

# Leveraged Equities Investment Funds Multiplier

Product Guide

Dated 4 December 2018

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



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The professional's choice

# Important Notice

This Product Guide is designed to assist you in deciding whether to use Investment Funds Multiplier and related financial services provided by the Lender. It contains information about some of the potential benefits, significant risks, fees and costs of Investment Funds Multiplier, 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.

## 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 Investment Funds Multiplier. 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 Investment Funds Multiplier.

## 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 Part 1 of the Investment Funds Multiplier terms and conditions set out in this Product Guide. 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 Investment Funds Multiplier (IFM) comprises the Investment Funds Multiplier Product Disclosure Statement dated 4 December 2018 or later (IFM PDS), this Product Guide which includes the terms and conditions, and the Application Form dated 4 December 2018 or later or its electronic equivalent (together the Product Documentation). In addition to this Product Guide, the IFM PDS will help you to assess the suitability of Investment Funds Multiplier 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 Client 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 Investment Funds Multiplier which is not in the Product Documentation.

To the extent of any inconsistency between the explanations of Investment Funds Multiplier in this Product Guide, the Agreement or the Mortgage Terms, the Agreement and the Mortgage Terms prevail.

## 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

Investment Funds Multiplier 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 Investment Funds Multiplier 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, an IFM Facility or any investment or transaction. The examples do not cover all the possible outcomes of using an IFM Facility 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 an IFM Facility. In particular, borrowing to invest magnifies losses as well as gains. As well as the risks associated with using an IFM Facility 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 Investment Funds Multiplier, any investment acquired using money borrowed through or in connection with an IFM Facility or held as part of the Secured Portfolio, anything on a list of Acceptable Investments or the Lender.

You should also consider how borrowing through an IFM Facility 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. An IFM Facility may not be suitable for all investors. An IFM Facility is not a traditional loan and may involve some extra risks. You should not apply for an IFM Facility 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 IFM Facility. Cooling-off rights may not be available in respect of the IFM Facility.

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# Overview

**Investment Funds Multiplier 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 Investment Funds Multiplier?

Investment Funds Multiplier is a type of margin loan. Like a margin loan, it 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 an IFM Facility. These investments are called Acceptable Investments. The list includes the amount, expressed as a percentage of Market Value, that you may be able to borrow against a particular Acceptable Investment subject to limits applied to ensure the Secured Portfolio comprises a diverse mix of investments. The percentage of Market Value is called the Lending Ratio. The investments actually mortgaged to the Lender become part of the Secured Portfolio.

Acceptable Investments may include unlisted managed funds and certain investments traded on the Australian Securities Exchange. The current list of Acceptable Investments, Lending Ratios and limits are available on the website or by contacting the Client 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. Typically, if Market Values fall and a Margining Event occurs, a margin loan user will experience a margin call. Instead of a margin call, an IFM Facility becomes subject to a repayment plan which aims to reduce the amount borrowed to an acceptable level over time. Refer to section 3.4 in this Product Guide for further information about repayment plans and section 3.9 for information about Gearing Adjustment, Events of Default and termination.

## 1.2 Possible Investors

Whether an IFM Facility will be appropriate for you will depend on your financial situation and objectives. Investors who may like to consider whether an IFM Facility is appropriate 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.

These investors may have considered a margin loan but prefer a repayment plan instead of a margin call if Market Values fall to a level that no longer supports the amount borrowed or other events occur that result in a Margining Event.

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 an IFM Facility 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 earn a higher net 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 loan with a repayment plan instead of a margin call

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 short period. For example, if markets fall and as a result your Gearing Ratio rises to a level that is unacceptable to the Lender (in other words a Margining Event occurs) then your IFM Facility will become subject to a repayment plan. Repayment plans aim to reduce the amount borrowed to an acceptable level over time. Refer to section 3.4 in this Product Guide for details about repayment plans and section 3.9 for details about Gearing Adjustment, Events of Default and termination.

Manage your investments with the help of a flexible facility.

An IFM Facility has a number of flexible features including:

- a variety of ways to pay interest;
- a variety of Acceptable Investments;
- 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 IFM Facility); and
- you may be able to use your IFM Facility 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 or not invested at all. 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 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 Margining Events which result in your IFM Facility becoming subject to a repayment plan, Market Disruption, Material Adverse Events, Events of 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 Owed. You (or any Guarantor) are required to pay the Total Amount Owed when declared due irrespective of any net sale proceeds. Incurring losses under your IFM Facility 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 an IFM Facility.

### 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 Repayment Plan 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 IFM Facility and any Authorised Person or Repayment Plan 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 IFM Facility 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 Acceptable Investment. It is possible that any such change by the Lender will adversely impact your ability to operate your IFM Facility in a way that suits your circumstances and meets your financial objectives. Changes in legislation and taxation policies may also impact your IFM Facility 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

An IFM Facility 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 IFM Facility may become subject to a repayment plan. Typically, you will contribute money as well as borrow through your IFM Facility 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 IFM Facility 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 IFM Facility 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
<b>What can I invest in?</b>	<p>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 may include unlisted managed funds and certain investments traded on the Australian Securities Exchange.</p> <p>A current list of Acceptable Investments, Lending Ratios and limits to ensure a diverse mix of investments are available on the website or by contacting the Client Service Team.</p>	Section 3.1 in this Product Guide
<b>What Credit Limit can I apply for?</b>	<p>The minimum Credit Limit you can apply for is \$20,000.</p> <p>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.</p> <p>Based on information provided by you and other information the Lender obtains or calculates, the Lender will make an assessment, having regard to the requirements of government regulation, of whether the IFM Facility with the Credit Limit you are applying for 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.</p> <p>If the Lender agrees to open an IFM Facility with the Credit Limit you have requested then this is not an indication that an IFM Facility is or will be in fact suitable for you in your specific circumstances and for your specific financial objectives.</p>	Section 3.6 in this Product Guide
<b>How much can I borrow?</b>	<p>After establishing an IFM Facility, your borrowing capacity depends on your Credit Limit, the Lending Ratio and Market Value for the Acceptable Investments held as part of the Secured Portfolio. Your borrowing capacity will be the lesser of the Credit Limit and the Lending Value.</p> <p><b>Example A: Borrowing against existing portfolio of Acceptable Investments</b></p> <p>If the Lending Ratio for an investment is 75 per cent and the Market Value of your holding of that investment is \$100,000 then your borrowing capacity is up to \$75,000 which is the Lending Value (\$100,000 multiplied by 75 per cent) provided your Credit Limit is equal to or higher than this amount.</p> <p><b>Example B: Borrowing to acquire a portfolio of Acceptable Investments</b></p> <p>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.</p> <p>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 Lending Value.</p>	Sections 3.3 and 3.6 in this Product Guide
<b>Can I borrow money for other purposes?</b>	<p>If you have borrowing capacity you may be able to borrow through your IFM Facility. You must use some of the money borrowed to acquire financial products (for example listed securities or managed funds).</p>	Section 3.1 in this Product Guide

Feature	Summary	Reference
<p><b>What is the security for my IFM Facility?</b></p>	<p>To borrow money through an IFM Facility 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.</p> <p>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 IFM Facility.</p> <p>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.</p>	<p>Section 3.1 in this Product Guide Part 7 (Mortgage Terms) of the Agreement</p>
<p><b>When do I repay the amounts I borrow?</b></p>	<p>Subject to certain events (see the next topic), there is no set date by which you must repay the Total Amount Owing.</p> <p>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 Loan. Also restrictions may apply if you have a Fixed Rate Loan under your IFM Facility.</p> <p>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 IFM Facility 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.</p>	<p>Section 3.6 in this Product Guide</p>
<p><b>What events can result in the loan becoming due for early repayment?</b></p>	<p>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 Margining Events, your Facility Balance exceeding your borrowing capacity (the lesser of the Lending Value and the Credit Limit), Market Disruptions, Material Adverse Events, Events of Default 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.</p> <p>You must meet any repayment plan by the date and time required by the Lender. This will usually be the 20th calendar day of each month in the case of a Periodic Repayment Plan or within 24 hours in the case of a Lump-sum Repayment Plan.</p> <p>Subject to certain conditions, you or the Lender may terminate your IFM Facility by giving at least five (5) Business Days notice to the other party. If this occurs the Total Amount Owing must be repaid at the end of the notice period.</p> <p>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.</p>	<p>Sections 3.4 and 3.9 in this Product Guide Clause 11 (Repayment Plans) of the Agreement Clause 43 (Gearing Adjustment) of the Agreement Clause 44 (Events of Default) of the Agreement Clause 68 (Termination) of the Agreement Part 7 (Mortgage Terms) of the Agreement</p>



Feature	Summary	Reference
<p><b>How is interest charged?</b></p>	<p>A Variable Rate applies to money borrowed under your IFM Facility 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 IFM Facility at any time.</p> <p>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 IFM Facility.</p> <p>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.</p> <p>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 not refund any interest paid in-advance.</p> <p>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.</p> <p>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.</p> <p>Interest cannot be capitalised to your IFM Facility. To pay interest you must arrange for the Lender to debit your Nominated Account when interest becomes payable.</p>	<p>Section 3.5 in this Product Guide</p>
<p><b>Who owns the investments mortgaged to the Lender?</b></p>	<p>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.</p> <p>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.</p> <p><b>! At no time does the Lender, Nominee or Sponsor lend any part of the Secured Portfolio to any other party.</b></p>	<p>Section 3.7 and 3.10 in this Product Guide</p>

Feature	Summary	Reference
<p><b>Who are Guarantors?</b></p>	<p>As a Borrower, it may be appropriate to your financial circumstances for another person to guarantee that you will meet your obligations under your IFM Facility. 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.</p> <p>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.</p> <p>The Guaranteed Money and hence the liability of a Guarantor is usually equal to the Total Amount Owning 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.</p> <p><b>! Being a Guarantor involves significant risks.</b></p> <p>It is strongly recommended that all Guarantors:</p> <ul style="list-style-type: none"> <li>• Read the IFM PDS, this Product Guide, the Agreement and the Application Form, completely and carefully.</li> <li>• Make their own enquiries about the Borrower's ability to meet their obligations under the IFM Facility, their honesty, their intention to act in a way that won't disadvantage a Guarantor and their financial position and history.</li> <li>• Regularly monitor the IFM Facility and actions by the Borrower particularly if the relationship between the Borrower and a Guarantor changes.</li> <li>• Seek independent advice including financial, legal and taxation advice.</li> </ul>	<p>Section 3.7 in this Product Guide Part 5 (Guarantee Provisions) of the Agreement</p>
<p><b>Can I lose my contribution to the investments?</b></p>	<p>There are risks involved in investing through an IFM Facility which may result in you (and any Guarantor) losing some or all of the capital or Secured Portfolio contributed to the IFM Facility, earning a return less than expected or required to meet your objectives or that may limit a Security Owner's ability to deal with their investments.</p> <p>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.</p> <p><b>! 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.</b></p> <p>Borrowing money through an IFM Facility includes the following risks:</p> <ul style="list-style-type: none"> <li>• Borrowing money to invest magnifies investment losses as well as investment gains.</li> <li>• Events can result in some or all the money borrowed becoming due for payment in a short period of time, including immediately.</li> <li>• The timing of cash inflows can be different to outflows and some events can restrict your ability to deal with an investment.</li> <li>• You are required to repay the Total Amount Owning 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 Owning.</li> <li>• You are reliant on the operations of the Lender and any other entity involved in the operation of your IFM Facility as well as other people attached to your IFM Facility.</li> <li>• Changes by the Lender and legislative changes can impact your IFM Facility and your ability to use it to meet your financial objectives.</li> </ul>	<p>Section 5 in this Product Guide</p>

Feature	Summary	Reference
<b>Can I use my own Financial Adviser and Broker?</b>	You can nominate a Broker and Financial Adviser of your choice. A Broker facilitates buy and sell transactions on the Australian Securities 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
<b>What are the operating fees?</b>	<p>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 Loan. Account closing fees apply if you or any Guarantor is a company or a trustee.</p> <p>Your Financial Adviser and Broker may charge fees for advice and to execute transactions. The Lender may charge fees to settle transactions through your IFM Facility. The Lender, the Nominee or Sponsor will also charge for any taxes, fees or stamp duty they incur in relation to your IFM Facility.</p> <p>The Lender and the financial institution that holds a Nominated Account or Deposit 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).</p>	Section 4 in this Product Guide
<b>What is Instalment Plus?</b>	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
<b>What is Rewards Plus?</b>	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.	Section 3.15 in this Product Guide

# IFM Facility Details

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

## 3.1 IFM Facility

Your IFM Facility 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 may include unlisted managed funds and certain investments traded on the Australian Securities Exchange. The current list of Acceptable Investments is available on the website or by contacting the Client Service Team. The Lending Ratio is an indication of the maximum amount you may be able to borrow against a particular Acceptable Investment.

In addition, the Lender sets limits for various Acceptable Investments to ensure the Secured Portfolio comprises a diverse mix of investments. The Lending Ratios and limits are noted on the list of Acceptable Investments.

The Lender sets each Lending Ratio and limit having regard to its own risks and it is not a recommendation or indication about any investment or diversification strategy.

You can acquire a portfolio of Acceptable Investments by borrowing through your IFM Facility in addition to your own money. You may also use an existing portfolio of Acceptable Investments to borrow money through your IFM Facility if you have borrowing capacity. You must use some of the borrowed money to buy financial products such as unlisted managed funds or investments traded on the Australian Securities Exchange.

To secure your obligations under the IFM Facility 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, the Secured Portfolio is made up of an Exchange Traded Fund “ETF A” and an unlisted Managed Fund “Managed Fund B”.

	ETF A	Managed Fund B	Total
<b>Market Value</b>	\$30,000 (15,000 units at a price of \$2.00)	\$50,000 (10,000 units at a price of \$5.00)	\$80,000
<b>Lending Ratio</b>	75%	75%	
<b>Lending Value</b> (Market Value x Lending Ratio)	\$22,500	\$37,500	\$60,000
<b>Funds you contribute</b> (Market Value less Lending Value)	\$7,500	\$12,500	\$20,000

## 3.2 Why use Investment Funds Multiplier?

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, an 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 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 return or larger loss than if they had not borrowed or not invested at all.
- 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.

These investors may have considered a margin loan but prefer a repayment plan instead of a margin call if Market Values fall to a level that no longer supports the amount borrowed or other events trigger a Margining Event.

### Example 3.2 A

#### Comparing investing with and without borrowing

For simplicity, this example excludes interest, taxes and transaction fees such as brokerage.

	With IFM	Without IFM
<b>Your funds</b>	\$20,000	\$20,000
<b>Loan</b>	\$60,000	\$0
<b>Value of investment</b>	\$80,000	\$20,000
<b>Value after 10% increase</b>	\$88,000	\$22,000
<b>Your capital after loan repayment</b>	\$28,000	\$22,000
<b>Gain as percentage of your funds</b>	40%	10%
<b>Value after 10% decrease</b>	\$52,000	\$18,000
<b>Your capital after loan repayment</b>	\$12,000	\$18,000
<b>Loss as percentage of your funds</b>	(40%)	(10%)

### 3.3 Amount you can borrow

The amount you may be able to borrow (called borrowing capacity or available funds) through your IFM Facility, 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 various Acceptable Investments;
- any limit set by the Lender to ensure the Secured Portfolio comprises a diverse mix of investments; and
- the Market Value of Acceptable Investments in the Secured Portfolio.

You may be able to borrow up to the lesser of your Credit Limit and Lending Value. Your Lending 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.

### Example 3.3 A

#### Calculate the Lending Value

	ETF A	Managed Fund B	Total
<b>Market Value</b>	\$30,000	\$50,000	\$80,000
<b>Lending Ratio</b>	75%	75%	
<b>Lending Value</b> (Market Value x Lending Ratio)	\$22,500	\$37,500	\$60,000

#### Determine your borrowing capacity

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

Credit Limit	Lending Value	Borrowing Capacity
\$100,000	\$60,000	\$60,000 Lending value is lowest
\$35,000	\$60,000	\$35,000 Credit limit is lowest

#### ! 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 IFM Facility 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 75 per cent (\$60,000 Lending Value divided by the \$80,000 Market Value). The weighted average Lending Ratio is an indication of the maximum amount you may be able to borrow against in the Secured Portfolio. Assume your Credit Limit is greater than \$60,000 and you borrow \$60,000 then your Gearing Ratio is also 75 per cent (\$60,000 Lending Value divided by the \$80,000 Market Value). If instead you only borrow \$36,000 then your Gearing Ratio will be 45 per cent (\$36,000 divided by \$80,000) 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 ETF A that currently has a Lending Ratio of 75 per cent. In this case, you may be able to invest a maximum of \$40,000 (\$10,000 divided by 25 per cent which is 100 per cent minus the 75 per cent Lending Ratio) in ETF A. Your investment will comprise \$10,000 of your own funds and \$30,000 borrowed through your IFM Facility.

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;
- any limit set by the Lender to ensure the Secured Portfolio comprises a diverse mix of investments; 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. It shows a drop in Market Value of both the ETF A and Managed Fund B.

	ETF A	Managed Fund B	B Total
<b>Market Value after prices fall</b>	\$27,900 (15,000 units at a price of \$1.86)	\$45,000 (10,000 units at a price of \$4.50)	\$72,900
<b>Lending Ratio</b>	75%	75%	
<b>Lending Value (Market Value x Lending Ratio)</b>	\$20,925	\$33,750	\$54,675

Your borrowing capacity decreases to \$54,675 compared to \$60,000 in example 3.3 A (assuming your Credit Limit is greater than \$60,000).

allow for small intraday fluctuations in Lending Value without triggering a Margining Event.

#### ! The Buffer does not represent additional borrowing capacity.

When a Margining Event occurs or subsists, the Lender may determine that your IFM Facility is subject to a repayment plan. A repayment plan is a schedule of payments intended to reduce the Total Amount Owed over time. The repayment plan schedule depends on your Gearing Ratio at the time the Lender determines that your IFM Facility is subject to a repayment plan.

Typically, the Lender checks for Margining Events after the close of business each day. The Lender may determine whether the IFM Facility is subject to a repayment plan the following morning or at other times if the Margining Event subsists for example at the end of the month. The Lender can check for Margining Events at any time and may determine that the IFM Facility is subject to a repayment plan after any Margining Event. It is possible for your IFM Facility to be subject to successive repayment plans.

A Margining Event, and hence repayments plans can occur because the:

- Lending Value decreases.  
Refer to section 3.3 in this Product Guide for

## 3.4 Repayment Plans

### When does an IFM Facility become subject to a repayment plan?

A Margining Event occurs or subsists whenever the Total Amount Owed exceeds the Lending 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 Lending Value moves up and down within a small range. The purpose of the Buffer is to

information about calculating the Lending Value. The Lending Value changes as Market Values change and Market Values change constantly. The Lending Value may also decrease if the Lender decreases a Lending Ratio or any limit set by the Lender to ensure the Secured Portfolio comprises a diverse mix of investments.

- The Lender decreases or removes a buffer percentage applicable to any Acceptable Investment.
- Total Amount Owing increases.

The Total Amount Owing increases as you borrow money and decreases when you repay borrowed money.

**! Your IFM Facility can become subject to a repayment plan at any time, unexpectedly and can be the result of events outside your control including actions by the Lender.**

### Example 3.4 A

#### A Margining Event has not occurred

Assume the Total Amount Owing equals \$60,000.

	ETF A	Managed Fund B	Total
<b>Market Value</b>	\$30,000	\$50,000	\$80,000
<b>Lending Ratio</b>	75%	75%	
<b>Lending Value</b> (Market Value x Lending Ratio)	\$22,500	\$37,500	\$60,000
<b>Percentage buffer</b>	10%	10%	
<b>Buffer</b> (Market Value x Percentage Buffer)	\$3,000	\$5,000	\$8,000

In this case, the Total Amount Owing (\$60,000) is less than \$68,000 (Lending Value of \$60,000 plus Buffer of \$8,000) and a Margining Event has not occurred.

#### In the buffer

Assume the Total Amount Owing remains at \$60,000 but the Market Value of both investments in the Secured Portfolio decrease by 10 per cent.

	ETF A	Managed Fund B	Total
<b>Market Value</b> (After a fall of 10%)	\$27,000	\$45,000	\$72,000
<b>Lending Ratio</b>	75%	75%	
<b>Lending Value</b> (Market Value x Lending Ratio)	\$20,250	\$33,750	\$54,000
<b>Percentage buffer</b>	10%	10%	
<b>Buffer</b> (Market Value x Percentage Buffer)	\$2,700	\$4,500	\$7,200

In this case the Total Amount Owing exceeds the Lending Value by \$6,000 (\$60,000 minus \$54,000) but this is less than the Buffer of \$7,200. Your IFM Facility is “in the buffer” and a Margining Event has not yet occurred but may be imminent.

### Example 3.4 A continued

#### Margining Event

Assume the Total Amount Owning is still \$60,000 but the Market Value of both investments in the Secured Portfolio decrease by 15 per cent.

