\$45,000
Net Short Plus Security Value	-\$8,550
Loan Balance	\$33,675
Borrowing Capacity	\$2,775
Buffer	\$6,000

The Lender may credit excess Collateral of \$3,150 to the Loan Account being the difference between the current Collateral and the Collateral calculated at the current Reference Price. Your Loan Balance decreases to \$30,525 (being the existing Loan Balance after the sale of Security B \$33,675 minus the credit of excess Collateral \$3,150).

This increases your borrowing capacity to \$5,925 an increase of \$3,600. The change in borrowing capacity can also be calculated by multiplying the 6,000 units of Security B by the \$0.50 decrease in the Reference Price and 120 per cent.

### Closing the Short Sale Arrangement

Continuing example 2.2 B, assume that you decided to close out your short sale arrangement when the price for Security B is \$9.50. After you buy back 6,000 units of Security B and return them to the Lender the following activities occur on your Loan Account.

#### ! You must buy back the equivalent number of securities as per the Securities Borrow Request

- The short position in Security B is closed.
- The Collateral is credited to the Loan Account.
- The net amount to buy back the equivalent units of Security B is borrowed through your Loan Account. The net amount is \$57,600, being 6,000 units multiplied by the purchase price of \$9.50 plus \$600 brokerage, is debited from your Loan Account.
- After the purchase transaction settles, your Loan Balance will be \$28,250, a reduction of \$2250 (being market value of the Collateral less the purchase cost of Security B less assumed brokerage of \$600).

### 2.3 Other important information

Before you apply to add Short Plus to your Margin Loan and before entering into any covered short sale arrangement, it is important to understand the following points.

- When you apply for Short Plus the Lender sets a Net Short Limit. If the aggregate Market Value of the Secured Portfolio, including all long and short positions, is negative then this aggregate Market Value must not exceed your Net Short Limit. For example, if the Secured Portfolio includes a short sale of Security B which has a Market Value of \$20,000 and a \$10,000 holding of Security C then the aggregate Market Value is -\$10,000 and this must not exceed your Net Short Limit. If your Net Short Limit is or is likely to be exceeded, the Lender may require you to close out any short sale arrangement or may require the Borrower or a Guarantor to add investments to the Secured Portfolio.
- Before you arrange to sell the Securities the Lender must accept and authorise your Securities Borrow Request. The Lender may for any reason decline any Securities Borrow Request. For example, the Lender may decline a request if it cannot obtain the Securities you want to borrow or the number of units you want to borrow in the wholesale market. The Lender will decline a request if doing so will result in a Margin Call or your Margin Loan being 'in the buffer' (refer to the Margin Loan Product Guide for information about Margin Call and being 'in the buffer').
- If the Lender accepts your Securities Borrow Request, you will be charged a fee which will automatically be debited to your Loan Account.
- The source of the Securities (domestic or foreign) is not able to be requested at the time of the Securities Borrow Request. By default the source of the Securities will be domestic unless advised by the Lender.

- If for any reason you are unable to meet your obligations in relation to any Securities Borrow Request, for example you have insufficient borrowing capacity to fund the payment of the Collateral, the Lender may cancel any Securities Loan and will not deliver the Authorised Securities to you.
- After you sell the Securities, you must arrange for your Broker to give to the Lender (in a method acceptable to the Lender) a Sale Confirmation by the time required by the Lender. Typically this will be done by your Broker when they sell the Securities.
- The maximum period for which you may hold the borrowed Securities (and therefore any short sale position) is 11 months and 15 calendar days from the date the Securities Borrow Request is authorised by the Lender. This means that you may have to buy back the Securities before the price has fallen to a level that meets your expectation and objectives.
- The minimum value of the Securities you can usually arrange to borrow under a Securities Borrow Request is \$20,000 but may be higher for certain Securities, for example if it is difficult for the Lender to obtain the Securities for borrowing purposes.
- If you wish to close a short sale position you will purchase an equivalent number of Securities as confirmed in the Securities Borrow Request through your Broker. In order to close the arrangement to borrow the Securities you must notify the Lender of your intention to buy back Securities on the same day you make the purchase transaction.

## 2.4 Distributions on borrowed Securities and Corporate Actions

Corporate actions are events such as takeovers, rights issues, bonus issues, company restructures, returns of capital, buy backs, option exercises, share purchase plans and call payments. Distributions include dividends, interest, franking credits and any other income paid or accrued on a Security.

If a Security you have borrowed becomes the subject of a corporate action or pays or accrues a distribution (irrespective of whether you have sold those borrowed Securities or not) then you may be required to either:

- Pay the Lender the cash value of any distributions including dividends and franking credits.
- Pay the Lender the cash value of any returns of capital or other entitlements earned on the Securities as a result of a corporate action.
- Close your short sale arrangement prior to the entitlement date by buying an equivalent number of Securities and returning them to the Lender.

If you do not take the actions required by the Lender, the Lender will take any action it considers prudent to protect its interest. Typically the Lender will close your short sale position by buying an equivalent number of Securities and returning them to the Lender. The Lender may, but is not required to contact you, your Financial Adviser or your Broker prior to taking any action. The Lender will charge a fee to close out each Securities Borrow Request made. Refer to section 4.1 in this Product Guide for further information.

Any decision, action, delayed action or inaction by the Lender may not have the same result as if you decided how to respond to the corporate action and this may affect your financial objectives and strategies.

## 2.5 How to transact

If you do not already have a Margin Loan with the Lender you will need to apply for a Margin Loan as well as Short Plus. Refer to the Margin Loan Product Guide for information about applying for a Margin Loan and refer to the Margin Loan Agreement for the terms and conditions.

You must ensure you have sufficient borrowing capacity under your Margin Loan to be able to cover the Safety Margin and any difference between the Collateral and the net sale proceeds. Refer to section 2.2 in this Product Guide for information about the Safety Margin. Refer to the Margin Loan Product Guide for information about borrowing capacity. You can check your borrowing capacity using the Online Service or by calling the Customer Service Team.

You can choose the Securities and number of units you wish to borrow provided you meet the \$20,000 minimum per Securities Borrow Request. Only certain Securities are approved by the Lender for short selling and may not be available at all times. By default, the source of the Securities will be domestic unless advised by the Lender. The list of Securities available for short selling is available on the Lender's website.

You, an Authorised Person or Broker should contact the Customer Service Team to make a Securities Borrow Request. The request should include:

- The Security and number of units you wish to borrow
- Proposed settlement date (if known)
- Name of the Broker
- Period you intend to hold the borrowed Securities if your request is accepted by the Lender (if known).

If the Lender approves your request the Lender will give you or your Broker an Authorisation. This will include an authorisation number, details of the Securities you have been authorised to borrow and the number of units and any fees. The number of units authorised by the Lender may be less than the number of units in your request. The Lender will charge a fee to close out each Securities Borrow Request made. Refer to section 4.1 in this Product Guide for further information.

### **! You should only short sell the number of Securities authorised by the Lender.**

Once you or your Broker have received the Authorisation, you can place a sale instruction with your Broker, informing them that the transaction is to be settled to your Loan Account. Your Broker should provide the Lender with confirmation of the sale transaction by the time required by the Lender.

If you wish to close a short sale position you will purchase an equivalent number of Securities through your Broker. In order to close the arrangement to borrow the Securities you must notify the Lender of your intention to return Securities on the same day you return the borrowed Securities.

## 2.6 Taxation

It is recommended that you seek professional advice including tax advice. Taxation law and practice may change and changes can impact any Securities borrowing arrangement and short selling transactions. Each investor will have unique financial circumstances and obligations under Australian tax laws.

## 2.7 Applying for Short Plus

You and any Guarantor must read this Product Guide and Short Plus Agreement completely together with other Product Documentation and obtain appropriate advice. You must already have a Margin Loan or apply for a Margin Loan at the same time.

The Lender may accept the following types of applicants:

- 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)

Return the completed and signed Short Plus Application Form to your Nominated Financial Adviser, Broker or directly to the Lender at:

### New Business Servicing Team

**Post:** GPO Box 5388  
Sydney NSW 2001

You may also need to complete an application for an account with your Broker. If you require any information in relation to applying for Short Plus you can contact the Customer Service Team.