	ETF A	Managed Fund B	Total
<b>Market Value</b> (After a fall of 15%)	\$25,500	\$42,500	\$68,000
<b>Lending Ratio</b>	75%	75%	
<b>Lending Value</b> (Market Value x Lending Ratio)	\$19,125	\$31,875	\$51,000
<b>Percentage buffer</b>	10%	10%	
<b>Buffer</b> (Market Value x Percentage Buffer)	\$2,550	\$4,250	\$6,800

In this case, the Total Amount Owning of \$60,000 is greater than \$57,800 (Lending Value of \$51,000 plus Buffer of \$6,800). A Margining Event has occurred and you IFM Facility will become subject to a repayment plan. The repayment schedule depends on your Gearing Ratio at the time the Lender determines that your IFM Facility is subject to a repayment plan and is explained below.

You will need to make this payment within 24 hours of your IFM Facility becoming subject to an LRP. After you pay the LRP amount your IFM Facility will be subject to a PRP as outlined above.

### Example 3.4 B

#### Periodic Repayment Plan

Following on from example 3.4 A, the Lender checks for Margining Events and determines that your IFM Facility is subject to a repayment plan. At this time your Total Amount Owning is \$60,000, and the Market Value is \$69,500. Your Gearing Ratio is 86 per cent (Total Amount Owning \$60,000 divided by Market Value \$69,500) and your IFM Facility is subject to a Periodic Repayment Plan (PRP). The Lender records the PRP and takes reasonable steps to notify you of the repayment schedule. The PRP schedule requires you to pay 1 per cent of the Total Amount Owning (\$600) in cleared funds into your Loan Account each month, typically on or before the 20th calendar of each month, until the Total Amount Owning is less than the prevailing Lending Value.

### Example 3.4 C

#### Lump-sum Repayment Plan

Assume that the Market Value of both investments have fallen to \$62,500. This means your Gearing Ratio is 96 per cent (Total Amount Owning \$60,000 divided by Market Value \$62,500) and your IFM Facility is subject to a Lump-sum Repayment Plan. The Lender records the LRP and takes reasonable steps to notify you of the repayment schedule. The LRP schedule requires you to pay \$7,000 to reduce your Total Amount Owning to a Gearing Ratio of 85 per cent (Total Amount Owning \$53,000 divided by Market Value \$62,500). After you pay the LRP amount your IFM Facility will be subject to a Periodic Repayment Plan (PRP). The PRP schedule requires you to pay 1 per cent of the Total Amount Owning (\$530) in cleared funds into your Loan Account each month, typically on or before the 20th calendar of each month, until the Total Amount Owning is less than the prevailing Lending Value.

## What are Repayment Plans?

The purpose of repayment plans is to progressively reduce your Gearing Ratio to a level that is acceptable to the Lender. Generally, this means reducing the Total Amount Owning to an amount that is less than the prevailing Lending Value. There may be other ways to reduce your Gearing Ratio instead of or in addition to a repayment plan and this is discussed in the section below.

There are two types of repayment plans; a Periodic Repayment Plan (PRP) and a Lump-sum Repayment Plan (LRP). Which repayment plan will apply to your IFM Facility depends on your Gearing Ratio at the time the Lender determines that your IFM Facility is subject to a repayment plan.

If your Gearing Ratio is less than the Maximum Gearing Ratio (which is 95 per cent unless otherwise notified by the Lender) then your IFM Facility will be subject to a PRP. A PRP sets a monthly repayment schedule equal to 1 per cent of the Total Amount Owning at the time your IFM Facility becomes subject to the PRP. The monthly repayments continue until the Total Amount Owning is less than the prevailing Lending Value.

If your Gearing Ratio is more than the Maximum Gearing Ratio then your IFM Facility will be subject to a Lump-sum Repayment Plan. A LRP specifies one payment amount that aims to reduce your Gearing Ratio to around 85 per cent.

It is very important that you:

- Regularly monitor your IFM Facility. It may be appropriate for you to take action, or plan a response, if you believe a Margining Event 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 notifying you of any repayment plans (email address or a mobile phone number for a sms alert) that you regularly monitor. You should not nominate your Financial Adviser's contact details unless they agree to act as your Repayment Plan Agent.
- Seek financial advice before making any decision about reducing your Gearing Ratio in ways other than specified in a repayment plan schedule.



- If your IFM Facility does become subject to a repayment plan, you must arrange for any distributions earned on the Secured Portfolio to be paid to your Loan Account.

### Notification of a Repayment Plan

After determining that a Margining Event has occurred or is subsisting, the Lender may take reasonable steps to notify the Borrower that their IFM Facility is subject to a repayment plan. 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 notice of the repayment plan 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 directly contact all Borrowers who have an IFM Facility subject to a repayment plan.

As the Borrower, you can indicate a preference for receiving a repayment plan notice via email or a short text message (sms) alerting you to the repayment plan 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 give notice of a repayment plan to any of the points of contact nominated by you, then you are deemed to have received notice of the repayment plan even if you don't read it. For example, if your internet service provider doesn't deliver an email to your inbox in a timely manner. This delay does not change the repayment plan schedule. 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 notice of the repayment plan, usually by downloading it from the Online Service or by calling the Client Service Team. The additional time needed to obtain the full message may delay your ability to respond to the Margining Event.

The notice of a repayment plan will contain information such as the payment amounts and schedules and the consequences if you do not pay the amounts by the specified schedule. This means the notice of a repayment plan (and any sms alert) will contain personal information.

### Other ways to resolve a Margining Event

To resolve a Margining Event you must pay the amounts specified in the relevant repayment plan schedule. It may suit your circumstances to reduce your Gearing Ratio in other ways in the case of an LRP or faster than set out in a PRP schedule. The Lender may, but is not obliged to, accept other ways to reduce your Gearing Ratio. 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. This option is available when your IFM Facility is subject to a Periodic Repayment Plan or a Lump Sum Repayment Plan.

- 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. This option is only available when your IFM Facility is subject to a Periodic Repayment Plan.

If you want to reduce your Gearing Ratio by taking actions other than specified in the relevant repayment plan schedule then you or your Nominated Financial Adviser should contact the Client Service Team to confirm that your intended actions and evidence of those actions will be acceptable to the Lender. Taking these actions will not change any repayment plan schedule but may shorten the time your IFM Facility is subject to a repayment plan.

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 example is based on example 3.4 C "Lump-sum Repayment Plan". In this example, the Lump-sum Repayment Plan requires you to pay \$7,000 within 24 hours.

#### Example 3.4 D

##### Add investments to the Secured Portfolio

This example assumes you hold investments outside your IFM Facility or have other funds with which to acquire the investments. In this example, your IFM Facility is subject to a repayment plan. This means you have no borrowing capacity and can't buy investments through your IFM Facility.

You decide to transfer Acceptable Investments to your IFM Facility to become part of the Secured Portfolio. In this case you will need to add Acceptable Investments with a Market Value of at least \$7,000. The aggregate Market Value of the Secured Portfolio increases to \$60,000 which is equal to the Total Amount Owing. If your actions are acceptable to the Lender, your Gearing Ratio will be 85 per cent as required by the LRP and your IFM Facility will be subject to a PRP as outlined in example 3.4 B. To arrange for an investment to become part of the Secured Portfolio you can contact the Client Service Team.

### Example 3.4 E

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

It may suit your circumstances to sell certain investments where your facility is subject to a Periodic Repayment Plan. The amount you need to sell will depend on your circumstances, the investments you intend to sell and its Lending Ratio.

In this example, a Periodic Repayment Plan has been recorded.

Instead of meeting the payment schedule by paying \$600 per month to reduce your Total Amount Owing to the prevailing Lending Value, you may consider selling some of your investments. For example, you sell some of your Managed Fund B, the shortfall is currently \$9,000 (Lending Value of \$51,000 less Total Amount Owing of \$60,000), which means you will need to sell \$36,000 of Managed Fund B (\$9,000 divided by 25 per cent, being 100 per cent minus the Lending Ratio of Managed Fund B). This example assumes no brokerage or costs associated with selling and does not take into account any other fees or taxes that may arise from selling part of the Secured Portfolio. Refer to 3.6 for information about selling investments in the Secured Portfolio.

### What happens if you don't meet a repayment plan schedule?

It is an Event of Default if you do not make repayments in accordance with any repayment plan schedule. If an Event of Default occurs, the Lender is entitled to sell some or all of the investments in the Secured Portfolio, whether they are owned by you or any Guarantor, 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 Lending Value. It is important to understand the following points:

- The Lender may enforce any of the mortgages related to your IFM Facility and sell some or all of the investments in the Secured Portfolio whether the investments are owned by you or a Guarantor.
- If the Lender considers it prudent to protect its interest the Lender may sell more of the Secured Portfolio than required by any repayment plan schedule.
- The Lender may continue to sell the Secured Portfolio until your IFM Facility is no longer subject to a repayment plan.
- The Lender will decide which parts of the Secured Portfolio to sell that best protects its interest. The order in which the Lender decides to sell the Secured Portfolio may not be the same order in which you would have sold the investments. The investments sold by the Lender may belong to you or a Guarantor.
- Any decision, action, delayed action or inaction by the

Lender may not have the same result as if you meet the repayment plan schedule or take other actions to resolve the Margining Event 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 repayment plan the Lender will not confirm that the Borrower has in fact read or received it. You may not receive or read notice of a repayment plan if, for example, you don't regularly monitor the point of contact you nominated as your preferred method for receiving the notice, the point of contact is no longer active or your internet service provider fails to transmit the notice to your email account in a timely manner. If the Lender has taken reasonable steps (refer above for information on what may be reasonable steps for different types of Borrowers) to notify you then you are obliged to meet the repayment plan schedule within the time specified.
- The Lender will not notify a Guarantor of any repayment plan and a Guarantor can't instruct the Lender to notify it if the IFM Facility becomes subject to a repayment plan. A Guarantor may be able to monitor one of the points of contact nominated by the Borrower.
- While your IFM Facility is subject to a repayment plan you must arrange for any distributions earned on the Secured Portfolio to be paid to your Loan Account.
- The Buffer is used to determine whether a Margining Event has occurred. You must pay the amount specified in the repayment plan. The Buffer is not taken into account when setting the repayment amount and doesn't represent additional borrowing capacity.
- Other events, for example a Market Disruption, can result in your IFM Facility becoming subject to Gearing Adjustment. These events can occur at any time even if you continue to meet your obligations under any repayment plan. 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, Events of Default and termination.

### 3.5 Interest

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

The Variable Rate applicable to your IFM Facility will typically be related to and depend on the standard variable rate for Investment Funds Multiplier 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 IFM Facility 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.

## Paying Interest

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

Interest Rate	Payment Options
<b>Variable Rate</b>	Payable in-arrears on the last calendar day of each month.
<b>Fixed Rate</b>	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 pay interest by authorising the Lender to debit a Nominated Account.

Capitalisation of Interest is not available through the IFM Facility.

## Minimum interest charge

Unless you are using Instalment Plus, a minimum interest charge applies 30 days after your first Loan. This period is intended to give you sufficient time to select and arrange to acquire your investment portfolio. The Minimum Interest Balance is \$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.

### Example 3.5 A

#### Calculating the minimum interest

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

In this example your Facility Balance is less than the Minimum Interest Balance. The interest that will accrue to your IFM Facility 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.

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 Rate.

You may request a Fixed Rate Loan at any time. Each Fixed Rate Loan under your IFM Facility 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 reducing your Gearing Ratio if your IFM Facility becomes subject to a repayment plan. For example, assume your entire Facility Balance is subject to a Fixed Rate Loan and your IFM Facility becomes subject to a repayment plan. In this case you may have to break the Fixed Rate Loan to meet the repayment schedule. Rather than breaking the Fixed Rate Loan you may be able to resolve the Margining Event by transferring funds into a Deposit 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 Margining Event.

**! 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 IFM Facility you should check that the transaction will not cause a Margining Event or your Facility Balance to exceed the lesser of your Credit Limit and your Lending Value (in other words you should check that you have sufficient borrowing capacity).

#### Borrowing Money

To borrow money through your IFM Facility 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.

Circumstance 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.
- 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 IFM Facility and the type of transaction. Refer to the Online Service or contact the Client Service Team for further information or to obtain the relevant form.

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	Actions
<p><b>Listed Securities</b></p>	<p><b>Buying or Selling</b></p> <p>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 IFM Facility 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.</p> <p><b>Transfers</b></p> <p>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 Lending 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 your IFM Facility becoming subject to a repayment plan if you don't also reduce your Facility Balance and it will affect your borrowing capacity.</p> <p>A Security Owner can ask the Lender to transfer its listed Securities into a HIN associated with your IFM Facility. All investments held though the Sponsor are part of the Secured Portfolio irrespective of whether they are Acceptable Investments or not.</p>
<p><b>Interest in a Managed Fund and other unlisted security</b></p>	<p>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.</p> <p>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.</p> <p><b>Transfers</b></p> <p>If there is sufficient borrowing capacity under your IFM Facility 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 Lending Value will decrease. This may increase the likelihood of your IFM Facility becoming subject to a repayment plan 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.</p>

## 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 Owning. 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.
- 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 Loan.
- 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.
- Repaying money does not mean that your obligations (or any Guarantor's obligations) under your IFM Facility are terminated. Refer to section 3.9 in this Product Guide for information about terminating your IFM Facility.

## Receiving Distributions on the 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 IFM Facility. These banking details can be obtained from the Client Service Team or via the Online Service. 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 a Credit Limit for your IFM Facility. Your Credit Limit impacts your borrowing capacity.

If your Facility Balance does exceed the lesser of your Lending Value and your Credit Limit the amount of the excess is immediately due and payable, your IFM Facility will be subject to Gearing Adjustment and the Lender will send you a Notice. 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 any request to increase your Credit Limit. The Lender will conduct an assessment of your application based on information and documents provided by you at the time you apply for the increase or other information the Lender obtains or calculates. Refer to section 3.13 (Processing your application) in this Product Guide for information about how the Lender conducts this assessment. The Lender may decrease your Credit Limit at any time. If the Lender does approve the requested Credit Limit it is not an indication that an IFM Facility is in fact suitable to meet your financial objectives.

The Lender may periodically conduct a review of your IFM Facility. This review is for the benefit of the Lender only. To complete its review the Lender may require you to provide additional information or verify statements made by you. It may not take into account your individual circumstances. It will not take into account your financial objectives, the suitability of an IFM Facility 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 IFM Facility as financial advice about either your IFM Facility or any investment held through your IFM Facility.

## 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

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

#### ! Offering a Guarantee involves significant risks.

If a Borrower fails to meet any obligation under their IFM Facility 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 IFM Facility for example if it becomes subject to a repayment plan.
- If the Borrower fails to meet their obligations, the Lender may deal with any investments that are part the Secured Portfolio and that are owned by the Guarantor without notifying or seeking approval of a Guarantor.
- A Guarantor's obligations continue until all the Borrower's obligations is repaid in full, the Lender releases its Security Interest over the Secured Portfolio and the IFM Facility is closed.

It is very important for all Guarantors to:

- Read this Product Guide, the Agreement, the IFM PDS and the Application Form, completely and carefully.
- Make their own enquiries into the Borrower's ability to meet their obligations under the IFM Facility, 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 IFM Facility and the Borrower's activities particularly if the relationship between the Borrower and the Guarantor is expected to change.
- 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.
- 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 IFM Facility but are not Security Owners.

#### Security Owner Guarantors (excluding directors of company Borrowers 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 IFM Facility 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.

#### ! The liability of a Guarantor who is a Security Owner (except directors of a company Borrower including a company trustee) is generally 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.

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.

#### Directors of a company Borrower (including a company trustee)

In all but exceptional circumstances the Lender will require at least two directors (or the sole director if there is only one) of a company Borrower to become a Guarantor. 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 IFM Facility 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 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 IFM Facility 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
<b>View Access</b>	The person is authorised to view all information about your IFM Facility 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.	<ul style="list-style-type: none"> <li>• Nominated Financial Adviser (Your Nominated Financial Adviser (including employees and the AFS License holder the adviser represents) is automatically given view access unless you instruct the Lender otherwise)</li> <li>• Nominated Broker</li> <li>• Guarantor</li> <li>• A person related to or connected with the Borrower (for example a spouse or an officer of a company Borrower)</li> </ul>
<b>Alternate Contact</b>	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 what is required to locate you, for example your name.	<ul style="list-style-type: none"> <li>• Any person excluding your Nominated Financial Adviser (for example a personal assistant at work)</li> </ul>
<b>Authorised Person</b>	<p>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.</p> <p>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 information about a repayment plan.</p> <p>Refer to Clause 54 of Part 6 (General Provisions) of the Agreement for information about Authorised Persons.</p>	<ul style="list-style-type: none"> <li>• Nominated Financial Adviser</li> <li>• Guarantor</li> <li>• A person related to or connected with the Borrower (for example a spouse or an officer of the company Borrower)</li> </ul>
<b>Repayment Plan Agent</b>	This person is authorised by the Borrower to receive a notification about a repayment plan on their behalf. It is the responsibility of the Repayment Plan Agent to notify you of any repayment plans.	<ul style="list-style-type: none"> <li>• Nominated Financial Adviser (The Nominated Financial Adviser and their AFS Licensee must agree to act as your Repayment Plan Agent)</li> </ul>



## 3.9 Gearing Adjustment, Events of Default and Termination

### Gearing Adjustment

Your IFM Facility may become subject to Gearing Adjustment for any of the following reasons.

Event	Outcome
<b>Market Disruption</b>	The Lender will notify you that your IFM Facility is subject to Gearing Adjustment. The Notice will include the date and time when your IFM Facility becomes subject to Gearing Adjustment. 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.
<b>Material Adverse Event</b>	The Lender will notify you that your IFM Facility is subject to Gearing Adjustment. The Notice will include the date and time when your IFM Facility becomes subject to Gearing Adjustment. The date and time will depend on the nature of the Material Adverse Event and can be as short as a few hours or even immediately.
<b>Your Facility Balance exceeds the lesser of your Credit Limit or Lending Value</b>	Your IFM Facility will become subject to Gearing Adjustment any time your Facility Balance exceeds your Credit Limit or Lending Value. The Lender will notify you that your IFM Facility is subject to Gearing Adjustment. The Notice will include the date and time when your IFM Facility becomes subject to Gearing Adjustment and can be as short as a few hours or even immediately.

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

- A fall of 10% or more in the All Ordinaries Index, similar market index or price of a particular investment in any 24 hour period.
- An Acceptable Investment or class of investments are withdrawn from trading or becomes illiquid.
- 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.**

A Material Adverse Event include events that adversely impact:

- the ability of the Borrower or Guarantor to perform their obligations under the Agreement; or
- the value or ability to sell part of the Secured Portfolio.

While your IFM Facility is subject to Gearing Adjustment;

- The Lender may enforce any of the mortgages and sell some or all of the investment 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.

- The Lender may take these actions at various times until your IFM Facility is no longer subject to Gearing Adjustment. Your IFM Facility continues to be subject to Gearing Adjustment until the Lender is satisfied that the event or condition that caused your IFM Facility to become subject to Gearing Adjustment no longer exists or has been resolved.
- The Lender may take these actions even if your IFM Facility is subject to a repayment plan and you continue meet the repayment plan schedule.
- 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 IFM Facility is no longer subject to Gearing Adjustment. If your IFM Facility is subject to Gearing Adjustment for more than 30 days then the Lender may declare that an Event of Default has occurred.

### Events of Default

Events of 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 44 in Part 6 (General Provisions) of the Agreement sets out the Events of Default and Clause 45 in Part 6 (General Provisions) of the Agreement sets out the actions the Lender may take if an Event of Default occurs. Generally, if an Event of 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 IFM Facility.

## Termination

Termination of your IFM Facility may occur in one of three ways:

- You give the Lender at least 5 Business Days notice of your intention to terminate your IFM Facility. You will incur a fee if you terminate your IFM Facility within 4 months of the start of the first Loan. 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 IFM Facility. Provided no Event of Default has occurred the Lender must give you at least 5 Business Days notice of its intention to terminate. The Total Amount Owing is payable at the end of the notice period.
- The Lender declares that an Event of Default has occurred and is terminating your IFM Facility (the Lender may take other action as a result of an Event of Default). In this case the Total Amount Owing is payable immediately.

If your IFM Facility 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 IFM Facility. This means that you may need to transfer Securities held in the HIN to another account.

## 3.10 Sponsorship and Nominee

### What is CHESST?

CHESST (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 CHESST, rather than through the use of physical certificates. CHESST also enables the electronic settlement of transactions between CHESST participants (usually Brokers and institutional investors). CHESST is operated by the ASX Settlement Pty Limited (formerly ASX Settlement and Transfer Corporation Pty Ltd), a wholly owned subsidiary of the ASX. All CHESST 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 IFM Facility. 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 CHESST. When your IFM Facility is established each Borrower, joint Borrower and Guarantor enters into a Sponsorship Agreement with the Sponsor. The Sponsorship Agreement is made up of Part 1, Part 4 and Part 6 of the Agreement. Part 4 of the Agreement contains the main sponsorship provisions. The Sponsorship Agreement contains provisions that protect the Lender as mortgagee of all your CHESST 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 CHESST settled Securities that are mortgaged to the Lender under your IFM Facility. 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 CHESST settled Securities.

The Sponsor is a General Settlement Participant, and will provide transfer and settlement services on your behalf in relation to CHESST settled Securities that are part of the Secured Portfolio. The Sponsor will open an account in your name and CHESST 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 CHESST holding statements mailed to you from time to time by ASX Settlement.

### Nominee

When your IFM Facility is established each Borrower, joint Borrower and Guarantor enters into a Nominee Agreement with the Nominee. The Nominee Agreement is made up of Part 1, Part 3 and Part 6 of the Agreement. Part 3 of the Agreement contains the main nominee provisions. In particular, the Nominee will only act on instructions that are consistent with the Lender's requirements and your obligations under the IFM Facility. 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 IFM Facility. 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 investments held by the Nominee are part of the Secured Portfolio. Refer to Clause 19 in Part 3 of the Agreement for information about the obligations of the Security Owner. Refer to Clause 18.4 in Part 3 of the Agreement for information about what the Nominee may do when it holds investments 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 IFM Facility 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 IFM Facility. 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 IFM Facility 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.

Factor to Consider	Comment
<b>Tax deduction for borrowing costs</b>	<p>Provided you are a typical Borrower and use money borrowed under your IFM Facility 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.</p> <p>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.</p> <p>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.</p>
<b>Tax File Number</b>	<p>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.</p>
<b>Stamp Duty and GST</b>	<p>You may be liable for GST and stamp duty in respect of any transaction on your IFM Facility 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.</p>

### 3.12 Keeping you informed

Reports about your IFM Facility may list the Secured Portfolio, Market Values, Lending Ratios and Lending 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 a Margining Event 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 unless you specify otherwise. 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 IFM Facility
- 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
- Credit Limit

## Online Service

You may view information about your IFM Facility, 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 IFM Facility through the Online Service. Unless you elect to restrict the access of your Nominated Financial Adviser they (including employees, representatives and the AFS License holder the adviser represents) will be able to view information about your IFM Facility through the Online Service. You will receive more information about this service if your IFM Facility is approved.

## Alerts

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

These include alerts before your IFM Facility is subject to a Repayment Plan 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 IFM Facility.

## 3.13 Opening and Maintaining an IFM Facility

### Applying

You and any Guarantor must read the IFM PDS, this Product Guide including each part of 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 Client 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.

### New Business 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 Investment Funds Multiplier you can contact the Client Service Team.

## Processing your application

The Lender will conduct an assessment before it may agree to accept your application for an IFM Facility 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 an IFM Facility, 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 IFM Facility given the Credit Limit you are requesting.
- Your ability to understand the risks of using an IFM Facility.
- 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 repayment plan 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 IFM Facility and whether you are borrowing against a primary residential property.
- Whether you are readily contactable, will monitor your IFM Facility or have appointed an Authorised Person or Repayment Plan 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 an IFM Facility 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 an IFM Facility 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 an IFM Facility 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 IFM Facility in a manner that is consistent with the information you provided in your application and on which it based its assessment.
- You may request a copy of the Lender's assessment.

You may not be able to transact on your IFM Facility 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 IFM Facility.
- The Lender verifies the identity of all Borrowers and Guarantors.

### Maintaining your IFM Facility

Requests that you can make to maintain your IFM Facility include:

- Changing your personal details
- Changing your Nominated Financial Adviser or Nominated Broker
- Changing the point of contact for a notification of any repayment plan
- Changing the authority of other people attached to your IFM Facility
- Transaction requests
- Changing Nominated Account details
- Redemptions
- Requesting a change to your Credit Limit

The relevant forms can be obtained via the Online Service or by contacting the Client 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 under your IFM Facility.

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 under your IFM Facility.

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 and the Asset Class Limits. 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 that belong to the same Asset Class which has a Lending Ratio of 75 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 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 IFM Facility you will not be subject to the Minimum Interest Balance as described in section 3.5 in this Product Guide. Instalment Plus will be suspended if your IFM Facility becomes subject to a repayment plan. 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 IFM Facility. If the Lender accepts your request to participate in Rewards Plus the Lender may increase the Variable Rate applicable to your IFM Facility.

Points that a 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/rewardsplus](http://www.leveraged.com.au/rewardsplus) for the current schedule of Points the Member may earn on a Facility Balance and any fees associated with Rewards Plus or contact the Client 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/fees](http://www.leveraged.com.au/fees) for the current Fee Schedule.

## Establishment Fee

Paid by cheque or direct debit from your Nominated Account. If you do not pay any applicable establishment fee you will not be able to operate your IFM Facility. Establishment fees are not refundable if you don't proceed with your application.

Type	Fee
<b>Individual Borrower</b>	Nil
<b>Company Borrower or Guarantor</b>	
Establishment Fee	\$150.00
Release another Security Interest	\$69.00
Security Owners in Tasmania stamp duty to register mortgage.	Amount of applicable government duty (currently \$136.30)
<b>Trust Borrower or Guarantor</b>	\$250.00
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.	

## Additional Product Feature Fees

Feature	Fee
<b>Instalment Plus</b>	Nil
<b>Rewards Plus</b>	Nil

## Transaction Fees

Type	Fee
<b>Credit funds to the Loan Account</b>	Nil
<b>Pay funds from the Loan Account</b>	
Same day electronic transfer	\$26.00
Bank cheque	\$10.00
<b>Dishonour Fees</b>	
Applicable if a funds transfer fails, for example if there are insufficient funds in an account.	
Cheque deposited to Loan Account	\$9.50
Transfer from Loan Account	\$9.00
Direct debit from a Nominated Account	\$35.00
<b>Issuer Sponsored Search</b>	\$16.50
<b>Retrieval of information</b>	\$50.00
Applicable when your Nominated Adviser requests the Lender to retrieve, collate, sort and/or provide archived or historical information.	
<b>Break Costs</b>	Refer below
Applicable if you break a Fixed Rate Loan.	
<b>Off Market Transfer Fee</b>	\$25 per security
Applicable when a transfer of Security resulting in a Change of Beneficial Ownership to Issuer Status or another Controlling Participant.	
<b>Late Settlement of Buy Contract Note</b>	\$30 per contract note
Applicable when a buy contract note does not settle on the due date as specified on the contract note.	
<b>Late Settlement of Sell Contract Note</b>	\$30 per contract note
Applicable when a sell contract note does not settle on the due date as specified on the contract note.	

## Facility Closing Fees

Paid by direct debit from your Nominated Account.

Type	Rate
<b>Early Repayment</b> Applicable if you repay the total Facility Balance in full within 4 months of the start of your first Loan.	Up to an amount equal to the interest that would have been earned on the Minimum Interest Balance for the period from when you repay to 4 months from the start of your first loan. Minimum \$200.00
<b>Release Fee</b> 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 reason 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 Investment Funds Multiplier including Financial Advisers, Brokers and the firm the Financial Adviser or Broker represents. The Lender may pay administration fees to a platform operator, fund manager or master trust operator that administers the investments used to secure your IFM Facility. 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 under your IFM Facility, 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 commission that may have been paid by the Lender. Any commissions and administration fees paid by the Lender are paid out of income the Lender earns. Contact the person or entity that referred you to Investment Funds Multiplier 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 the 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 IFM Facility 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 IFM Facility 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 Investment Funds Multiplier.

## 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 example 3.2 A in this Product Guide, borrowing to invest magnifies gains as well as losses. Using an IFM Facility 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 the 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 IFM Facility or any other party named in this Product Guide warrant or guarantee that borrowing money through Investment Funds Multiplier 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 an IFM Facility. If you are a Guarantor then you are guaranteeing that the Borrower will meet their obligations under their IFM Facility. 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 IFM Facility. You should obtain information about an investment from the relevant disclosure document and by obtaining independent financial advice.

Before deciding whether to apply for Investment Funds Multiplier, you and any Guarantor should read the IFM PDS, this Product Guide, including each part of 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 determinate 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 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 profit 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 result in a larger profit 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 your IFM Facility becoming subject to a repayment plan when compared to a portfolio of low price volatility investments (all other things being equal).



- Changes in price volatility may cause the Lender to change a Lending Ratio or declare a Market Disruption which may affect your borrowing capacity or require you to pay some or all of the Total Amount Owing in a short period. Refer to section 3.3 in this Product Guide for information about how the Lending Ratio determines your borrowing capacity.
- 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 IFM Facility 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 IFM Facility 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 repayment plans, events that result in your IFM Facility becoming subject to Gearing Adjustment, Events of 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 IFM Facility or the Secured Portfolio.

Repayment plans are explained in section 3.4 in this Product Guide. Gearing Adjustment and Events of 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 an Event of Default. Refer to section 3.9 in this Product Guide for further information about Events of Default.

The Lender only releases its Security Interest over the Secured Portfolio when the Total Amount Owing is repaid in full and the IFM Facility 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 IFM Facility 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 IFM Facility 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 people

#### Lender, Nominee and Sponsor

You rely on the ability and willingness of the Lender to operate your IFM Facility. The Lender has the right to terminate your IFM Facility 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 IFM Facility which could result in the IFM Facility 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 IFM Facility 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 IFM Facility 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 IFM Facility.

### Authorised People

An Authorised Person can give the Lender almost all the same instructions that you and any Security Owner can give under your IFM Facility and can access information, including personal information, regarding your IFM Facility. For example, an Authorised Person can give a Borrowing Request under your IFM Facility. 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 Repayment Plan Agent to receive any notification of a repayment plan on your behalf. In this case the Lender will send the notification of the repayment plan to the Repayment Plan Agent instead of you. This means you are reliant on your Repayment Plan Agent to notify you of the repayment plan and act in your interest.

### 5.7 Adjustments and regulatory changes

The Lender can at any time change the list of Acceptable Investments, 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 IFM Facility in a way that suits your circumstances and meets your financial objectives. These changes may also result in your IFM Facility becoming subject to a repayment plan or Gearing Adjustment or cause an Event of 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 an IFM Facility 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 IFM Facility 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 the net after-tax return earned on your investment may be less than you expected.

### 5.8 Complexity

The Agreement and Mortgage are complex contracts and include 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 IFM Facility 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 IFM Facility that you will have to sell not only the Secured Portfolio but also other assets.

Investment Funds Multiplier is more complex than a traditional loan. It is strongly recommended that you and any Guarantor read the IFM PDS, this Product Guide, including each part of the Agreement and the Application Form and seek financial, taxation and legal advice before deciding to apply for Investment Funds Multiplier.

# Additional Information

This section provides information about the financial services the Lender may provide you, privacy, dispute resolution and other general information about an IFM 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; and
- Rural Bank Limited.

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

### Contact details

<b>Post</b>	GPO Box 5388 Sydney NSW 2001
<b>Call</b>	1300 307 807
<b>Email</b>	info@leveraged.com.au
<b>Visit</b>	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 Investment Funds Multiplier. 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 Investment Funds Multiplier. 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 IFM Facility.

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 an IFM Facility. 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 IFM Facility 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 commission or other benefit 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](http://www.leveraged.com.au) or contact the Client 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](http://www.leveraged.com.au) or contact the Client Service Team.

By completing an Application Form and operating an IFM Facility 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 IFM Facility, being provided through the Online Service and being included in various Notices including a Repayment Plan that may be sent electronically.

The entities associated with your IFM Facility 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 IFM Facility. Refer to Part 8 (Privacy Disclosure and Consent) of the Agreement for how your personal information may be collected, used or disclosed.

#### Credit Reporting Body

<b>Name</b>	Veda Advantage Public Access Division
<b>Post</b>	PO Box 964 North Sydney NSW 2059
<b>Call</b>	1300 762 207
<b>Visit</b>	<a href="http://www.mycreditfile.com.au">www.mycreditfile.com.au</a>
<b>Name</b>	Dunn & Bradstreet Australia
<b>Post</b>	PO Box 745 St. Kilda Road Melbourne VIC 3004
<b>Call</b>	1300 734 806
<b>Visit</b>	<a href="http://www.checkyourcredit.com.au">www.checkyourcredit.com.au</a>

### 6.4 Cooling Off Period

Cooling off rights are not available in respect of an IFM Facility 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 IFM Facility. 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 (Cth) (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 IFM Facility, 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 AML/CTF or any other law.

## 6.6 Lender's customer relations and dispute resolution

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

### Client Service Team Client Complaint Management

**Post** GPO Box 5388  
Sydney NSW 2001

**Call** 1300 307 807

**Fax** 02 8282 8383

**Email** [info@leveraged.com.au](mailto:info@leveraged.com.au)

**Visit** [leveraged.com.au](http://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 Customer Advocate who will provide an impartial review, keeping you updated on the progress to reach a satisfactory resolution.

### Customer Advocate

**Post** PO Box 480, Bendigo VIC 3552

**Call** 1300 139 572

**Email** [customeradvocate@bendigoadelaide.com.au](mailto:customeradvocate@bendigoadelaide.com.au)

Alternatively (or following consideration by Customer Advocate) you can raise the matter directly with the Australian Financial Complaints Authority.

### Australian Financial Complaints Authority

**Post** GPO Box 3, Melbourne VIC 3001

**Call** 1800 931 678

**Visit** [www.afca.org.au](http://www.afca.org.au)

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

# IFM Agreement

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## Part 1 Definitions and Interpretations

### 1. Definitions

The definitions in this Clause 1 apply to each part of the Agreement.

Term	Meaning
<b>Acceptable Investment</b>	A Security or other property (real or personal), whether issued or yet to be issued, which the Lender may accept as part of the Secured Portfolio from time to time.
<b>Administration</b>	Includes bankruptcy, administration arising out of mental illness or incapacity, administration of an insolvent estate, administration or liquidation of a corporation, scheme of arrangement, receivership or winding up or anything similar.
<b>AFCA</b>	Australian Financial Complaints Authority (formerly Financial Ombudsman Service). (ABN 38 620 494 340)
<b>Agreement</b>	<p>These terms and conditions including:</p> <ul style="list-style-type: none"> <li>(a) Definitions and interpretation – set out in Part 1;</li> <li>(b) Facility Provisions – set out in Part 2;</li> <li>(c) Nominee Provisions – set out in Part 3;</li> <li>(d) Sponsorship Provisions – set out in Part 4;</li> <li>(e) Guarantee Provisions – set out in Part 5;</li> <li>(f) General Provisions – set out in Part 6;</li> <li>(g) Mortgage Terms – set out in Part 7;</li> <li>(h) Privacy Disclosure and Consent – set out in Part 8;</li> <li>(i) Direct Debit Services Agreement – set out in Part 9;</li> <li>(j) Application Form after it is executed by the Borrower and, if applicable, the Guarantor;</li> <li>(k) any other document executed in connection with any of the parts set out above;</li> <li>(l) any document executed in connection with the IFM Facility; and</li> <li>(m) any document which the Lender and the Borrower agree is a “transaction document” under the Agreement.</li> </ul> <p>The parts to which the Borrower and the Guarantor, respectively, agree to be bound, are set out in Clauses 2.4 and 2.5, as applicable.</p>
<b>AML/CTF</b>	The rules made under section 229 of the Anti-Money Laundering and Counter Terrorism Financing Act 2006 (Cth), and as amended from time to time.
<b>Application Form</b>	The form (including an electronic form) used to apply for an IFM Facility as required by the Lender from time to time.
<b>Approved Market Operator</b>	Has the meaning given in the ASX Settlement Operating rules
<b>Arrangements</b>	Any arrangements from time to time in place between the Borrower or Guarantor and any of the Lender, the Nominee or the Sponsor.
<b>AQUA Product</b>	An Approved Financial Product that is admitted under the ASX Operating Rules, and is a Managed Fund Product (as defined in the ASX Operating rules) which is issued by or provided pursuant to a ‘simple managed investment scheme’.
<b>ASIC</b>	The Australian Securities and Investments Commission.
<b>ASX Clear</b>	ASX Clear Pty Limited (ABN 48 001 314 503), or any other body performing substantially the same function as ASX Clear Pty Limited.
<b>ASX Operating Rules</b>	The operating rules of ASX Limited as in force from time to time.
<b>ASX Settlement</b>	ASX Settlement Pty Limited (ABN 49 008 504 532) or any other body performing substantially the same function as ASX Settlement Pty Limited.
<b>ASX Settlement Operating Rules</b>	The operating rules of ASX Settlement as in force from time to time.
<b>ASX</b>	ASX Limited (ABN 98 008 624 691).



Term	Meaning
<b>Attorney</b>	An attorney appointed pursuant to the power of attorney in Clause 52 (Power of Attorney).
<b>Authorised Person</b>	A Person notified by the Borrower to the Lender from time to time and, if the Borrower is a company (including a company trustee), all of its directors jointly and each of them severally.
<b>Borrower</b>	The applicant for an IFM Facility who the Lender may accept by opening a Loan Account and whose details are set out in the Application Form as a borrower.
<b>Borrowing Request</b>	A request to borrow money in accordance with the Facility Agreement.
<b>Break Costs</b>	The Lender's estimate of all losses and expenses incurred or likely to be incurred by the Lender (including where those costs are imposed by the Lender's Related Body Corporate) in respect of a Fixed Rate Loan being repaid or otherwise altered (whether voluntarily or otherwise) prior to the expiration of the Fixed Term.
<b>Broker</b>	A Market Participant as defined in the ASX Settlement Operating Rules. Generally, a broker is a stockbroker admitted to participate in CHESS under the ASX Settlement Operating Rules or a Person that holds or is authorised under an AFSL that has an arrangement with a Market Participant of the Approved Market Operator and a Clearing Participant of ASX Clear to deal in Financial Products.
<b>Buffer</b>	An amount equal to the aggregate of the Market Value of each item of the Secured Portfolio multiplied by a percentage determined by the Lender from time to time in its absolute discretion in respect of that item of the Secured Portfolio. Such percentage may vary according to the item of the Secured Portfolio and may be zero.
<b>Business Day</b>	A day on which the ASX is open for business.
<b>Certificate</b>	A share certificate or other document evidencing title for a Security.
<b>Certificated Security</b>	A Security, title to which is evidenced by a Certificate.
<b>CHESS</b>	Has the meaning given in the ASX Settlement Operating Rules.
<b>CHESS Subregister</b>	Has the meaning given in the ASX Settlement Operating Rules. Generally, the CHESS Subregister is part of the securities register of an entity that is administered by the ASX Settlement.
<b>Controlling Participant</b>	Has the meaning given in the ASX Settlement Operating Rules. Generally, the Controlling Participant is a Person that has the capacity in CHESS to Transfer or convert Securities from a Holding.
<b>Conversion</b>	Has the meaning given in the ASX Settlement Operating Rules.
<b>Corporate Action</b>	Corporate events including a takeover, rights issue, bonus issue, company restructure, return of capital, buy back, exercise of an option, share purchase plan and partly paid call payment.
<b>Corporations Act</b>	The Corporations Act 2001 (Cth).
<b>Corporations Regulations</b>	The Corporations Regulations 2001 (Cth).
<b>Costs</b>	Includes: <ul style="list-style-type: none"> <li>(a) charges, expenses, taxes, duties and fines;</li> <li>(b) costs, charges and expenses in connection with legal, financial and other advisers on a full indemnity basis;</li> <li>(c) a proportionate share of the costs and expenses of the Lender (including administration costs and expenses whether imposed by a Related Body Corporate of the Lender or not);</li> <li>(d) any costs, charges and expenses incurred by the Lender in connection with entering into or terminating any hedging, funding or swap arrangements; and</li> <li>(e) Break Costs.</li> </ul>
<b>Credit Limit</b>	The amount which the Borrower requests, and the Lender agrees in its absolute discretion, to be the maximum amount of credit that may be obtained under the Agreement from time to time.
<b>Credit Reporting Body</b>	Has the meaning given in the Privacy Act. Generally refers to a Person that carries on credit reporting business, appointed by the Lender from time to time and disclosed in the IFM Product Guide.