When the Lender receives your application it will assess whether it is prepared to activate Short Plus on your Margin Loan. To make its assessment the Lender may require you or a Guarantor to provide additional information. If approved the Lender will activate Short Plus on the Margin Loan identified on the application for Short Plus and the Lender will notify you of the approval. You will not be able to enter into a short sale arrangement until you, your Nominated Financial Adviser and your Broker complete all the actions required by the Lender.

# Significant Risks

## 3.1 Overview

Covered short selling involves a number of risks beyond those of borrowing to invest through a Margin Loan. 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. 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 including any Security you short sell and consequently whether the net return from any transaction is sufficient to cover the cost of borrowing and other costs and whether a transaction is suitable to your circumstances and financial objectives.**

Neither the Lender, any other party associated with the operation of your Margin Loan with Short Plus or any other party named in this Product Guide guarantee that borrowing money through the Margin Loan or short selling 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 Short Plus. If you are a Guarantor then you are guaranteeing that the Borrower will meet their obligations under their Margin Loan with Short Plus. This means you should also consider the risks in this section.

This document doesn't list every risk of investing, borrowing to invest, short selling or acting as a Guarantor. This document doesn't cover the specific risks of any investment or short selling a particular Security.

Before deciding whether to apply for a Margin Loan with Short Plus, you and any Guarantor should read the Margin Loan PDS, the Margin Loan Product Guide and this Product Guide, the Margin Loan Agreement and the Short Plus Agreement, and you and any Guarantor should carefully consider the following risks in relation to covered short selling. You should have regard to your own financial objectives, circumstances and needs, and consider the need for professional advice, including taxation and legal advice.

## 3.2 Losses are potentially unlimited

The price of a Security can change rapidly and unexpectedly and can increase by an unlimited amount. When you short sell a Security you will incur a loss if the purchase price of a Security is higher than the initial sale price of that Security. This means that the loss you can potentially incur is theoretically unlimited.

## 3.3 Security income paid to the Lender

You must return the borrowed Securities (or their equivalent) to the Lender in less than 1 year (especially within 11 months and 15 days). This means you do not benefit from, and may have to pay to the Lender the value of any income or distributions (for example dividends and franking credits) or the value of any corporate action that is paid or accrues on the borrowed Securities while you have borrowed them. If you continue to borrow the Securities over the relevant entitlement date then you may become liable to pay the value of any distribution or corporate action even if you don't receive the benefit yourself and irrespective of whether you sell the borrowed Securities or not.

To avoid becoming liable to pay an amount equivalent to the value of a corporate action or a distribution you may need to buy back any sold Securities and return the Securities to the Lender prior to the relevant entitlement date for the corporate action of distribution. This may occur before the end of your planned investment horizon which means the short sale strategy may not reach the return you expected or required.



### 3.4 Events may occur that result in you providing additional Collateral

An increase in the price of the borrowed Securities may result in a Margin Call. Refer to the Margin Loan Product Guide for information about Margin Calls. If you do not resolve a Margin Call by the required time and in a manner acceptable to the Lender then your Loan Account becomes subject to Gearing Adjustment. If this occurs the Lender is entitled to sell some or all of the investments in the Secured Portfolio and to close out any short sale position. This may occur before the end of your planned investment horizon which means the short sale strategy may not reach the return you expected or required.

Collateral is assessed daily and where the price of the borrowed Securities has increases the Lender may ask you to contribute additional Collateral. Typically, you will borrow this additional Collateral through your Loan Account if you have sufficient borrowing capacity. Interest will accrue on the higher Loan Balance. If you don't have sufficient borrowing capacity then you will need to provide the additional Collateral from other sources. You may earn interest on the Collateral paid to the Lender but this will almost certainly not be greater than the cost of borrowing the Collateral through your Loan Account.

If you don't provide the additional Collateral when requested by the Lender, the Lender is entitled to close out any short sale position. The Lender may do this before the end of your planned investment horizon which means the short sale strategy may not reach the return you expected or required.

### 3.5 Suspended Securities

It is possible that a Security you have borrowed and short sold may become suspended from trading before you have a chance to buy it back. In this situation, the Lender will seek a valuation of the suspended Securities. That valuation may take longer than the maximum length of time for a Security Loan or than you intended to maintain the short sale position. The Security Loan will still be open and interest will be due on any money borrowed to fund the Collateral.

### 3.6 Powers of the Lender and other changes

The Lender may ask you to close out your short position at any time. This may occur before the end of your planned investment horizon which means the price of the Security may not have fallen as expected. This means you may incur a larger loss or earn a smaller return than expected or required. The Lender may remove any Security from the list of Securities available under Short Plus or for a particular Security to become unavailable for short selling. The Lender may also change the Safety Margin or Collateral applicable to any Securities. Any such acts or changes may adversely impact your ability to operate your Margin Loan with Short Plus in a way that suits your circumstances or meets your financial objectives.

Short selling is a regulated activity and these regulations can change at any time and at short notice. Changes in legislation, regulations and taxation policies may impact the potential benefits of short selling, how it operates or may result in a complete ban on short selling. This means you may not be able to use some of the Short Plus features and any short sale arrangement may become unsuitable for your circumstances or financial objectives.

### 3.7 Short selling is a complex financial transaction

Short Plus is a feature you add to your Margin Loan, whether you have an existing Margin Loan or are applying for a facility at the same time as Short Plus. You should consider all the risks of a Margin Loan as well as those specific to Short Plus.

It is strongly recommended that you and the Guarantor read the entire Short Plus Product Guide and Short Plus Agreement, together with the other Product Documentation, and seek financial advice including taxation advice before deciding to apply to add Short Plus to your Margin Loan or enter into any short sale arrangement.

# Additional Information

## 4.1 Fees and Costs

Please refer to the Lender's website for information on fees and costs associated with your Margin Loan. The Lender may apply a fee to each authorised Securities Borrow Request.

The Lender may apply a fee greater than the minimum to any Securities Borrow Request. The Lender will notify you when you make a Securities Borrow Request if the fee is greater than the minimum fee. Factors that are likely to cause the fee to be higher than the minimum include the market value of the Securities you intend to borrow and general market conditions which may make it difficult for the Lender to obtain these Securities from wholesale counterparts.

**A minimum fee applies to each Securities Borrow Request irrespective of whether you sell a variety of Securities at the same time.**

## 4.2 Cooling Off Period

Cooling off rights are not available in respect of any application to add Short Plus to a Margin Loan. You may not be able to withdraw an instruction or request once it is received by the Lender. Cooling off rights may not be available in respect of an order to buy or sell any Securities and you should refer to your Broker for further information.

## 4.3 Personal Information and Privacy

By completing an application form for a Margin Loan with Short Plus and operating a Margin Loan you and any Guarantor supply personal information to the Lender, the Nominee and the Sponsor. You and any Guarantor consent to this information being disclosed to other entities associated with opening and operating your Margin Loan, being provided through the Online Service and being included in various notices that may be sent electronically. 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 with Short Plus. Refer to Part C (Privacy Disclosure and Consent) of the Ord Minnett Terms and Conditions for how your personal information may be collected, used or disclosed.

## 4.4 Anti-Money Laundering and Counter-Terrorism Financing

To comply with these requirements under the Anti-Money Laundering and Counter-Terrorism Financing Act (AML/CTF Act), the Lender may:

- Require you and other parties named in your application for Short Plus to provide to the Lender, 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 including any Security borrowing arrangement, or refuse to provide services to you.
- Report any actual or proposed transaction or activity to any body authorised to accept such reports relating to the AML/CTF Act or any other law.

## 4.5 Lender's Customer Relations and Dispute

If you are dissatisfied with any Security sale or buy transaction you should contact your Broker. If you are dissatisfied with 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:** 02 8282 8251  
**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.



# Ord Minnett Short Plus Application Form

## Instructions

Capitalised terms in this Application Form have the meaning given in Section 9 of the Facility Terms and Conditions dated 9 November 2023 or later (Facility Terms and Conditions), clause 15 of the Short Plus Agreement set out in Part D of the Ord Minnett Terms and Conditions dated 9 November 2023 or later (Short Plus Agreement) and the Ord Minnett Short Plus Product Guide dated 9 November 2023.