Term	Meaning
<b>Dealing</b>	<ul style="list-style-type: none"> <li>&gt; Any payment, or any delivery or handing over of an asset, to; or</li> <li>&gt; any acquisition, incurring of Finance Debt, receipt, sale, lease, disposal or other dealing, by, the Security Owner or any Receiver, Attorney or Authorised Person, or any Person who purports or is purported to be a Receiver or Attorney.</li> </ul>
<b>Deposit Account</b>	Any account, term deposit, debenture, managed investment scheme or other financial product which the Security Owner and the Lender agree is a deposit account for the purposes of the Agreement.
<b>Direct Debit Request or DDR</b>	A request made by an account holder for amounts to be debited from a Nominated Account or a Deposit Account in accordance with the Direct Debit Service Agreement.
<b>Direct Debit Service Agreement</b>	In respect of a Nominated Account, the agreement contained in clauses 1 to 8 of Part 9 and in respect of a Deposit Account, the agreement contained in clauses 1, 2.1 to 2.7 and 7 of Part 9.
<b>Event of Default</b>	Any event specified in Clause 44 (Events of Default).
<b>Facility Agreement</b>	The agreement between the Lender and the Borrower the terms and conditions of which are set out in Part 1, Part 2 and Part 6.
<b>Facility Balance</b>	The aggregate of all Loans outstanding from time to time under the Agreement including interest and any other amount added to the Loan in accordance with the Agreement.
<b>Fee Schedule</b>	The schedule of fees and charges as set out in the Investment Funds Multiplier Product Guide or as otherwise made available by the Lender from time to time.
<b>Finance Debt</b>	Any material indebtedness (whether actual or contingent) in respect of money borrowed or raised or other financial accommodation.
<b>Financial Adviser</b>	A Person who holds or is authorised under an Australian Financial Services Licence to give financial product advice.
<b>Financial Market</b>	Has the meaning given in the Corporations Act.
<b>Fixed Rate Loan</b>	A Loan or an amount intended to be borrowed by the Borrower where the interest rate is fixed for a Fixed Term.
<b>Fixed Rate</b>	The interest rate applicable to a Fixed Rate Loan as determined by the Lender.
<b>Fixed Term</b>	In respect of a Fixed Rate Loan means a period of time in which the interest rate is the Fixed Rate as determined by the Lender.
<b>Gearing Adjustment</b>	The IFM Facility is subject to gearing adjustment if, as a result of Clauses 12 (Credit Limit), 46 (Material Adverse Event) or 47 (Market Disruption), then Clause 43 (Gearing Adjustment) applies.
<b>Gearing Ratio</b>	The ratio, expressed as a percentage, that the Total Amount Owed bears to the sum of the Market Value of all items of the Secured Portfolio as determined by the Lender from time to time.
<b>General Settlement Participant</b>	Has the meaning given in the ASX Settlement Operating Rules. Generally, it covers Participants admitted to participate in the settlement facility of ASX Settlement.
<b>Government Agency</b>	Any government or any governmental, semi-governmental or judicial entity or authority. It also includes any self-regulatory organisation established under statute or any stock exchange.
<b>GST</b>	The Goods and Services Tax as referred to in the A New Tax System (Goods and Services Tax) Act 1999.
<b>Guarantee</b>	The guarantee and indemnity granted by the Guarantor to the Lender, the terms and conditions of which are set out in Part 1, Part 5 and Part 6.
<b>Guaranteed Money</b>	The money referred to in Clause 32 (Guaranteed Money).
<b>Guarantor</b>	Each Person referred to as a guarantor in the Application Form and each Person who subsequently agrees to become a guarantor in accordance with Clause 51 (Additional Guarantors).
<b>Holder Identification Number or HIN</b>	Has the meaning given in the ASX Settlement Operating Rules. Generally, a HIN is similar to a bank account number and is used to identify the owner of the securities.

Term	Meaning
<b>Holder Record</b>	Has the meaning given in the ASX Settlement Operating Rules. Generally, the Holder Record contains the details recorded by the ASX Settlement in CHESS for the purpose of operating one or more Holdings on the CHESS Subregister.
<b>Holder Record Lock</b>	Has the meaning in the ASX Settlement Operating Rules. Generally, the Holder Record Lock is a feature in CHESS for preventing securities from being deducted from any current Holding to which the relevant lock applies.
<b>Holding</b>	Has the meaning in the ASX Settlement Operating Rules.
<b>IDPS</b>	An investor directed portfolio service.
<b>IFM Facility</b>	The line of credit which may be made available under the Facility Agreement.
<b>IFM Product Guide</b>	The brochure called the Investment Funds Multiplier (or IFM) Product Guide, dated 4 December 2018 or later and issued by the Lender in relation to the IFM Facility.
<b>Initial Contribution</b>	An amount specified as the initial contribution in the Borrower's application for Instalment Plus, such amount being equal to or greater than any minimum amount determined by the Lender from time to time.
<b>Initial Investment</b>	An amount specified as the initial investment in the Borrower's application for Instalment Plus, such amount being equal to or greater than any minimum amount determined by the Lender from time to time.
<b>Insolvent or Insolvency</b>	A Person who is insolvent or insolvent under administration or has a controller appointed (each as defined in the Corporations Act), is in liquidation, is in provisional liquidation, is under administration, has been wound up, is subject to any arrangement, assignment or composition, is protected from creditors under any statute, has been dissolved (other than to carry out a reconstruction while solvent) or otherwise unable to pay debts when they fall due.
<b>Issuer</b>	In respect of securities listed on the ASX, it has the meaning given in the ASX Settlement Operating Rules. Otherwise, it is an entity that issues or makes available or proposes to issue or make available, unlisted securities or financial products.
<b>Instalment Plus or Instalment+</b>	The arrangement described in Clause 13 (Instalment Plus).
<b>Instalment Plus Period</b>	The period determined in accordance with Clause 13.4.
<b>Lender</b>	Leveraged Equities Limited (ABN 26 051 629 282) either in its own capacity or as trustee of any trust (whether disclosed or not to the Borrower or the Guarantor), its successors and any Person it assigns any of its rights to and (if applicable) any replacement or additional trustee of any such trust.
<b>Lender's Representative</b>	Each of the following: (a) the Nominee; (b) the Sponsor; (c) any director or secretary of the Lender, the Nominee or the Sponsor; (d) any employee, agent or contractor whose title includes the word "director", "head of", "manager", "team leader" or "supervisor" of the Lender, the Nominee, the Sponsor or any of their Related Bodies Corporate; (e) any Assign; and (f) any other Person nominated by the Lender.
<b>Lending Ratio</b>	The percentage allocated from time to time by the Lender in its absolute discretion to particular items of the Secured Portfolio and, if no percentage is allocated by the Lender for a particular item of the Secured Portfolio, means zero.

Term	Meaning
<b>Lending Value</b>	In relation to the Secured Portfolio is an amount equal to: <ul style="list-style-type: none"> <li>the aggregate value of all items of the Secured Portfolio determined on the basis that the value of each individual item of the Secured Portfolio is calculated by multiplying the Market Value of that item by the Lending Ratio for that item; less</li> <li>any amounts as determined from time to time by the Lender in relation to other arrangements between the Borrower and the Lender in connection with the IFM Facility.</li> </ul>
<b>Loan</b>	All or part of the principal amount the Lender advances to the Borrower under the Facility Agreement.
<b>Loan Account</b>	The account established by the Lender in respect of the IFM Facility.
<b>Lump-sum Repayment Plan (or LRP)</b>	The IFM Facility becomes subject to a lump-sum repayment plan if: <ul style="list-style-type: none"> <li>the Lender determines that a Margining Event has occurred or subsists; and</li> <li>if at the time the Lender makes its determination, the Gearing Ratio is greater than the Maximum Gearing Ratio; and</li> <li>Clause 11 (Repayment Plan) applies.</li> </ul>
<b>Managed Fund</b>	Any managed funds scheme or managed investment scheme within the meaning of the Corporations Act.
<b>Margining Event</b>	An event, series of events whether related or not or condition that occurs or subsists at any time that the Total Amount Owing exceeds the Lending Value by the Buffer (if any) or more than the Buffer (if any).
<b>Market Disruption</b>	An event or series of events, whether related or not, that are, in the opinion of the Lender, likely to adversely effect the Lender's ability to manage its risks in relation to the Agreement including: <ol style="list-style-type: none"> <li>a material disruption to the operation of the ASX or other relevant body;</li> <li>the All Ordinaries Index or any other major market index (such index to reflect the performance of an asset class to which any of the Secured Portfolio can be associated) falling by a material percentage in any 24 hour period;</li> <li>a significant increase in the degree by which the All Ordinaries Index or any other major market index typically varies on a daily basis; or</li> <li>other events as notified by the Lender from time to time including by means of a policy published on the Lender's public website.</li> </ol>
<b>Market Value</b>	The value of an item of the Secured Portfolio as determined by the Lender at any time in its absolute discretion.
<b>Master Nominee Deed</b>	The deed so entitled between the Lender as the mortgagee and the Nominee as the nominee.
<b>Master Trust/Wrap</b>	The administrator and/or responsible entity of any master trust, wrap service or IDPS and where the context so requires such master trust, wrap service or IDPS.
<b>Material Adverse Event</b>	An event or series of events, whether related or not, that are in the opinion of the Lender, likely to have a material adverse effect on: <ol style="list-style-type: none"> <li>the ability of the Borrower or the Guarantor to perform its obligations under the Agreement;</li> <li>the financial condition or business of the Borrower or the Guarantor;</li> <li>the value of or ability to sell or redeem any part or all of the Secured Portfolio; or</li> <li>other events as notified by the Lender from time to time including by means of a policy published on the Lender's public website.</li> </ol>
<b>Maximum Gearing Ratio</b>	A percentage equal to 95% or as otherwise notified by the Lender from time to time.
<b>Minimum Interest Balance</b>	An amount equal to \$20,000 or as otherwise notified by the Lender from time to time.
<b>Member</b>	The member of the Qantas Frequent Flyer Program as specified in the Borrower's application for Rewards Plus.

Term	Meaning
<b>Monthly Contribution</b>	The amount specified as the monthly contribution in the Borrower's application for Instalment Plus, such amount being equal to or greater than any minimum amount determined by the Lender from time to time.
<b>Monthly Investment</b>	An amount specified as the monthly investment in the Borrower's application for Instalment Plus, such amount being equal to or greater than any minimum amount determined by the Lender from time to time.
<b>Mortgage</b>	The mortgage, on the Mortgage Terms, that will come into existence if the Lender accepts the Offer of Mortgage.
<b>Mortgage Terms</b>	The terms and conditions titled "Mortgage Terms" in Part 7.
<b>National Guarantee Fund</b>	A compensation fund administered by the Securities Exchange Guarantee Corporation limited (ABN 19 008 626 793).
<b>Nominated Account</b>	An account with an Australian bank or financial institution specified in the Application Form or as otherwise notified to and accepted by the Lender.
<b>Nominated Broker</b>	A Broker; <ul style="list-style-type: none"> <li>i. nominated by a Security Owner and accepted by the Lender from time to time; or</li> <li>ii. who sends a contract note, confirmation or other instruction to the Lender that appears, in the opinion of the Lender, to be a valid instruction from a Security Owner in relation to the Secured Portfolio or Securities or property that are intended to become part of the Secured Portfolio.</li> </ul>
<b>Nominated Financial Adviser</b>	The Financial Adviser specified in the Application Form or as otherwise notified by the Borrower and accepted by the Lender.
<b>Nominated Platform</b>	A Master Trust/Wrap: <ul style="list-style-type: none"> <li>(a) nominated by a Security Owner and accepted by the Lender from time to time; or</li> <li>(b) who sends a contract note, confirmation or other instruction to the Lender that appears to the Lender to be a valid instruction from the Security Owner in relation to their part of the Secured Portfolio or Securities or property that are intended to become part of the Secured Portfolio.</li> </ul>
<b>Nominated Service Provider</b>	A Person engaged by a Nominated Financial Adviser or Nominated Broker to provide services or to do something on behalf of the Nominated Financial Adviser or Nominated Broker, as the case may be, under agreement between the Nominated Financial Adviser or Nominated Broker, as the case may be, and the service provider. Such services may include provision of [administration services] and will be governed by the terms and conditions agreed between the Nominated Financial Adviser or Nominated Broker, as the case may be, and service provider.
<b>Nominee</b>	All or any of: <ul style="list-style-type: none"> <li>(a) Pirie Street Custodian Ltd (ABN 64 004 742 581);</li> <li>(b) Pirie Street Nominees Pty Ltd (ABN 69 077 851 622); or</li> <li>(c) such other Person the Lender may nominate from time to time.</li> </ul>
<b>Nominee Agreement</b>	The agreement between each Security Owner and the Nominee the terms and conditions of which are set out in Part 1, Part 3 and Part 6.
<b>Notice</b>	Any notice, certificate, demand, consent and other communication in connection with the Agreement given pursuant to Clause 77 (Notices).
<b>Offer of Mortgage</b>	The offer of mortgage contained in the Application Form or made to the Lender at any time thereafter.
<b>Online Service</b>	The electronic service operated by the Lender, or a Related Body Corporate of the Lender, in accordance with Clause 76 (Online Service).
<b>Overdue Money Rate</b>	The interest rate imposed by the Lender at any time in respect of any overdue monies.
<b>Participant</b>	Has the meaning given in the ASX Settlement Operating Rules. Generally, a Participant is a Person who has the capacity on CHESS to transfer or convert Securities from a Holding.

Term	Meaning
<b>Participant Sponsored Holding</b>	Has the meaning given in the ASX Settlement Operating Rules. Generally, a Participant Sponsored Holding is a holding of securities on CHESS of a person that has a current sponsorship agreement with a participant on CHESS.
<b>Person</b>	Includes a natural person, partnership, bodies corporate, associations and public authorities.
<b>Periodic Repayment Plan Amount or PRP Amount</b>	An amount equal to 1 per cent of the Total Amount Owing as determined by the Lender on the day the IFM Facility becomes subject to a Periodic Repayment Plan.
<b>Periodic Repayment Plan or PRP</b>	The IFM Facility becomes subject to a periodic repayment plan if: <ul style="list-style-type: none"> <li>• the Lender determines that a Margining Event has occurred or subsists; and</li> <li>• if at the time the Lender makes its determination, the Gearing Ratio is less than or equal to the Maximum Gearing Ratio; then</li> <li>• Clause 11 (Repayment Plan) applies.</li> </ul>
<b>Plan</b>	Any plan to reinvest dividends, interest or other distributions in respect of the Secured Portfolio.
<b>Points</b>	The points awarded under the Qantas Frequent Flyer Program.
<b>Power</b>	Any power, right, authority, discretion or remedy that is conferred on the Lender, the Nominee, the Sponsor or an Attorney or Receiver by the Agreement or by law in relation to the Agreement.
<b>PPSA</b>	The Personal Property Securities Act 2009 (Cth) and any regulations made pursuant to it.
<b>PPSR</b>	The register established under the PPSA.
<b>Privacy Act</b>	The Privacy Act 1988 (Cth) and any regulations made pursuant to it.
<b>Privacy Disclosure and Consent</b>	The terms contained in Part 8.
<b>Product Disclosure Statement or PDS</b>	The statement called the Product Disclosure Statement, dated 4 December 2018 or later, and issued by the Lender in relation to the IFM Facility in accordance with the Corporations Act.
<b>Qantas</b>	Qantas Airways Limited (ABN 16 009 661 901).
<b>Qantas Frequent Flyer Program</b>	The frequent flyer program operated by Qantas.
<b>Receiver</b>	A receiver or receiver and manager.
<b>Related Body Corporate</b>	Has the meaning given in the Corporations Act.
<b>Repayment Plan Agent</b>	An agent of the Borrower who, if they are accepted by the Lender, will receive all Notices of any repayment plan on behalf of the Borrower.
<b>Responsible Lending Obligations</b>	Means the obligations of the Lender set out in Division 4A of Part 7.8 of Chapter 7 of the Corporations Act and the Corporations Regulations which require the Lender to: <ol style="list-style-type: none"> <li>i. make reasonable enquiries about the Retail Borrower's financial situation, including those enquiries prescribed by the Corporations Regulations;</li> <li>ii. take reasonable steps to verify the Retail Borrower's financial situation; and</li> <li>iii. assess whether the IFM Facility or an increase in the Credit Limit will be unsuitable for the Retail Borrower having regard to the requirements set out in the Corporations Act and the Corporations Regulations.</li> </ol>
<b>Retail Borrower</b>	A natural person who is also a Retail Client.
<b>Retail Client</b>	Has the meaning given in the Corporations Act.
<b>Rewards Plus or Rewards+</b>	An arrangement to award Points to a Member, the mechanics of which are set out in Clause 14 (Rewards Plus).

Term	Meaning
<b>Rights</b>	<p>All assets, rights, powers and proceeds of any nature at any time attaching to, or arising out of, any part of the Secured Portfolio, including:</p> <ul style="list-style-type: none"> <li>(a) all money, distributions, interest and dividends;</li> <li>(b) any proceeds from any disposal, share buyback, redemption, compulsory acquisition, liquidation or scheme or arrangement;</li> <li>(c) any Security resulting from the conversion, consolidation or sub-division of a Security;</li> <li>(d) any or right to take-up or Security resulting from an allotment, offer, bonus issue or dividend reinvestment plan; and</li> <li>(e) any certificate or other evidence of title to any of the above.</li> </ul>
<b>Scheduled Time</b>	Has the meaning given in the ASX Settlement Operating Rules.
<b>Secured Portfolio</b>	<p>Means each of the following:</p> <ul style="list-style-type: none"> <li>(a) all Securities that are held with the Sponsor under the Sponsorship Agreement;</li> <li>(b) all Securities and property (real or personal) that are held by the Nominee on behalf of the Security Owner;</li> <li>(c) all Securities and property (real or personal) that are held by another entity or Third Party Sponsor on terms acceptable to the Lender, in connection with the Agreement;</li> <li>(d) all Securities and property (real or personal) that are purchased or refinanced by the Security Owner or by the Nominee on behalf of the Security Owner with the proceeds of a Loan or from a Deposit Account (unless the Lender otherwise agrees);</li> <li>(e) all Securities and property (real or personal) that the Lender agrees in writing is part of the Secured Portfolio from time to time and on such terms as the Lender stipulates;</li> <li>(f) all rights of the Security Owner in relation to a Deposit Account including all rights to repayment or redemption of money, rights to interest and rights to distribution of income and property, whether or not the interest or distribution is actually credited to the Deposit Account;</li> <li>(g) all rights to claim under the National Guarantee Fund;</li> <li>(h) all Rights; and</li> <li>(i) if any of the above is held or managed through a Master Trust/Wrap, all of the Security Owner's interest in such Master Trust/Wrap unless otherwise agreed by the Lender.</li> </ul>
<b>Securities Licence</b>	A securities dealers licence or an Australian Financial Services licence (as applicable) issued under the Corporations Act.
<b>Security</b>	<p>Means each of the following:</p> <ul style="list-style-type: none"> <li>(a) shares, stock units or units in the capital of a corporation;</li> <li>(b) debentures, debenture stock, bonds, notes, convertible notes, units, warrants or other securities created, issued or granted by any corporation, government, unincorporated body or other entity;</li> <li>(c) a unit or other interest in a trust or partnership;</li> <li>(d) any interest in Master Trust/Wrap or Managed Fund and other rights the subject of a disclosure document or product disclosure statement under the Corporations Act;</li> <li>(e) a negotiable instrument;</li> <li>(f) any other financial product determined by the Lender to be a security for the purposes of the Agreement; and</li> <li>(g) any right or option in respect of any of the above (whether issued or unissued).</li> </ul>
<b>Security Interest</b>	Any security interest as defined in and to which the PPSA applies and any security for the payment of money or performance of obligations including a mortgage, charge, lien, pledge, trust or power.
<b>Security Owner</b>	Any Person (which can include the Borrower or a Guarantor) who has or will provide a mortgage or any other Security Interest to the Lender over any item of the Secured Portfolio or any other assignment or charge to secure the Total Amount Owing or the Guaranteed Money (as the case may be).

Term	Meaning
<b>Service Provider</b>	A Person engaged by the Lender to provide services or do something on behalf of the Lender including a mailing house, a provider of information technology services, a debt collection agency, auditor or a solicitor.
<b>Settlement Facility</b>	Has the meaning given in the ASX Settlement Operating Rules.
<b>Settlement Participant</b>	Has the meaning given in the ASX Settlement Operating Rules. Generally, Settlement Participant covers persons that are not Brokers but who satisfy certain eligibility criteria in the ASX Settlement Operating Rules.
<b>Sponsor</b>	Pirie Street Custodian Ltd (ABN 64 004 742 581, AFSL 240521) or such other Person as the Lender may nominate from time to time.
<b>Sponsorship Agreement</b>	The agreement between each Security Owner and the Sponsor or the Nominee and the Sponsor, the terms and conditions of which are set out in Part 1, Part 4 and Part 6.
<b>Sponsoring Participant</b>	Has the meaning given in the ASX Settlement Operating Rules. Generally, the Sponsoring Participant is a Participant that establishes and maintains a Participant Sponsored Holding.
<b>Subposition</b>	Has the meaning given in the ASX Settlement Operating Rules. Generally, a Subposition is a facility in CHESS for restricting certain activities in relation to securities under CHESS.
<b>Third Party Sponsor</b>	A Person other than the Sponsor appointed by the Security Owner and approved by the Lender to be the Controlling Participant in relation to any CHESS Holding comprising any part of the Secured Portfolio.
<b>Total Amount Owing</b>	At any time, all moneys the Borrower owes the Lender now or in the future, including, without limitation, and whether or not relating to the IFM Facility or otherwise: <ul style="list-style-type: none"> <li>(a) money which the Borrower actually does owe or will owe the Lender including money which the Lender has loaned to the Borrower, or agreed to pay for the account of the Borrower, interest, fees, Costs, charges, damages and money owing in respect of any indemnities;</li> <li>(b) money which the Borrower contingently owes the Lender at that time; and</li> <li>(c) money which the Borrower may owe the Lender after that time if something happens or becomes known. This applies even if there is no existing obligation to pay it, so long as it arises in relation to circumstances which at that time either exist or can reasonably be foreseen or contemplated.</li> </ul>
<b>Transfer</b>	Has the meaning given in the ASX Settlement Operating Rules.
<b>Withdrawal Instructions</b>	Has the meaning given in the ASX Settlement Operating Rules. Generally, Withdrawal Instructions are written or oral instructions from the Security Owner to the Sponsor for the withdrawal of Securities from a Participant Sponsored Holding.
<b>Variable Rate</b>	The interest rate applicable to the IFM Facility that may be varied at any time by the Lender.