“You” and “your” means the Borrower or the Guarantor as the case may be.

- **Please complete this form using a BLACK pen and print within the boxes in CAPITAL LETTERS.**
- **Do not use correction fluid. If you make an error, cross it out and have all parties initial the change.**

## 1. Margin Loan Facility Details

- ☐ Tick this box if you are applying for Short Plus and a Margin Loan with the Lender at the same time.
- ☐ Tick this box if you are applying for Short Plus on an existing Margin Loan with the Lender.

Existing Facility Name:

Existing Facility Number:

## 2. Execution

### 2.1 Acknowledgements

By signing the Short Plus Application Form, you, being a Borrower and a Guarantor (if any):

- acknowledge that all information in this Short Plus Application Form is correct and not misleading in any way;
- acknowledge that you have read the Facility Terms and Conditions, the Short Plus Agreement and the Short Plus Product Guide, including the description of risks contained in the Short Plus Product Guide;
- request the Lender to make Short Plus available under the Margin Loan;
- agree that Short Plus constitutes an Additional Feature under the Margin Loan for which each Guarantor is liable under the Guarantee, and each Guarantor consents to the Borrower entering into the Short Plus Agreement;
- agree to be bound by the terms and conditions of the Short Plus Agreement;
- direct each attorney under the Power of Attorney which you have given to the Lender to sell or otherwise deal with Securities and other property pursuant to the Short Plus Agreement on your behalf;
- if you are a Guarantor, you acknowledge that you are signing both as a Security Owner for Short Plus and as Guarantor for the Borrower's obligations under the Margin Loan with Short Plus.

**2.2 Borrower(s)**  
**Individual or Trust Borrowers(s)**

**Borrower 1**

The Short Plus Agreement is executed and delivered as a deed.

**Borrower 1**

Print full name

  

Signature

Date  /  /

**Borrower 2**

The Short Plus Agreement is executed and delivered as a deed.

**Borrower 2**

Print full name

  

Signature

Date  /  /

**Witness**

By signing below, the witness confirms that they observed the Borrower sign this form in person

Print full name

  

Phone number

Signature

Date  /  /

**Witness**

By signing below, the witness confirms that they observed the Borrower sign this form in person

Print full name

  

Phone number

Signature

Date  /  /

### Company Borrower

The Short Plus Agreement is executed and delivered as a deed.

#### Director 1 / Sole Director

Print full name

  

Office Held (e.g. Director/Secretary)

Signature

Date

 /  / 

#### Director 2 / Secretary

Print full name

  

Office Held (e.g. Director/Secretary)

Signature

Date

 /  / 

**Company Seal** (if required under company constitution)

## 2.3 Guarantor(s) – Individuals, Company Directors

### Guarantor 1

The Short Plus Agreement is executed and delivered as a deed.

#### Guarantor 1

Print full name

  

Signature

Date

 /  / 

#### Witness

By signing below, the witness confirms that they observed the Guarantor sign this form in person

Print full name

  

Phone number

Signature

Date

 /  /

**Guarantor 2**

The Short Plus Agreement is executed and delivered as a deed.

**Guarantor 2**

Print full name

Signature

Date

 /  / 

**Witness**

By signing below, the witness confirms that they observed the Guarantor sign this form in person

Print full name

Phone number

Signature

Date

 /  /

# ORD MINNETT

For more information about your Ord Minnett Margin Loan:

Call **02 8282 8251**

Visit **[leveraged.com.au/ords](https://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

Leveraged Equities Limited ABN 26 051 629 282 AFSL 360118. This information does not constitute financial, investment, legal, tax or other advice and may not be relevant to all investors. Investors are recommended to obtain their own independent professional advice on the risks and suitability of any investment and the taxation implications as they apply to investor's individual circumstances. Investors should consider the appropriateness of the information to them, read the Product Disclosure Statement and Product Documentation available online at [leveraged.com.au/ords/](https://leveraged.com.au/ords/). Lending criteria may apply. Information is correct at 9 November 2023 and is subject to change. (2044130-2044773) (08/24)