## 2. Interpretation

- 2.1 This Clause 2 applies in relation to the interpretation of each part of the Agreement.
- 2.2 Where a term used in the Agreement is defined in the ASX Settlement Operating Rules, the Corporations Act or the PPSA then, unless that term is otherwise defined in the Agreement, the term has the meaning set out in the ASX Settlement Operating Rules, the Corporations Act or the PPSA as applicable, as amended from time to time.
- 2.3 Headings are for convenience only and do not affect interpretation. The following rules apply unless the context requires otherwise.
- (a) the singular includes the plural and the converse;
  - (b) a gender includes all genders;
  - (c) if a party comprises two or more persons:
    - i reference to a party means each of the persons individually and any two or more of them jointly;
    - ii a promise by that party binds each of them individually and all of them jointly;
    - iii a right given to that party is given to each of them individually; and
    - iv a representation, warranty or undertaking by that party is made by each of them individually;
  - (d) where a word or phrase is defined, its other grammatical forms have a corresponding meaning;
  - (e) a reference to a person, trust, partnership, unincorporated body or other entity includes any of them;
  - (f) a reference to a Part, Clause, section, annexure or schedule is a reference to a part of, clause of, section of, or annexure or schedule to, the Agreement unless otherwise specified;
  - (g) a reference to a party to the Agreement or another agreement or document includes the party's successors and permitted substitutes or assigns;
  - (h) a reference to legislation or to a provision of legislation includes a modification or re-enactment of it, a legislative provision substituted for it and a regulation or statutory instrument issued under it;
  - (i) a reference to writing includes a facsimile and electronic transmission and any means of reproducing words in a tangible and permanently visible form;
  - (j) a reference to conduct includes an omission, statement or undertaking, whether or not in writing;
  - (k) the meaning of terms is not limited by specific examples introduced by including, or for example, or similar expressions;
  - (l) all references to time are to Sydney time;
  - (m) no provision of the Agreement may be construed adversely to a party solely on the ground that the party was responsible for the preparation of the Agreement or that provision;
  - (n) where the Agreement, says that the Lender, the Nominee or the Sponsor may do something then it may choose to do or not do that thing in its absolute discretion, unless the Agreement says otherwise;
  - (o) where an example is given it does not limit what else is included unless there is express wording to the contrary;
  - (p) a reference to a document or agreement includes a reference to that document or agreement as extended, novated, altered or replaced from time to time; and
- (q) a reference to the "Borrower" or the "Guarantor" includes a reference to the Borrower or the Guarantor both in its capacity as a Borrower or a Guarantor (as the case may be) and as a Security Owner (if applicable).
- 2.4 The Borrower agrees to be bound by the following:
- (a) Facility Agreement;
  - (b) Nominee Agreement;
  - (c) Sponsorship Agreement;
  - (d) Mortgage (if and to the extent the Borrower's Offer of Mortgage is accepted by the Lender);
  - (e) Privacy Disclosure and Consent;
  - (f) Direct Debit Services Agreement;
  - (g) Definitions and Interpretation;
  - (h) General Provisions;
  - (i) the Application Form after it is executed by the Borrower;
  - (j) any other document executed in connection with any of the parts set out above;
  - (k) any document executed in connection with the IFM Facility; and
  - (l) any document which the Lender and the Borrower agree is a "transaction document" under the Agreement.
- 2.5 The Guarantor agrees to be bound by the following:
- (a) Guarantee;
  - (b) Nominee Agreement;
  - (c) Sponsorship Agreement;
  - (d) Mortgage (if and to the extent the Guarantor's Offer of Mortgage is accepted by the Lender);
  - (e) Privacy Disclosure and Consent;
  - (f) Definitions and Interpretation;
  - (g) General Provisions;
  - (h) the Application Form after it is executed by the Guarantor;
  - (i) any other document executed in connection with any of the parts set out above;
  - (j) any document executed in connection with the IFM Facility; and
  - (k) any document which the Lender and the Guarantor agree is a "transaction document" under the Agreement.

## Part 2 Facility Provisions

### 3. Borrowing Money

- 3.1 If the Borrower wants to borrow money under the IFM Facility it must give the Lender a Borrowing Request. The Borrowing Request must include such information and be given to the Lender in such a manner (including written, electronically or verbally) as the Lender may require from time to time.
- 3.2 If the Borrower wants to change or cancel a Borrowing Request or a deemed Borrowing Request it must provide a Notice to the Lender such that the Lender receives the Notice before it has advanced the money requested. The Lender is not responsible for changing or cancelling any instruction to buy or acquire any Security or property the subject of or related to the changed or cancelled Borrowing Request or deemed Borrowing Request.

- 3.3 Without limiting the generality of Clause 3.5, the Borrower is not entitled to give the Lender a Borrowing Request, unless the following conditions are satisfied:
- (a) the Facility Balance, at the end of the Business Day on which the money is to be advanced, will be, in the opinion of the Lender, less than the lesser of the Credit Limit and the Lending Value;
  - (b) the Borrower has paid the Lender any fees owing to the Lender;
  - (c) the IFM Facility is not subject to Gearing Adjustment;
  - (d) an Event of Default is not subsisting and is unlikely to occur; and
  - (e) the Borrower and the Guarantor have complied with such other conditions as the Lender may reasonably impose and have provided the Lender with all documents or information, both in form and in substance satisfactory to the Lender, as the Lender may require.
- 3.4 The conditions precedent in Clause 3.3 are for the benefit of the Lender only. The Lender may impose any one or more of such conditions to reasonably protect its interests.
- 3.5 Even if everything required under this Clause 3 is done, the Lender may in its absolute discretion decline to advance a Loan. The Lender may in its absolute discretion advance a Loan even if everything required under this Clause 3 is not done.
- 3.6 The Borrower acknowledges that the Lender will not open the IFM Facility or increase the Credit Limit unless the Lender is satisfied that the Lender has complied with its Responsible Lending Obligations. The Borrower acknowledges that the Lender may conduct other assessments before agreeing to open the IFM Facility or increase the Credit Limit.
- 3.7 At all times the Borrower must ensure that the Facility Balance is less than the lesser of the Lending Value and the Credit Limit.
- 3.8 Where, despite Clause 3.7, the Facility Balance exceeds the lesser of the Lending Value and the Credit Limit for any reason, the amount of the excess is immediately due and payable to the Lender and will not result in any change to the Credit Limit. Clause 67 (Interest on Overdue Money) will apply to the amount of any excess.

#### 4. Borrowing to Purchase Listed Securities and Rights

- 4.1 This Clause 4 applies to requests to purchase Securities or Rights which are traded on a Financial Market. The Lender, the Nominee or the Sponsor will not act as a Broker on behalf of any Person.
- 4.2 If the Lender receives a contract note or confirmation from any Broker or Platform relating to the purchase of Securities or Rights on behalf of the Borrower or a Guarantor, the Lender is entitled to treat the contract note or confirmation as a Borrowing Request for the purposes of Clause 3 (Borrowing Money). The Broker will become a Nominated Broker and the Platform will become a Nominated Platform.
- 4.3 Subject to Clause 3 (Borrowing Money), the Lender may advance a Loan necessary to settle the deemed Borrowing Request by paying the amount as specified in the contract note or confirmation.
- 4.4 Unless otherwise agreed by the Lender, the Securities or Rights purchased under this Clause 4 becomes part of the Secured Portfolio and the Lender is entitled to take such action required to register a Security Interest over the Securities or Rights or otherwise give effect to the Mortgage.

#### 5. Borrowing to Apply for Unlisted Securities, Property and Rights

- 5.1 This Clause 5 applies to requests to purchase or apply for, Securities, property or Rights which are not traded on a Financial Market.
- 5.2 If the Lender receives and accepts an application form or other document, either from the Borrower, a Guarantor or through any Platform, indicating the intention of the Borrower or Guarantor to purchase or apply for any Securities, property or Rights (the Form), the Lender is entitled to treat the Form as a Borrowing Request for the purposes of Clause 3 (Borrowing Money). The Platform becomes a Nominated Platform.
- 5.3 The Borrower undertakes that it will read, or ensure a Guarantor reads (as applicable), the relevant prospectus, product disclosure statement or offer document relating to the unlisted Security, property or Rights (as the case may be) before the Lender is provided with an application form for the unlisted Security, property or Rights.
- 5.4 Subject to Clause 3 (Borrowing Money), the Lender may advance a Loan necessary to settle the deemed Borrowing Request on or before the settlement date by paying the amount as specified in the Form.
- 5.5 If the Borrower wants to change or cancel a deemed Borrowing Request under this Clause 5 it must, in addition to satisfying the requirements set out in Clause 3.2, provide a Notice to the Lender such that the Lender receives the Notice before it has submitted the Form to the issuer.
- 5.6 Unless otherwise agreed by the Lender, the unlisted Security, property or Rights purchased under this Clause 5 becomes part of the Secured Portfolio and the Lender is entitled to take such action as is required to register a Security Interest over the unlisted Security, property or Rights or otherwise give effect to the Mortgage.
- 5.7 If the application for the unlisted Security, property or Rights is wholly or partly unsuccessful, the Lender will apply any refunded application money less the Lender's own Costs towards the repayment of the Total Amount Owing. Interest is payable on the Loan advanced for the application until the Lender receives any refunded application money and applies it to repayment of the Total Amount Owing.

#### 6. Borrowing to Pay Calls, Instalments and Other Amounts

- 6.1 This Clause 6 applies to requests to pay a call, instalment or other amounts relating to any part of the Secured Portfolio whether that part is owned by the Borrower or a Guarantor.
- 6.2 If the Lender receives and accepts an invoice or other notice, either from a Security Owner directly, any Broker or through any Nominated Platform indicating the obligation of the Security Owner, to pay a call, instalment or other amount in relation to Secured Portfolio, the Lender is entitled to treat that notice as a Borrowing Request for the purposes of Clause 3 (Borrowing Money). The Broker becomes a Nominated Broker.
- 6.3 Subject to Clause 3 (Borrowing Money), the Lender may advance a Loan necessary to settle the deemed Borrowing Request on or before the settlement date by paying the amount as specified in the invoice or other notice.
- 6.4 If the Borrower wants to change or cancel a deemed Borrowing Request under this Clause 6 it must, in addition to satisfying the requirements set out in Clause

3.2, provide a Notice to the Lender in such a manner that the Lender receives the Notice before it has accepted the invoice or other notice.

- 6.5 Unless otherwise agreed by the Lender, any Security, property or Rights acquired under this Clause 6 becomes part of the Secured Portfolio and the Lender is entitled to take such action as is required to register a Security Interest over the Security, property or Rights or otherwise give effect to the Mortgage.

## 7. Interest

- 7.1 Subject to Clause 8 (Fixed Rate Loan), interest is calculated at the Variable Rate on any debit Facility Balance less the aggregate of any Fixed Rate Loans. Interest accrues daily from the date the Lender advances a Loan to the Borrower, up to and including the date the Borrower fully repays the Total Amount Owing. Interest is calculated daily on any debit Facility Balance on the basis of a 365 day year. The Lender will not pay interest on any credit Facility Balance.
- 7.2 The Borrower must:
- pay interest on the last day of each month;
  - if the Lender agrees, pay interest in advance in accordance with Clause 7.3; or
  - pay interest in a manner agreed with the Lender.
- 7.3 If the Lender agrees that interest is payable in advance, the interest:
- is payable at the start of each interest period unless otherwise agreed by the Lender;
  - will continue for the period for which interest has been paid in advance; and
  - is not refundable unless agreed by the Lender.
- 7.4 The Borrower agrees that, if at any time the Borrower fails to pay interest when due the Lender may capitalise the interest to the Loan Account. The Borrower will then be liable for interest (calculated at the Variable Rate unless Clause 3.8 applies) on the capitalised amount. Any amounts capitalised under this Clause 7.4 will not constitute an increase in the Credit Limit, nor is it an agreement by the Lender to a change in the Lending Value, and the Borrower must comply with Clauses 3.7 and 3.8 where applicable.
- 7.5 Notwithstanding anything in this Clause 7, the Lender may at any time and at its absolute discretion change the Variable Rate by giving the Borrower a Notice. Any change will take effect on and from the date specified in the Notice where such date will not be less than 2 Business Days from the date the Notice is deemed to be received by the Borrower pursuant to Clause 7.7 (Notices).
- 7.6 Notwithstanding anything in this Clause 7, the Lender may at any time and at its absolute discretion change the method of calculation, frequency or method of charging or capitalising interest. The Lender will make the change by giving the Borrower a Notice. Any change will take effect on and from the date specified in the Notice where such date will not be less than 5 Business Days from the date that the Notice is deemed to be received by the Borrower pursuant to Clause 7.7 (Notices).
- 7.7 The obligation of the Borrower to pay interest does not depend on the Lender notifying the Borrower or obtaining the consent of the Borrower.

## 8. Fixed Rate Loan

- 8.1 If the Borrower requests the Lender may agree to a Fixed Rate Loan. The Lender will determine the Fixed Rate applicable to the Fixed Rate Loan. There may be more than one Fixed Rate Loan under the IFM Facility at any time.
- 8.2 During the Fixed Term, the Borrower must pay the Lender interest calculated at the Fixed Rate on the amount equal to the agreed Fixed Rate Loan and in accordance with Clause 7 (Interest).
- 8.3 Unless the Lender agrees, the Borrower may not repay or terminate (whether voluntarily or not) a Fixed Rate Loan, or change the method of paying interest before the end of the Fixed Term. If the Lender agrees to any change to the Fixed Rate Loan it may impose additional terms and conditions including, without limitation, the payment of any Break Costs.

## 9. Minimum Interest Balance

- 9.1 If on any day a debit Facility Balance is less than the Minimum Interest Balance, interest will be calculated at the Variable Rate on the Minimum Interest Balance less any Fixed Rate Loans. Interest on any Fixed Rate Loans forming part of such a Facility Balance will be payable at the Fixed Rate.
- 9.2 This Clause 9 will apply from the date that is 30 calendar days after the first Loan under the IFM Facility unless otherwise agreed by the Lender.

## 10. Fees and Charges

- 10.1 The Borrower must pay the fees and charges as set out in the Fee Schedule applicable to the IFM Facility. All fees and charges must be paid when specified or if no time is specified, upon demand. Fees and charges are not refundable.
- 10.2 The Borrower acknowledges and agrees that if it repays all of the Facility Balance within 4 months of the start of the first Loan a fee will apply as set out in the Fee Schedule.
- 10.3 The Borrower agrees that if it does not pay fees and charges when payable the Lender may capitalise the overdue amount to the Loan Account. The Borrower will then be liable for interest (calculated at the Variable Rate unless Clause 3.8 applies) on the capitalised amount. Any amounts capitalised under this Clause 10.3 will not constitute an increase in the Credit Limit, nor is it an agreement by the Lender to a change in the Lending Value, and the Borrower must comply with Clauses 3.7 and 3.8 where applicable.

## 11. Repayment Plans

- 11.1 If at any time a Margining Event occurs or subsists in relation to the IFM Facility, the Lender may determine that:
- if at the time the Lender makes its determination, the Gearing Ratio is less or equal to the Maximum Gearing Ratio, the IFM Facility becomes subject to a Periodic Repayment Plan; or
  - if at the time the Lender makes its determination, the Gearing Ratio is greater than the Maximum Gearing Ratio, the IFM Facility becomes subject to Lump-sum Repayment Plan.
- 11.2 If the Borrower is a Retail Borrower then, as soon as practicable after the Lender makes its determination under Clause 11.1, the Lender must take reasonable steps to notify the Retail Borrower that the IFM Facility is subject to a Periodic Repayment Plan or a Lump-sum Repayment Plan.

- 11.3 If the Borrower is not a Retail Borrower then, as soon as practicable after the Lender makes its determination under Clause 11.1, the Lender may, but is not obliged to (except to the extent required by law), take reasonable steps to notify the Borrower that the IFM Facility is subject to a Periodic Repayment Plan or a Lump-sum Repayment Plan.
- 11.4 If a Repayment Plan Agent is appointed by the Borrower and accepted by the Lender, the Lender will, to the extent required under this Clause 11, take reasonable steps to notify the Repayment Plan Agent instead of the Borrower.
- 11.5 Any notification by the Lender under this Clause 11 will be in a form determined by the Lender in its discretion (such form may include personal information of the Borrower) and given in the manner agreed in Clause 11.17.
- 11.6 The IFM Facility becomes subject to a Periodic Repayment Plan or a Lump-sum Repayment Plan on and from the date and time determined by the Lender. The IFM Facility may become subject to a Periodic Repayment Plan or a Lump-sum Repayment Plan while it is already subject to either of those repayment plans or Gearing Adjustment.
- 11.7 The IFM Facility continues to be subject to a Periodic Repayment Plan or a Lump-sum Repayment Plan until the Lender determines that it is no longer subject to a Periodic Repayment Plan or Lump-sum Repayment Plan. The Lender may do this after it is satisfied, having regard to the reasonable protection of its interests, that;
- (a) in the case of a Periodic Repayment Plan, the Total Amount Owing is less than the prevailing Lending Value; or
- (b) in the case of a Lump-sum Repayment Plan, the Gearing Ratio is less than or equal to 85 per cent.
- 11.8 Subject to Clause 43 (Gearing Adjustment);
- (a) while the IFM Facility is subject to a Periodic Repayment Plan, the Borrower must pay into the Loan Account, in cleared funds, the Periodic Repayment Plan Amount in accordance with the monthly repayment schedule specified by the Lender; or
- (b) while the IFM Facility subject to a Lump-sum Repayment Plan, the Borrower must pay into the Loan Account, in cleared funds, an amount such that the Total Amount Owing equals the total Market Value of the Secured Portfolio on or before the date specified by the Lender. Such date must be not less than 24 hours after the Lender makes its determination that the IFM Facility is subject to a Lump-sum Repayment Plan.
- 11.9 Subject to Clause 43 (Gearing Adjustment), the Lender may, in its sole discretion, agree that, while the IFM Facility is subject to a Periodic Repayment Plan or a Lump-sum Repayment Plan, the Borrower can do one or any combination of the following in addition to or instead of complying with Clause 11.8;
- (a) give or direct a Guarantor to give to the Lender a Security Interest over additional Securities or property that is satisfactory to the Lender in its sole discretion and that becomes part of the Secured Portfolio;
- (b) sell, redeem, or give directions to sell or redeem, some or all of the Secured Portfolio and apply the sale proceeds to the Loan Account, provided that such directions are satisfactory to the Lender in its sole discretion.
- The Borrower must, by no later than the relevant time and date specified in Clause 11.8, provide evidence satisfactory to the Lender that the Borrower has taken the actions agreed under this Clause 11.9.
- 11.10 While the IFM Facility is subject to a Periodic Repayment Plan or a Lump-sum Repayment Plan:
- (a) Interest will continue to apply in accordance with Clause 7 (Interest);
- (b) Clause 9 (Minimum Interest Balance) will not apply while the Borrower complies with this Clause 11; and
- (c) Clause 48 (Repayment Plan Other Requirements) applies.
- 11.11 If the Lender exercises any rights under the Agreement which results in any actions, suits, claims, demands, losses, liabilities, damages, costs and expenses (Loss), which may be made or brought against or suffered or incurred by the Lender arising out of or in connection with or as a result of the Lender not receiving such evidence as required under this Clause 11, the Borrower will indemnify the Lender against that Loss (regardless of whether the Lender is negligent).
- 11.12 The Borrower acknowledges that, subject to the obligations on the Lender set out in the Corporations Act, the Lender is not obliged to determine that the IFM Facility is subject to a Periodic Repayment Plan or a Lump-sum Repayment Plan immediately upon a Margining Event occurring and the Lender will not be liable to the Borrower for any loss that the Borrower suffers as a result of any delay between the Margining Event and the Lender determining that the IFM Facility is subject to a Periodic Repayment Plan or a Lump-sum Repayment Plan.
- 11.13 For the purposes of this Clause 11, the Lender will during any period in respect of which interest is fixed, treat as included in the Total Amount Owing any amount that may become payable under Clause 53 (Indemnities) or Clause 71 (Charges, Expenses and Commission) (including, as a consequence of any hedging, funding or swap arrangements the Lender or the Lender's Related Body Corporate enters into in order to agree a fixed rate of interest with the Borrower).
- 11.14 If the Lender gives a Notice under this Clause 11 in the manner agreed under Clause 11.17 to the last contact details notified to and accepted by the Lender, then the Borrower, or the Repayment Plan Agent, as applicable, will be taken to have received the Notice notwithstanding that the Borrower, or the Repayment Plan Agent, as applicable, may not actually receive, read or listen to the Notice.
- 11.15 The Lender is under no obligation to notify any Guarantor, an Authorised Person or Nominated Financial Adviser (unless they are a Repayment Plan Agent) that the IFM Facility is subject to a Periodic Repayment Plan or a Lump-sum Repayment Plan. The Borrower undertakes that it will notify all Guarantors if the IFM Facility becomes subject to a Periodic Repayment Plan or a Lump-sum Repayment Plan under this Clause 11.
- 11.16 If after the Lender determines that the IFM Facility is no longer subject to a Lump-sum Repayment Plan the Lender may determine that the IFM Facility is subject to a Periodic Repayment Plan.
- 11.17 To the extent the Lender is required to notify the Borrower under this Clause 11, the Borrower agrees that the Lender may give the Notice:
- (a) by publishing it through the Online Service and sending a text message to a mobile phone notifying the Borrower of the need to check the status of their account through the Online Service;
- (b) sending a text message to a mobile phone notifying the Borrower of the need to call contact the Lender (or the Lender's Representative as applicable) to obtain a written copy of the Notice;

- (c) in writing and sent electronically including by email and by facsimile;
- (d) in writing and sent by post;
- (e) verbally by telephone; or
- (f) by hand.

11.18 To the extent the Lender is required to notify the Borrower under this Clause 11, the Lender will determine the method for giving any notification having regard the Lender's obligations under the Corporations Act, the practicality of giving notification by a particular method at the time the Notice under this Clause 11 is due to be given and any preference for a particular method indicated by the Borrower.

11.19 The Borrower acknowledges that any Notice under this Clause 11 may contain personal information and that the Borrower (or the Repayment Plan Agent if applicable) may need to take further actions (for example accessing the Online Service) to retrieve full information about a Periodic Repayment Plan or Lump-sum Repayment Plan.

## 12. Credit Limit

- 12.1 If the Facility Balance exceeds, or in the opinion of the Lender is likely to exceed, the lesser of the Lending Value and the Credit Limit then:
- (a) Clause 3.8 will apply; and
  - (b) the Lender may take reasonable steps to give a Notice to the Borrower that the IFM Facility is subject to Gearing Adjustment on and from the date and time specified in the Notice. The date and time specified in the Notice may be less than 24 hours after the time the Lender sends the Notice and will be determined by the Lender as a period reasonably required to protect its interests in the circumstances.
- 12.2 The IFM Facility becomes subject to Gearing Adjustment under this Clause 12 even if the Borrower does not actually receive, read or listen to the Notice and the Lender is under no obligation to notify any Security Owner or Guarantor. Clause 43 (Gearing Adjustment) applies while the IFM Facility is subject to a Gearing Adjustment.
- 12.3 The Lender will not be liable to the Borrower for any Loss suffered by the Borrower or the Guarantor which relates to the Facility Balance exceeding the lesser of the Credit Limit and the Lending Value.

## 13. Instalment Plus

- 13.1 The Borrower may notify the Lender on the Application Form or by other Notice of its request to use Instalment Plus. The Lender may accept or decline such request in its absolute discretion. If the Lender accepts such request, then this Clause 13 will apply to the IFM Facility for the duration of the Instalment Plus Period.
- 13.2 The Borrower agrees to:
- (a) pay in cleared funds, at the commencement of the Instalment Plus Period, the Initial Contribution into the Loan Account;
  - (b) pay in cleared funds, each month of the Instalment Plus Period, a Monthly Contribution into the Loan Account by direct debit from a Nominated Account;
  - (c) ensure the Securities acquired with the proceeds from Instalment Plus:
    - i comprises only Acceptable Investments which are approved from time to time by the Lender for the purposes of Instalment Plus;

- ii comprises only Acceptable Investments which are acquired in the number and proportion as set out in the Application Form or other Notice accepted by the Lender; and

iii become part of the Secured Portfolio.

- 13.3 Subject to the Facility Agreement, the Lender will advance to the Borrower:
- (a) at the commencement of the Instalment Plus Period, a Loan for an amount equal to the Initial Investment; and
  - (b) each month of the Instalment Plus Period, a Loan equal to the Monthly Investment.
- 13.4 The Instalment Plus Period begins on the date that the Lender accepts the Borrower's request to use Instalment Plus and ends on the earlier of the date:
- (a) the Lender ceases to make Instalment Plus available to the Borrower;
  - (b) the Borrower gives the Lender a Notice and the Lender accepts the Borrower's request to cease using Instalment Plus;
  - (c) the IFM Facility is terminated;
  - (d) the Borrower fails to meet its obligations under this Clause 13; or
  - (e) upon the occurrence of an Event of Default.
- 13.5 If the Borrower's use of Instalment Plus ceases as a result of Clauses 13.4(b), 13.4(c), 13.4(d) or 13.4(e) the Lender is not obliged to give the Borrower a Notice that Instalment Plus has ceased. If the Borrower's use of Instalment Plus ceases as a result of Clauses 13.4(a), the Lender may take reasonable steps to give a Notice to the Borrower. If the Lender notifies the Borrower that Instalment Plus will cease to be available, the date specified in the Notice must not be less than 24 hours after the time that the Lender takes reasonable steps to give the Notice to the Borrower.
- 13.6 If:
- (a) an Event of Default occurs;
  - (b) the IFM Facility becomes subject to Clause 11 (Repayment Plans);
  - (c) the IFM Facility becomes subject to Gearing Adjustment; or
  - (d) the Facility Balance will or is likely to exceed the lesser of the Credit Limit and the Lending Value,
- the Lender may cease to make Instalment Plus available to the Borrower and is not required to notify the Borrower of any cancellation or suspension.
- 13.7 Clause 9 (Minimum Interest Balance) does not apply during the Instalment Plus Period.

## 14. Rewards Plus

- 14.1 The Borrower may notify the Lender on the Application Form or by other Notice of its request to use Rewards Plus. The Lender may accept or decline such request in its absolute discretion. If the Lender accepts such request, then this Clause 14 will apply to the IFM Facility.
- 14.2 The Borrower may nominate a Member provided the Member is:
- (a) a natural person and a Borrower (joint Borrowers cannot pool Points);
  - (b) a natural person and a Guarantor; or
  - (c) a natural person and the Nominated Financial Adviser.

- 14.3 If the Lender accepts the Borrower's request to use Rewards Plus, the Variable Rate applicable to the IFM Facility may be higher than the Variable Rate which would apply if Rewards Plus was not used. Any such change to the Variable Rate will apply from the beginning of the month in which the Lender accepts the Borrower's application to participate in Rewards Plus.
- 14.4 Despite anything else in this Clause 14, only a Member may be awarded Points.
- 14.5 The Lender may at any time:
- (a) terminate Rewards Plus in whole or in part;
  - (b) cancel, suspend, change or limit:
    - i the continued awarding of Points in relation to the Lender's products, including the IFM Facility;
    - ii the number of Points awarded; and
    - iii the method of calculating the number of Points to be awarded.
- 14.6 The Lender will make any change under Clause 14.5 by giving a Notice to the Borrower. Any change will take effect on and from the date specified in the Notice which must not be less than 24 hours after the time that the Lender publishes or sends the Notice to the Borrower.
- 14.7 If:
- (a) an Event of Default occurs;
  - (b) the IFM becomes subject to Gearing Adjustment; or
  - (c) the Facility Balance will or is likely to exceed the lesser of the Credit Limit and the Lending Value, The Lender may cease to make Rewards Plus available to the Borrower or cancel the awarding of Points and is not required to notify the Borrower or the Member of any cancellation or suspension.
- 14.8 The awarding and redemption of any Points are subject to the terms and conditions of the Qantas Frequent Flyer Program.
- 14.9 A Member who is awarded any Points will be required to pay any taxes (including GST) and any airport related charges (and any GST on those charges) which may be due on any payment required to redeem Points.
- 14.10 Any dispute in relation to awarding of Points must be referred to the Lender. The Lender may adjust any award of Points without notice to the Borrower or the Member.
- 14.11 The Lender will calculate the Points to be awarded monthly. The Lender will arrange to transfer any awarded Points to the Member's Qantas Frequent Flyer account at such intervals as determined by the Lender in its absolute discretion.
- 14.12 The Lender is not liable to the Borrower, the Member or any other Person for the operation of the Qantas Frequent Flyer Program, the redemption of Points or any air travel or other goods or services obtained as a result of the program. Qantas will not be liable to the Borrower or any other Person in relation to the supply of services by the Lender.

## 15. Target Facility Balance

- 15.1 This Clause 15 is deleted.

## 16. Repayment

- 16.1 The Borrower must repay the Total Amount Owing:
- (a) on expiration of a Notice of termination of the IFM Facility under Clause 68 (Termination);
  - (b) immediately upon the Lender declaring that the Total Amount Owing is due and payable under Clause 45 (Consequences of an Event of Default); or

(c) as otherwise specified in the Facility Agreement.

- 16.2 Proceeds (if any) from the sale of any part or all of the Secured Portfolio will be applied to the reduction of the Total Amount Owing but may or may not be sufficient to repay the Total Amount Owing in full.
- 16.3 Lender will not pay interest on any amount repaid in excess of the Facility Balance.

## 17. Other provisions

- 17.1 Other terms and conditions forming part of the Facility Agreement are set out in Part 1 and Part 6.

## Part 3 Nominee Provisions

### 18. Appointment and Role of Nominee

- 18.1 If the Lender requires the Security Owner to hold any part or all of the Secured Portfolio in the name of the Nominee (the Nominee Portfolio), then:
- (a) the Security Owner will transfer that part of the Secured Portfolio to the Nominee;
  - (b) the Nominee Portfolio is part of the Secured Portfolio;
  - (c) if the Security Owner does not yet own the Securities or property that will become part of the Nominee Portfolio, it will have the Nominee acquire the Security or property on behalf of the Security Owner;
  - (d) the Security Owner accepts that the Nominee will hold the Nominee Portfolio on the Security Owner's behalf in accordance with the terms of the Master Nominee Deed; and
  - (e) the Security Owner must pay the Nominee the full amount of the purchase price of Security or property that the Nominee acquires on the Security Owner's behalf.
- 18.2 The Security Owner acknowledges that the credit provided by the Lender under the terms of the Agreement is not provided as consideration or security for the transfer of any part of the Secured Portfolio to the Nominee.
- 18.3 For the purposes of avoiding ambiguity the Security Owner acknowledges that different Persons may act as the Nominee in respect of different parts of the Nominee Portfolio at any one time.
- 18.4 The Nominee must comply with all of the Lender's instructions in connection with the Nominee Agreement, the Nominee Portfolio or the Mortgage, without seeking consent of the Security Owner (or any person who has agreed to act on the instructions of the Security Owner).
- 18.5 If the Nominee holds the Nominee Portfolio on behalf of the Security Owner, it may, but is not obliged to:
- (a) hold and register the Nominee Portfolio under its own name;
  - (b) hold any documents of title for the Nominee Portfolio, or deposit it with the Lender in accordance with the Mortgage;
  - (c) give the Lender any information it obtains from the Security Owner or that relates to the Nominee Portfolio;
  - (d) exercise the voting power in respect of the Nominee Portfolio in the manner the Security Owner instructs, unless the Lender directs otherwise;
  - (e) pay to the Security Owner income earned on the Nominee Portfolio, unless the Lender directs otherwise;

- (f) take up any Rights relating to the Nominee Portfolio unless the Lender directs otherwise. If the consent of the Lender is required by the Agreement, the Nominee must obtain the Lender's consent first;
- (g) participate in any Plan in respect of the Nominee Portfolio (whether or not the Security Owner requests the Nominee to do so or not to do so);
- (h) appoint the Lender or the Lender's Representative as the attorney of the Nominee for the purpose of doing anything in relation to the Nominee Portfolio which the Nominee could do;
- (i) apply any money held by it on behalf of the Security Owner to satisfy any amount of money that the Security Owner or the Borrower owes the Nominee, the Sponsor or the Lender;
- (j) act on other instructions from the Security Owner except to the extent that those instructions are inconsistent with any instruction from the Lender; and
- (k) do anything else (or refrain from doing anything else) that is necessary for the Borrower, the Security Owner, the Nominee and the Lender to comply with its obligations under the Agreement or the Master Nominee Deed.

## 19. Obligations of the Security Owner

- 19.1 In addition to any other obligations the Security Owner has under the Agreement:
- (a) it must pay the Nominee upon request:
    - (i) the fees and charges as specified from time to time by the Nominee; and
    - (ii) the costs and expenses of the Nominee in acting on behalf of the Security Owner (this may include taxes, duties, fees or penalties);
  - (b) if the Security Owner is obliged to do anything in relation to the Nominee Portfolio under the Agreement, then the Security Owner hereby directs the Nominee to do anything necessary to ensure the Security Owner complies with that obligation;
  - (c) it must not direct the Nominee to do anything which is inconsistent with the obligations of the Borrower or Security Owner under the Agreement or the Master Nominee Deed (for example the Security Owner must not direct the Nominee to transfer any part of the Nominee Portfolio to the Security Owner or to another Person); and
  - (d) it must not terminate the Nominee Agreement.

## Part 4 Sponsorship Provisions

### 20. Appointment of the Sponsor

- 20.1 If the Lender requires the Security Owner to hold any part or all of the Secured Portfolio in a Participant Sponsored Holding (the Sponsored Portfolio) with the Sponsor, then:
- (a) the Security Owner appoints the Sponsor to be the Controlling Participant in relation to all CHES Holdings comprising the Sponsored Portfolio (except as may otherwise be agreed by the Lender);
  - (b) the Sponsored Portfolio is part of the Secured Portfolio;
  - (c) the Security Owner directs the Sponsor to convert or transfer any of Sponsored Portfolio which is an eligible Certificated Holding to a CHES Holding; and
  - (d) the Sponsored Portfolio of the Security Owner will be identified by the Holder Identification Number (HIN) notified to the Security Owner by CHES.

- 20.2 Any prior sponsorship arrangement between the Security Owner and the Sponsor in relation to the Sponsored Portfolio being a sponsorship arrangement which is in the name of the Security Owner as shown on the Application Form is terminated when the Agreement begins without affecting adversely any rights or obligations that arose before its termination.
- 20.3 For the purposes of avoiding ambiguity the Security Owner acknowledges that different Persons may act as the Sponsor in respect of different items of the Sponsored Portfolio at any one time.

### 21. About the Sponsor

- 21.1 The Sponsor declares that, as a General Settlement Participant in the settlement facility operated by ASX Settlement, it is the holder of an Australian Financial Services Licence under the Corporations Act which authorises it to carry on such business.
- 21.2 The regulatory regime which applies to the Sponsor is the regulation of the clearing and settlement facility operated by ASX Settlement and ASX Clear under the Corporations Act, the ASX Settlement Operating Rules, the operating rules of ASX Clear and the regulation of financial services licensees under the Corporations Act.
- 21.3 ASX Settlement has not approved, and takes no responsibility for, abilities or qualifications of the Sponsor as a General Settlement Participant.
- 21.4 Information about the status of the Sponsor (as a financial services licensee and a General Settlement Participant) can be obtained from the Australian Securities and Investments Commission and ASX Settlement.

### 22. Instructions

- 22.1 The Security Owner authorises the Sponsor as agent for them to do any act under CHES relating to the Sponsored Portfolio. The Security Owner directs and authorises the Sponsor to sell, transfer, convert or take other action under CHES in respect of the Sponsored Portfolio, so long as it acts in accordance with the ASX Settlement Operating Rules and:
- (a) the Sponsor has received instructions from the Security Owner, the Nominee, the Authorised Person or anyone else appearing to be authorised by the Security Owner;
  - (b) the Sponsor has received instructions from the Lender in relation to the Sponsorship Agreement, the Agreement or the Mortgage; or
  - (c) otherwise under the Sponsorship Agreement or the Mortgage.
- 22.2 The Sponsor must comply with all of the Lender's instructions in connection with the Sponsorship Agreement, the Agreement, the Sponsored Portfolio or the Mortgage, without seeking the consent of the Security Owner (or any person who has agreed to act on instructions of the Security Owner).
- 22.3 The circumstances in which the Sponsor can exercise a power of sale in respect of the Sponsored Portfolio are set out in this Clause 22 and Clause 25 (Protection of the Lender's Security Interest).
- 22.4 Where the Security Owner arranges with ASX Clear to lodge Securities in a Participant Sponsored Holding as cover for written positions in the Australian Options Market, and the Security Owner or the Nominee inform the Sponsor of the arrangement, the Security Owner authorises the Sponsor to take whatever action is reasonably required by ASX Clear in accordance with the ASX Settlement Operating Rules to give effect to that arrangement.

- 22.5 Without limiting Clause 25 (Protection of the Lender's Security Interest), where the Security Owner arranges with any Person to give a charge or any other interest in Sponsored Portfolio in a Participant Sponsored Holding, the Security Owner authorises the Sponsor to take whatever action is reasonably required by the Person in accordance with the ASX Settlement Operating Rules to give effect to that arrangement.
- 22.6 The Security Owner acknowledges that where, in accordance with the Sponsorship Agreement and/or the Security Owner instructions, the Sponsor initiates any action which has the effect of creating a sub-position over financial products in the Sponsored Portfolio, the right of the Security Owner to transfer, convert or otherwise deal with those financial products is restricted in accordance with the terms required by ASX Clear in accordance with the ASX Settlement Operating Rules relating to sub-positions.

### 23. Reliance

- 23.1 The Sponsor may refuse to act on any instruction given by the Security Owner, the Nominee, an Authorised Person or anyone else, if:
- any amount is due by the Security Owner in connection with the Sponsorship Agreement;
  - following the instruction would in the opinion of the Sponsor or the Lender result in the Total Amount Owing exceeding the lesser of the Lending Value or the Credit Limit;
  - following the instruction would cause the Security Owner or any other Person to breach the Agreement;
  - following the instruction would be contrary to the ASX Settlement Operating Rules;
  - any condition in Clause 3 (Borrowing Money), Clause 4 (Borrowing to Purchase Listed Securities and Rights) or Clause 6 (Borrowing to Pay Calls, Instalments and Other Amounts) is not satisfied; or
  - the instruction is not capable of being implemented, for example because the Sponsored Portfolio does not contain sufficient Securities to implement the instruction.
- 23.2 In the event of the death or bankruptcy of the Security Owner, the Sponsor may request any information it reasonably requires in order to identify the Person legally appointed to administer the estate.
- 23.3 The Sponsor is not obliged to Transfer Securities into the Sponsored Portfolio, where payment for those Securities has not been received, until payment is received.

### 24. Transfer, Conversion and Withdrawal Instructions

- 24.1 Subject to this Sponsorship Agreement, the Sponsor will not initiate any Transfer or Conversion into or out of the Sponsored Portfolio without the express authority of the Security Owner.
- 24.2 Subject to Clauses 22 (Instructions), Clause 24.3 and 25 (Protection of the Lender's Security Interest), the Sponsor will initiate any Transfer, Conversion or an action necessary to give effect to any Withdrawal Instructions within the Scheduled Time.
- 24.3 Where the Sponsor claims that an amount lawfully owed to it has not been paid by the Security Owner, the Sponsor has the right to refuse to comply with the Withdrawal Instructions of the Security Owner, but only to the extent necessary to retain Securities of the minimum value held in the Sponsored Portfolio (where the minimum value is equal to 120% of the current value of the amount claimed).

### 25. Protection of the Lender's Security Interest

- 25.1 The Security Owner must exercise all of their respective rights in respect of the Sponsored Portfolio in a manner that will preserve the Security Interest of the Lender in the Sponsored Portfolio and under the Agreement generally. If the Sponsor requests, the Security Owner must:
- take whatever action is reasonably required by the Lender (as mortgagee under the Mortgage) in accordance with the ASX Settlement Operating Rules to give effect to the Mortgage;
  - direct that the Sponsored Portfolio be transferred to or at the direction of the Sponsor (or anyone else that the Sponsor nominates);
  - direct that the Sponsored Portfolio be converted to a holding that is not controlled by the Sponsor, but that is subject to a reserved Subposition in favour of the Lender and on the terms the Lender specifies; or
  - do or refrain from doing anything in connection with the Agreement or the Sponsored Portfolio.
- 25.2 The Security Owner must seek the Sponsor's consent before exercising a right to reserve or release Securities into or out of a Subposition. The Sponsor may only give its consent if the Lender has agreed to the reserve or release.
- 25.3 Any sale of or other dealing in a Participant Sponsored Holding by the Sponsor under this Clause 25 will be as the attorney of the Security Owner. The Sponsor is not the Lender's agent.
- 25.4 The Sponsor is not under any obligation or duty to the Security Owner to sell any Participant Sponsored Holdings when it is able to under the Sponsorship Agreement or to postpone selling. In particular:
- if the Sponsor does not sell when it is able and the market value of the Securities falls; or
  - if the Sponsor sells any of the Sponsored Portfolio and the market value of the Securities subsequently rises;
- the Sponsor will not be liable to the Security Owner for any losses, costs, damages or expenses which may be suffered by the Security Owner.

### 26. Acknowledgements by the Security Owner

- 26.1 The Security Owner acknowledges that:
- neither the Approved Market Operator nor a Related Party of the the Approved Market Operator (including ASX Settlement) has any responsibility for supervising or regulating the relationship between the Security Owner and the Sponsor other than in relation to the ASX Settlement Operating Rules relating to sponsorship agreements;
  - the Security Owner has read and understood the explanation of the Sponsorship Agreement which is set out in the Investment Funds Multiplier Product Guide before it signed the Application Form;
  - in the event of the death or bankruptcy of the Security Owner, a Holder Record Lock will be applied to all of its Participant Sponsored Holdings, unless its legally appointed representative or trustee elects to remove its Participant Sponsored Holdings from the CHES Subregister;
  - in the event of the death of the Security Owner, the Sponsorship Agreement is deemed to remain in operation, in respect of the Person legally appointed to administer the estate of the Security Owner, for a period of up to three calendar months after the removal of the Holder Record Lock under the ASX



Settlement Operating Rules, unless the Security Owner's legally appointed representative elects to remove the Sponsored Portfolio from the CHES Subregister;

(e) where the Sponsorship Agreement applies to a joint Participant Sponsored Holding and:

i one of the Persons being a Security Owner dies:

A all Participant Sponsored Holdings under the joint Holder Record will be transferred into new Participant Sponsored Holdings under a new Holder Record in the name of the surviving Participant Sponsored Holder(s); and

B the Sponsorship Agreement will be valid for the new Participant Sponsored Holdings under the new Holder Record; and

ii one of the Persons being a Security Owner becomes bankrupt, the Controlling Participant will:

A unless the legally appointed representative of the bankrupt Participant Sponsored Holder elects to remove the bankrupt's Participant Sponsored Holding from the CHES Subregister:

- establish a new Holder Record and transfer the interest of the bankrupt Holder into new Participant Sponsored Holdings under the new Holder Record established for that purpose; and
- request the ASX Settlement to apply a Holder Record Lock to all Participant Sponsored Holdings under that Holder Record; and

B establish a new Holder Record and transfer the interest of the remaining joint Participant Sponsored Holders into new Participant Sponsored Holdings under the new Holder Record established for that purpose,

(f) if the Sponsor makes a transfer from the Sponsored Portfolio under the Sponsorship Agreement pursuant to section 9 of the ASX Settlement Operating Rules, then:

i the Security Owner may not assert or claim against the ASX Settlement (or the relevant Issuer) that the Sponsor either was not authorised to make the transfer or did not make it; and

ii the Security Owner does not have a claim arising out of the transfer against the National Guarantee Fund under Part 7.5, Division 4 of the Corporations Regulations unless the transfer is also taken to have been effected by a Market Participant of the Approved Market Operator or a Clearing Participant of ASX Clear;

(g) in the event of the death or bankruptcy of the Security Owner the Sponsor may request any information it reasonably requires in order to identify the Person legally appointed to administer the estate.

26.2 The Sponsor holds the benefit of the acknowledgement in Clause 26.1(f) in trust for the benefit of itself, the Approved Market Operator Settlement and the relevant Issuer.

## 27. Obligations of the Sponsor

27.1 In the event that the Sponsor is suspended from the Settlement Facility, subject to an assertion of an interest in Securities controlled by the Sponsor, where the assertion is made by either a liquidator, receiver, administrator or trustee of the Sponsor:

(a) the Security Owner has the right, within 20 Business Days of ASX Settlement giving Notice of suspension, to give Notice to ASX Settlement requesting that the Sponsored Portfolio be removed either:

i from the CHES Subregister; or

ii from the control of the suspended Sponsor to the control of another Sponsoring Participant with whom the Security Owner has entered into a valid sponsorship agreement pursuant to Rule 12.19.10 of the ASX Settlement Operating Rules; or

(b) where the Security Owner does not give Notice under Clause 27.1(a), ASX Settlement may effect a change of Controlling Participant under Rule 12.19.11 of the ASX Settlement Operating Rules, and the Security Owner will be deemed to have entered into a new sponsorship agreement with the substitute Sponsoring Participant, on the same terms as the existing Sponsorship Agreement. Where the Security Owner is deemed to have entered into a sponsorship agreement, the Sponsoring Participant must enter into a sponsorship agreement with the Security Owner within 10 Business Days of the change of Controlling Participant.

27.2 If the Sponsor breaches the Sponsorship Agreement, or if the Security Owner has a complaint against the Sponsor, the Security Owner may refer the breach or complaint to the ASIC, ASX Settlement, or the AFCA.

27.3 The Sponsor must:

- (a) comply with the Corporations Act, all other relevant laws and the ASX Settlement Operating Rules;
- (b) exercise all due care in carrying out its duties and obligations; and
- (c) immediately notify the Lender as the mortgagee if it becomes aware of any fact that might render it unable or ineligible to carry out its duties and obligations.

## 28. Claims for Compensation

28.1 No compensation arrangements apply to the Security Owner as Participant Sponsored Holder.

28.2 If the Sponsor breaches the Sponsorship Agreement, the Security Owner is not entitled to make a claim under the statutory compensation arrangements specified in the Corporations Act and Corporations Regulations.

28.3 If the Security Owner makes a claim for compensation against the Sponsor as the Security Owner's Controlling Participant, the Sponsor's ability to satisfy that claim will depend on its financial circumstances.

28.4 The Sponsor has lodged a Sponsorship Bond with ASX Settlement and the Security Owner may be entitled to make a claim under that Sponsorship Bond.

## 29. Information and Disclosure

29.1 The Security Owner must provide all information and documents which the Sponsor reasonably requires to:

- (a) establish a Holder Record;
- (b) establish the Security Owner's Participant Sponsored Holding in CHES under the Sponsorship Agreement;
- (c) conduct the Participant Sponsored Holding as set out in the Agreement and the ASX Settlement Operating Rules;
- (d) enforce the Mortgage or any other right under the Sponsorship Agreement; and
- (e) update any information.

29.2 The Lender and the Sponsor may give each other and any Nominated Broker information concerning the Security Owner. The Security Owner irrevocably consent to this.

29.3 If the Security Owner has given its tax file number to the Lender, the Nominee or the Sponsor, the Security Owner authorise the Lender, the Nominee and the Sponsor to disclose its tax file number (as well as its full name (including its title) and postal address) to ASX Settlement, ASX Clear or any relevant Issuer for any purpose relating to CHESS, the Sponsored Portfolio or the payment of dividends, distributions or other benefits.

### 30. Variation, Termination and Novation of the Sponsorship Agreement

30.1 To the extent that any provision of the Sponsorship Agreement is inconsistent with the ASX Settlement Operating Rules (due to an amendment of the ASX Settlement Operating Rules or otherwise), the Sponsor may vary the Sponsorship Agreement to the extent necessary in its reasonable opinion to remove the inconsistency. The Sponsor must give the Security Owner and the Nominee at least 7 Business Days notice in writing of the variation.

30.2 Subject to Clause 30.1, the Sponsor may vary the Sponsorship Agreement at any time in accordance with Clause 66 (Variation).

30.3 Subject to the ASX Settlement Operating Rules, the Sponsorship Agreement will be terminated upon the occurrence of any of the following events:

- (a) by Notice in writing from the Security Owner to the Sponsor;
- (b) by Notice in writing from the Sponsor to the Security Owner;
- (c) upon the Sponsor becoming Insolvent;
- (d) upon the termination or suspension of the Sponsor; or
- (e) upon the giving of Withdrawal Instructions by the Security Owner to the Sponsor under Clause 30.8.

30.4 Termination under Clause 30.3(a) or 30.3(b) will be effective upon receipt of the Notice by the other party where such receipt is to be determined in accordance with Clause 77 (Notices).

30.5 Notwithstanding Clause 30.3(a) or 30.3(b) or anything else in the Agreement, for so long as the Mortgage is in force, the Security Owner undertakes that it will not give notice of termination under Clause 30.3(a).

30.6 If the Sponsorship Agreement is terminated, the Security Owner must immediately enter into a replacement sponsorship agreement on terms and with a Controlling Participant acceptable to the Lender.

30.7 Clauses 30.2 to 30.6 inclusive have effect notwithstanding any other provision of the Agreement.

30.8 If the Security Owner receives a Participant Change Notice from the Controlling Participant of the Sponsored Portfolio and the Participant Change Notice was received at least 20 Business Days prior to the date proposed in the Participant Change Notice for the change of Controlling Participant, the Security Owner is under no obligation to agree to the change of Controlling Participant, and may choose to do any of the things set out in paragraphs (a) or (b) below:

- (a) the Security Owner may choose to terminate the Sponsorship Agreement by giving Withdrawal Instructions under the ASX Settlement Operating Rules to the Controlling Participant, indicating whether it wishes to:
  - i transfer its Participant Sponsored Holding to another Controlling Participant; or
  - ii transfer its Participant Sponsored Holding to one or more Issuer Sponsored Holdings;

(b) if the Securities Owner does not take any action to terminate the Sponsorship Agreement in accordance with Clause 30.8(a) and does not give any other instructions to the Controlling Participant which would indicate that the Security Owner does not agree to the change of Controlling Participant then, on the Effective Date, the Sponsorship Agreement will have been taken to be novated to the New Controlling Participant and will be binding on all parties as if, on the Effective Date:

- i the New Controlling Participant is a party to the Sponsorship Agreement in substitution for the Existing Controlling Participant;
- ii any rights of the Existing Controlling Participant are transferred to the new Controlling Participant; and
- iii the Existing Controlling Participant is released by the Security Owner from any obligations arising on or after the Effective Date.

30.9 The novation in Clause 30.8(b) will not take effect until the Security Owner has received a notice from the New Controlling Participant confirming that the New Controlling Participant consents to acting as the Controlling Participant for the Security Owner. The Effective Date may as a result be later than the date set out in the Participant Change Notice.

30.10 The Security Owner will be taken to have consented to the events referred to in Clause 30.9 by the doing of any act which is consistent with the novation of the Sponsorship Agreement to the New Controlling Participant (for example by giving an instruction to the New Controlling Participant), on or after the Effective Date, and such consent will be taken to be given as of the Effective Date.

30.11 The Sponsorship Agreement continues for the benefit of the Existing Controlling Participant in respect of any rights and obligations accruing before the Effective Date and, to the extent that any law or provision of any agreement makes the novation in Clause 30.8(b) not binding or effective on the Effective Date, then the Sponsorship Agreement will continue for the benefit of the Existing Controlling Participant until such time as the novation is effective, and the Existing Controlling Participant will hold the benefit of the Agreement on trust for the New Controlling Participant.

30.12 Nothing in Clauses 30.8 to 30.11 inclusive will prevent the completion of CHESS transactions by the Existing Controlling Participant where the obligation to complete those transactions arises before the Effective Date and the Sponsorship Agreement will continue to apply to the completion of those transactions, notwithstanding the novation of the Sponsorship Agreement to the New Controlling Participant under Clauses 30.8 to 30.11 inclusive.

30.13 If the Security Owner wishes to transfer their Sponsored Portfolio (which comprise AQUA Products) to another Controlling Participant, the notice of change will only be accepted if the New Controlling Participant is accredited in accordance with the settlement of AQUA Products. Where the New Controlling Participant is not accredited in accordance with the Settlement of AQUA Products, the Sponsor will initiate a Conversion of any AQUA Products to the Issuer Sponsored Subregister. Should the Sponsor fail to initiate a Conversion, ASX Settlement may initiate a conversion of any AQUA Products to the Issuer Sponsored Subregister.

## Part 5 Guarantee Provisions

### 31. What is Guaranteed

- 31.1 By entering into the Guarantee, the Guarantor irrevocably guarantees to the Lender that the Borrower will duly and punctually pay the Lender the Guaranteed Money.
- 31.2 Subject to Clause 31.3, the Guarantor's liability under this Guarantee is unlimited except where the Guarantor is a Security Owner in which case its liability is limited to the amount the Lender obtains by enforcing its rights under the Mortgage in respect of the part of the Secured Portfolio identified by the Lender as being the Guarantor's part subject to Clauses 35 (Effects of Limits on Liability) and 36 (Other Amounts Payable).
- 31.3 The limitation of liability in Clause 31.2 does not apply if:
- the Security Owner is a director of a company which is a Borrower including where the Borrower is a company trustee;
  - the Security Owner has made incorrect statements or has acted fraudulently in connection with the Application Form or the Agreement; or
  - the Lender gives Notice to the Security Owner that it does not apply.
- 31.4 If the Borrower does not pay the Lender any amount of the Guaranteed Money when it is due, the Lender can demand that the Guarantor pay that amount to the Lender. The Guarantor must then immediately pay the Lender that amount, along with any loss, Cost, damage or expense the Lender suffers if the Borrower does not pay the Lender that amount. This can happen as often as the Borrower does not pay the Lender. It can happen even if the Lender does not take action to recover the Guaranteed Money from the Borrower.
- 31.5 If an Event of Default occurs or the IFM Facility becomes subject to Gearing Adjustment, then among other things:
- the Lender can sue the Guarantor; and
  - if the Guarantor is a Security Owner the Lender can enforce the Mortgage.
- 31.6 For the purpose of:
- determining the liability of the Guarantor in relation to the Guaranteed Money and the amount of Guaranteed Money recoverable under the Mortgage and this Guarantee; and
  - making demands and enforcing the Mortgage,
- any limit on the Guarantor's liability under Clause 31.2 will be disregarded, but ultimately the amount the Lender can recover from the Guarantor if Clause 31.5 applies is limited to the amount the Lender obtains by enforcing its rights under the Mortgage in respect of the part of the Secured Portfolio identified by the Lender as being the Guarantor's part.
- 31.7 The Guarantor gives the Guarantee as consideration for the Lender agreeing to enter into the Arrangements.

### 32. Guaranteed Money

- 32.1 The Guaranteed Money includes all money which the Borrower may owe to the Lender now or in the future on any account whatsoever whether as principal debtor or as surety and whether pursuant to the Agreement as amended from time to time between the Lender and the Borrower, including, without limitation:
- money which the Borrower actually does owe or will owe the Lender. Examples of this include money which the Lender has loaned to the Borrower, or agreed to pay for the account of the Borrower, and interest, fees, charges and damages;

- money which the Borrower contingently owes the Lender at that time. Money is contingently owed where the Borrower has an obligation to pay the Lender if something happens or becomes known. Examples of this include a guarantee or indemnity given by the Borrower, a promise by the Borrower to pay the legal costs the Lender might pay if the Borrower defaults, or a promise to pay the Lender if the Lender suffers a loss or has to make a payment to someone else;
- money which the Borrower owes or will owe the Lender as a result of a transfer to the Lender of an obligation owed by the Borrower. This includes money contingently owed and money which may become owed later as described in Clause 32.1(b); and
- money (including money of the type set out in the above paragraphs) which the Borrower would have owed the Lender but for some reason as described in Clause 33 (Indemnity by the Guarantor). It includes in each case any money which the Borrower may owe together with others.

### 33. Indemnity by the Guarantor

- 33.1 The Guarantor unconditionally and irrevocably indemnifies the Lender, the Sponsor, the Nominee and their Related Bodies Corporate from and against any and all actions, suits, claims, demands, obligations, liabilities, losses, damages, costs and expenses which have been or may be made or brought against or which have been or may be suffered or incurred by the Lender if the whole or any part of the Guaranteed Money:
- is irrecoverable or has never been recoverable by the Lender from the Borrower or from the Guarantor as surety or guarantor;
  - cannot be enforced against the Borrower or against the Guarantor as surety or guarantor; or
  - is not paid to the Lender for any other reason whatsoever including, without limitation, by reason of:
    - any legal limitation, disability, incapacity, lack of any power or lack of authority of or affecting any Person;
    - any of the Arrangements being void, voidable or unenforceable (whether or not any of the matters or facts relating thereto have been or ought to have been within the knowledge of the Lender); or
    - any other fact, matter or thing whatsoever.
- 33.2 The liability of the Guarantor under this Clause 33 is as principal debtor.
- 33.3 Everything described in this Clause 33 applies even if the Lender knew of the problem, or should have known. It applies even if, because of the problem, the Borrower could never have been required to pay the Lender the amount.

### 34. More than One Guarantor

- 34.1 Each Person is individually liable under the Guarantee for the full amount of the Guaranteed Money up to the limit of that Person's liability as specified in Clause 31 (What is Guaranteed), even if:
- a Person named as a Guarantor in the Application Form has not signed the Application Form;
  - one or more of the others is not bound by the Guarantee;
  - one or more of the others becomes a Guarantor under Clause 51 (Additional Guarantor); or
  - one or more of the others in the future stops being liable under the Guarantee (for example, because the Lender releases such Person).

- 34.2 The Lender can demand payment from one or more of such Persons without demanding it from the others.

### 35. Effects of Limits on Liability

- 35.1 If under Clause 31.2 there is a limit on the liability of the Guarantor under the Guarantee then:
- (a) if the Lender does not recover all of the Guaranteed Money by enforcing its rights under the Guarantee, it cannot sue the Guarantor for the balance or apply to have the Guarantor wound up;
  - (b) the Lender may, however, prove for amounts due to it if someone else has applied to have the Guarantor wound up;
  - (c) the Guarantor is not released from any of its obligations under this Guarantee (it only limits the amount the Guarantor must pay); and
  - (d) the Guarantor may also be required to pay other amounts under Clause 36 (Other Amounts Payable).

### 36. Other Amounts Payable

- 36.1 In addition to the amount that the Guarantor is required to pay in respect of the Guaranteed Money, the Lender may require the Guarantor to pay (whether or not the liability of the Guarantor is limited):
- (a) interest under Clause 67 (Interest on Overdue Money) on any amount the Guarantor owes the Lender; and
  - (b) expenses and government charges like stamp duty and other amounts under Clause 71 (Charges, Expenses and Commission).

### 37. Obligations Unconditional

- 37.1 The obligations of the Guarantor under the Guarantee are unconditional. They are not affected by anything which might release the Guarantor from all or part of its obligations, or limit them, if the Guarantor had not agreed to this Clause 37. For example, the Guarantor continues to be liable even if:
- (a) the Lender does not exercise any of its rights against the Borrower or anyone else;
  - (b) the Lender gives the Borrower or anyone else time to pay or any other concession;
  - (c) the Lender makes any arrangement or compromise with the Borrower or anyone else;
  - (d) the Lender gives the Borrower or anyone else any discharge, or release or limits the Lender's rights;
  - (e) the Lender does not take security or accept an offer of security (for example, a mortgage or another guarantee) or does not have security, even if that security was mentioned to the Guarantor;
  - (f) this or any other document or security is not signed by any Person or is not binding on any Person;
  - (g) the Lender is negligent or mistaken, or breaks any agreement;
  - (h) the Guarantor, the Borrower or anyone else:
    - i who is an individual, dies or goes into some form of Administration;
    - ii who is not an individual (for example, a corporation or partnership), has a change in its constitution or membership or goes into some form of Administration; or
    - iii has any claim against the Lender.

### 38. Change of Arrangements

- 38.1 The Arrangements may change from time to time and the Guarantor acknowledges that the Lender is not required to obtain the consent of the Guarantor to any change in the Arrangements which is made in accordance with the Agreement. The Guarantee covers moneys owed to the Lender under the changed Arrangements or new Arrangements (which may include new loan agreements or credit contracts with the Borrower or agreements in relation to products linked to the IFM Facility), including where the result is that the amount of the Guaranteed Money is increased.

### 39. Other Security

- 39.1 If the Lender holds any other security or right for the Guaranteed Money (for example, a mortgage or another guarantee):
- (a) the Lender does not have to enforce it;
  - (b) the Lender can change it or release or give up all or part of it; and
  - (c) the value or effectiveness of that security or right can be reduced or lost, and the obligations of the Guarantor under the Guarantee will not be affected.

This applies even if that security or right was mentioned to the Guarantor. The Lender need not consider the Guarantor's position. Nor will the obligations of the Guarantor be affected if the security or right is lost, or cannot be enforced.

- 39.2 When the Lender has received all of the Guaranteed Money and all other money the Borrower owes it, the Guarantor may get the benefit of any security or rights the Lender then holds. Until then, the Guarantor has no right to it.

### 40. Borrower Dies or goes into Administration

- 40.1 If the Borrower or the Guarantor dies or goes into Administration and the Lender can make a claim in the estate or Administration, then:
- (a) the Guarantor promises not to make a claim in that estate or Administration until the Lender has been paid all of the Guaranteed Money; and
  - (b) if the Lender receives any amount as a result of making a claim, or for any other reason, the Lender can put it to one side.
- 40.2 The Lender need not use such amount to pay the Guaranteed Money until it has received enough in respect of the Guaranteed Money to pay the Guaranteed Money in full. Until that happens, the Guarantor is fully liable for the Guaranteed Money as though the Lender had received nothing up to the limit of the liability of the Guarantor as specified in Clause 31.2.

### 41. Continuing Guarantee

- 41.1 The obligations of the Guarantor under this Guarantee are continuing. They apply to all of the Guaranteed Money from time to time even though some of it may have been paid by the Borrower or the Guarantor or anyone else in the meantime.

### 42. Other Provisions

- 42.1 Other terms and conditions forming part of the Guarantee are set out in Part 6.
- 42.2 The Definitions and Interpretation provisions set out in Part 1 apply to this Guarantee.

## Part 6 General Provisions

### 43. Gearing Adjustment

- 43.1 If for any reason, the IFM Facility becomes subject to Gearing Adjustment, then while the IFM Facility is subject to Gearing Adjustment, the Lender may, but is not obliged to:
- (a) declare that some or all of the Total Amount Owing or Guaranteed Money is immediately due and payable;
  - (b) enforce any Mortgage related to the IFM Facility and take any action permitted by the Mortgage;
  - (c) exercise any of the rights of the Lender under Clause 88 (Powers of the Lender under the Mortgage) of the Mortgage Terms;
  - (d) if it considers it necessary or prudent to do so (so far as the interests of the Lender are concerned), sell more of the Secured Portfolio (including all of the Secured Portfolio) than the minimum required to meet the Borrower's or Guarantor's obligations;
  - (e) sell the Secured Portfolio without first contacting the Borrower, the Security Owner or any other Person (except to the extent required by law);
  - (f) sell the Secured Portfolio in the order, proportion or manner it chooses whether or not the Lender's actions result in additional costs or losses for the Borrower, Guarantor or any Security Owner;
  - (g) do any or all of the things in this Clause 43.1 even if the IFM Facility is subject to a repayment plan under Clause 11 (Repayment Plans) or other outstanding Notices; and
  - (h) do any or all of the things in this Clause 43.1 until the IFM Facility is no longer subject to Gearing Adjustment.
- 43.2 The IFM Facility continues to be subject to Gearing Adjustment until the Lender determines that it is no longer subject to Gearing Adjustment. The Lender may do this after it is satisfied, having regard to the reasonable protection of its interests, that the event or condition that caused the IFM Facility to become subject to Gearing Adjustment no longer exists or has been resolved.
- 43.3 The Lender is not obliged to take any action under this Clause 43, but may do so notwithstanding any waiver of any previous default, and in addition to any other rights or remedies conferred by the Agreement or by law.
- 43.4 If it becomes necessary to sell Securities which are listed for quotation on the ASX, such Securities may be sold through any Broker determined by the Lender at a reasonable brokerage rate agreed between the Lender and that Broker.
44. Events of Default
- 44.1 Each of the following events is an Event of Default (whether or not it is in the control of the Borrower or the Guarantor):
- (a) the Borrower or the Guarantor does not:
    - i pay an amount payable under the Agreement or any other agreement with the Lender or any Related Body Corporate when due;
    - ii comply with any non-monetary obligation under the Agreement or any other agreement with the Lender within the period specified, or if no period is specified, within 2 Business Days;
    - iii satisfy, within the stipulated time, any actions the Lender requires the Borrower to undertake pursuant to Clause 11 (Repayment Plans); or
    - iv satisfy, within the stipulated time, anything that the Lender made a condition of waiving a breach of the Agreement.
  - (b) the Borrower or the Guarantor breaches the Mortgage Terms;
  - (c) a representation, warranty or statement by the Borrower or the Guarantor in the Agreement, or in connection with the Agreement, is not true in a material respect or is misleading when made or repeated;
  - (d) the IFM Facility is subject to Gearing Adjustment for a period longer than 30 calendar days or as otherwise notified by the Lender;
  - (e) any money borrowed or raised by the Guarantor or the Borrower from another Person is not paid when due (or within an applicable grace period), or becomes due and payable (or capable of being declared due and payable) before its stated maturity or expiry;
  - (f) a Security Owner terminates or attempts to terminate the Sponsorship Agreement or the Nominee Agreement;
  - (g) the Lender is of the opinion that the Borrower or the Guarantor is not capable of managing its affairs;
  - (h) the Borrower or the Guarantor dies;
  - (i) the Borrower or the Guarantor is Insolvent or steps are taken to make the Borrower or the Guarantor Insolvent, or, if the Borrower and/or the Guarantor are natural persons, the Borrower or the Guarantor commits an act of bankruptcy;
  - (j) if the Borrower and/or a Guarantor is a company, a controller (within the meaning of section 9 of the Corporations Act) or similar officer is appointed to the property of the Borrower and/or the Guarantor;
  - (k) any Security Interest granted by the Borrower or the Guarantor becomes enforceable or is enforced over a distress, attachment or other execution is levied or enforced over all or any of the assets and undertaking of the Borrower or the Guarantor;
  - (l) if the Borrower or the Guarantor makes the Offer of Mortgage or enters into the Agreement in its capacity as a trustee of a trust (Trust):
    - i it ceases to be the trustee of the Trust;
    - ii a new or additional trustee of the Trust is appointed;
    - iii a resolution is passed to wind-up the Trust or the winding-up or termination of the Trust otherwise commences;
    - iv the Trust is held to be, or the Borrower or the Guarantor concedes that it has not been, constituted or to have been imperfectly constituted;
    - v it ceases to be authorised under the Trust to hold property of the Trust in its name or to perform the obligations under the Agreement;
    - vi it ceases to be entitled to be indemnified out of the assets of the Trust in respect of its obligations under the Agreement or its rights of subrogation or indemnity are limited in any way; or
    - vii the trust deed is amended, terminated or revoked without the prior written consent of the Lender;
  - (m) all or any part of the Agreement is terminated or is or becomes void, illegal, invalid, unenforceable or of limited force and effect or the Borrower or the Guarantor alleges or claims that this is the case;
  - (n) legislation or any law that at any time directly or indirectly:

- i lessens, varies or affects in favour of the Borrower or Guarantor any obligation under the Agreement; or
  - ii delays, prevents or prejudicially affects the Lender, Nominee or Sponsor or the Attorney exercising any Power;
- (o) in the reasonable opinion of the Lender, the value of the Mortgage or of any of the Secured Portfolio is materially adversely affected;
- (p) the Lender believes that the Borrower or the Guarantor has acted fraudulently in connection with the Agreement or any transaction in relation to the IFM Facility;
- (q) any Master Trust/Wrap, Managed Fund or Third Party Sponsor breaches any agreement with the Lender in relation to the dealing with or control of any of the Secured Portfolio; or
- (r) any event occurs which is deemed to be an Event of Default pursuant to the terms of any Arrangement.

#### 45. Consequences of an Event of Default

- 45.1 In addition to any other rights provided by law or by the Agreement, at any time after an Event of Default, the Lender may do any or all of the following:
- (a) declare all or an amount of the Total Amount Owing or Guaranteed Money immediately due and payable;
  - (b) declare the IFM Facility immediately terminated;
  - (c) cease to make funds or other facilities (whether monetary or otherwise) available under the Agreement;
  - (d) enforce any Mortgage related to the IFM Facility and take any action permitted by the Mortgage;
  - (e) employ or discharge any Person as professional Financial Adviser, consultant or Broker for any purpose on such terms as the Lender thinks fit;
  - (f) make any arrangement or compromise which the Lender considers expedient in its interests;
  - (g) bring or defend any action, suit or legal proceedings in the name of the Borrower or the Guarantor or otherwise, for all or any of the above purposes;
  - (h) appoint a Receiver to do any of those things; or
  - (i) exercise any of the rights of the Lender under Clause 88 (Powers of the Lender under the Mortgage) of the Mortgage Terms.
- 45.2 The Lender is not obliged to take any action under Clause 45.1, but may do so notwithstanding any waiver of any previous default, and in addition to any other rights or remedies conferred by the Agreement or by law.

#### 46. Material Adverse Event

- 46.1 Without prejudice to the rights of the Lender under Clause 44 (Events of Default), if a Material Adverse Event occurs then the Lender will take reasonable steps to give the Borrower a Notice that the IFM Facility is subject to Gearing Adjustment.
- 46.2 The IFM Facility becomes subject to Gearing Adjustment under this Clause 46 on and from the date and time specified in the Notice. The date and time specified in the Notice may be less than 24 hours after the time the Lender sends the Notice and will be determined by the Lender as a period that is reasonably required to protect its interests in the circumstances.
- 46.3 The IFM Facility becomes subject to Gearing Adjustment under this Clause 46 even if the Borrower does not actually receive, read or listen to the Notice. The Lender is under no obligation to notify any Security Owner or Guarantor.

- 46.4 Clause 43 (Gearing Adjustment) applies while the IFM Facility is subject to a Gearing Adjustment.

#### 47. Market Disruption

- 47.1 Without prejudice to the rights of the Lender under Clause 44 (Events of Default), if a Market Disruption occurs then the Lender will take reasonable steps to give the Borrower a Notice that the IFM Facility is subject to Gearing Adjustment.
- 47.2 The IFM Facility becomes subject to Gearing Adjustment under this Clause 47 on and from the date and time specified in the Notice. The date and time specified in the Notice may be less than 24 hours after the time the Lender sends the Notice and will be determined by the Lender as a period that is reasonably required to protect its interests in the circumstances.
- 47.3 The IFM Facility becomes subject to Gearing Adjustment under this Clause 47 even if the Borrower does not actually receive, read or listen to the Notice. The Lender is under no obligation to notify any Security Owner or Guarantor.
- 47.4 Clause 43 (Gearing Adjustment) applies while the IFM Facility is subject to a Gearing Adjustment.

#### 48. Repayment Plan Other Requirements

- 48.1 While the IFM Facility is subject to a Periodic Repayment Plan or a Lump-sum Repayment Plan, Security Owners must pay or arrange to have paid, all money, distributions, interest or dividends earned on their part of the Secured Portfolio to the Loan Account unless otherwise agreed by the Lender.
- 48.2 While the IFM Facility is subject to a Periodic Repayment Plan or a Lump-sum Repayment Plan, the Lender may require a Security Owner to transfer some or all of their part of the Secured Portfolio to the Nominee.

#### 49. IFM Facility Review

- 49.1 The Lender may conduct periodic reviews of the standing of the Loan Account and Mortgage and any matters that it considers relevant to the ability of the Borrower or the Guarantor to repay the Total Amount Owing or pay the Guaranteed Money as applicable and the integrity and adequacy of the Mortgage and the Guarantee. If any matter that the Lender considers relevant and material is not satisfactory, the Lender may request that the Borrower or the Guarantor to rectify the matter.

#### 50. Secured Portfolio

- 50.1 At any time, the Lender may determine the Market Value of any part of the Secured Portfolio. The Lender may determine and vary valuation methods and policies for determining Market Values in its absolute discretion. The Lender may give the Borrower information about how it will determine Market Values from time to time but this will not limit the Lender's discretion as to how it determines Market Values.
- 50.2 The Lender may, in its sole discretion, decide whether a Security is an Acceptable Investment.
- 50.3 The Security Owner must exercise all of their respective rights in respect of their part of the Secured Portfolio in a manner that will preserve the Security Interest of the Lender and under the Agreement generally. If the Lender requests, the Security Owner must take whatever action is reasonably required by the Lender (as mortgagee under any Mortgage related to the IFM Facility) to give effect to the Mortgage and its Security Interest.

## 51. Additional Guarantors

- 51.1 In addition to the Persons named in the Application Form, a new Person may agree to become a Guarantor. If this happens, the Borrower must make sure that the new Person signs such form as may be required by the Lender, becomes a Guarantor and gives the Lender any document or information the Lender reasonably requests and that document or information is satisfactory to the Lender.
- 51.2 Once the new Person becomes a Guarantor under this Clause 51, then the new Person will be treated as though they had been a Guarantor since the IFM Facility was established and will be bound by all the obligations in the Guarantee as though it had existed from the time the IFM Facility was established.

## 52. Power of Attorney

- 52.1 For valuable consideration and to secure the performance of obligations each of the Borrower and the Guarantor irrevocably appoints the Lender, the Nominee, the Sponsor and any Lender's Representative and their respective Assigns, severally as its attorney (each an Attorney) to do all acts and things:
- (a) which should be done by the Borrower or the Guarantor under Clause 11 (Repayment Plans), Clause 43 (Gearing Adjustment), Clause 44 (Events of Default), Clause 45 (Consequences of an Event of Default), Clause 46 (Material Adverse Event) and Clause 47 (Market Disruption);
  - (b) which are reasonably necessary to give effect to the assignment, transfer, novation or delegation referred to in Clause 73 (Assignment and Novation), and any agreement or variation referred to in Clause 73 (including, without limitation, executing any relevant documents);
  - (c) which must or may be done by the Borrower or the Guarantor in connection with the Agreement or any transaction contemplated by it including, without limitation, the execution and delivery of any instrument of assignment, transfer, novation or delegation in accordance with Clause 73 (Assignment and Novation);
  - (d) which the Borrower or Guarantor instructs the Attorney to do; or
  - (e) which the Lender, the Nominee or the Sponsor are authorised to do under the Agreement or by law, and with full power from time to time to:
    - i appoint or remove a substitute attorney; and
    - ii to fill blanks, correct errors, sign, seal and deliver as a deed and execute all documents which the Lender or the Attorney consider necessary, advisable, incidental or expedient in connection with the Agreement or any transaction contemplated by it.
- 52.2 Without limiting the generality of Clause 52.1, each Attorney may do anything specified in Clause 52.1 with respect to real property in Western Australia, whether being land registered under the Transfer of Land Act 1893 (WA) or otherwise.
- 52.3 The Borrower and the Guarantor indemnify each Attorney against each claim, action, proceeding, judgement, damage, cost, loss, expense or liability incurred or suffered by or bought or made or recovered against the Attorney in connection with the exercise of any of the powers and authorities conferred by this power of attorney or a fail to exercise any power.
- 52.4 The exercise by the Attorney of the powers and authorities conferred by this power of attorney does not

involve any assumption by that Attorney, or any body in which they are a partner or employed, of personal liability in connection with the exercise of the powers and authorities or the consequences of so doing.

- 52.5 This power of attorney is intended to take effect as a deed.
- 52.6 Each of the Borrower and Guarantor acknowledge that:
- (a) the Attorney's appointment is irrevocable, for valuable consideration, and to secure the Lender's, Sponsor's, Nominee's and Assigns (as applicable) rights under the Agreement, including, without limitation, Clause 73 (Assignment and Novation); and
  - (b) an Attorney may exercise these powers even if it benefits from the exercise of the power.
- 52.7 The Borrower and the Guarantor must ratify and confirm any act of an Attorney in exercise of its powers under this Clause 52.
- 52.8 The exercise by the Attorney of the powers and authorities conferred by this power of attorney does not involve any assumption by that Attorney, or any body in which they are a partner or employed, or any Related Body Corporate of the Lender of personal liability in connection with the exercise of the powers and authorities or the consequences of so doing.

## 53. Indemnities

- 53.1 Each Borrower and Guarantor indemnifies the Lender, the Nominee, the Sponsor, their Related Bodies Corporate and each Receiver and Attorney for any actions, suits, claims, demands, losses (including consequential or economic loss and loss relating to hedging, funding or swap arrangements), liabilities, damages, Costs and expenses (including legal costs on a full indemnity basis) that any of them may suffer or incur as a result of:
- (a) any Event of Default and any action taken or not taken under Clause 45 (Consequences of an Event of Default);
  - (b) any action taken or not taken under Clause 43 (Gearing Adjustment);
  - (c) any actual or contemplated enforcement of the Mortgage or failure to enforce the Mortgage;
  - (d) any exercise of any Power or failure or delay in exercising any Power;
  - (e) the Lender being obliged, or agreeing, to pay an amount to a trustee in bankruptcy or liquidator (or a bankrupt person or Insolvent company) in connection with a payment by the Borrower or the Guarantor;
  - (f) the Lender acting in good faith on instructions it has reasonable grounds to believe have come from the Borrower, the Guarantor or an Authorised Person in writing or via facsimile, telephone, email or other electronic means; and
  - (g) the Loan or any part thereof being prepaid (whether voluntarily or otherwise).
- 53.2 It is not necessary for any loss or expense to be incurred before the indemnified Person demands payment under the indemnities given to it in Clause 53.1.
- 53.3 The indemnities and protections in this Clause 53 are continuing indemnities and protections and are independent of other obligations of the Borrower and the Guarantor under the Agreement (i.e. they do not affect, and are not affected by, such other obligations). They continue after the Lender releases the Mortgage and after the termination or expiry of the Agreement.
- 53.4 Where the indemnities are given in favour of the Nominee, the Sponsor, Receiver or an Attorney then each of them is

entitled to the benefit of this Clause 53, which is entered into and may be enforced on behalf of any of them by the Lender and the Lender will be taken to be acting as the agent and on behalf of each of them for that purpose.

- 53.5 The Borrower agrees to fully compensate the Lender on demand if the Lender determines that any new or amended law (including without limitation any law which imposes a tax on goods and services), order, official policy, directive or request of any governmental agency, or any change in any interpretation or administration of any law, order, official policy, directive or request of any governmental agency, directly or indirectly:
- (a) increases the cost to the Lender of providing, funding or maintaining the IFM Facility;
  - (b) reduces any amount received or receivable by the Lender, or its effective return, in connection with the IFM Facility; or
  - (c) reduces the Lender's return on capital allocated to the IFM Facility, or its overall return on capital.

#### 54. Authorised Person

- 54.1 Subject to Clause 54.2, an Authorised Person may:
- (a) give to the Lender, the Nominee or the Sponsor instructions;
  - (b) receive Notices (excluding a Notice under Clause 11) from the Lender, Nominee or Sponsor; and
  - (c) to do anything that the Borrower is entitled to do under the Agreement.
- 54.2 The Lender, Nominee or the Sponsor may, in its absolute discretion, refuse to accept any instruction from or give any Notice to an Authorised Person instead of the Borrower.
- 54.3 The Borrower must provide the Lender with the names and specimen signatures of all Authorised Persons.
- 54.4 The Lender, Nominee and the Sponsor may rely on any instruction given by an Authorised Person and which purports to be given on the Borrower's behalf without the need to make any enquiry or otherwise verify the authority of that Authorised Person. The Lender, Nominee and the Sponsor are not obliged to notify a Borrower or a Guarantor or any other Person of any instruction received from an Authorised Person.
- It is the responsibility of the Borrower to ensure that any Authorised Person acts only in accordance with the instructions of the Borrower. The Lender, Nominee and Sponsor accept no liability for the Authorised Person acting without such authority.
- 54.5 Any change or removal of an Authorised Person is effective only after the Borrower gives written Notice of such change or removal to the Lender.
- 54.6 All instructions from an Authorised Person must be in writing (including by electronic means), bearing the signature of an Authorised Person unless the Lender in its absolute discretion decides to accept instructions from an Authorised Person other than by way of writing.
- 54.7 The Borrower is bound by decisions made and any actions taken or any failure to take action by the Lender, Nominee or Sponsor which is done in reliance on instructions received from an Authorised Person or which appear to have been received from an Authorised Person.
- 54.8 If the Lender, Nominee or the Sponsor gives any Notice to an Authorised Person then the Borrower will be taken to have received such Notice notwithstanding that the Borrower may not actually receive, read or listen to such Notice.

#### 55. Securities Lending Prohibited

- 55.1 The Lender, Sponsor and Nominee will not at any time lend or arrange to lend any part of the Secured Portfolio to any other Person whether they are related to the Lender, Sponsor or Nominee or not.

#### 56. Representations and Warranties

- 56.1 Each of the Borrower and the Guarantor represents and warrants to the Lender as follows:
- (a) the Agreement constitutes valid and binding obligations enforceable in accordance with its terms;
  - (b) if the Borrower or the Guarantor are a body corporate, it is properly incorporated and validly exists;
  - (c) in entering into and performing the Agreement, it has not breached (and will not breach) any law or obligation binding on it;
  - (d) it has provided the Lender with all documents and other information relevant to the assessment of the Lender of whether to:
    - i accept the Offer of Mortgage;
    - ii accept any Guarantee; and
    - iii establish the IFM Facility,
  - (e) any documents and information provided under Clause 56.1(d) is correct and not misleading and are up to date, and in full force and effect;
  - (f) all information provided by it is true in all material respects at the time it enters into the Agreement or, if later, when provided. Neither that information nor its conduct or the conduct of the Authorised Person was or is misleading, by omission or otherwise;
  - (g) no Event of Default or any circumstance that may give rise to an Event of Default has occurred;
  - (h) it has obtained independent financial and legal advice as it thinks fit prior to making the Offer of Mortgage and entering into the Agreement;
  - (i) unless it is making the Offer of Mortgage or entering into the Agreement in the capacity of trustee of a trust (in which case the representations in Clause 56.3 will apply), the Secured Portfolio is beneficially owned by it solely (including held by someone solely on its behalf) and no one else has any rights affecting the Secured Portfolio, other than those under the Agreement or which the Lender has consented to in writing;
  - (j) the Secured Portfolio is free from any Security Interest other than the Mortgage and any Security Interest the Security Owner has notified the Lender in writing prior to making the Offer of Mortgage;
  - (k) it obtains various benefits by entering into, exercising its rights and performing its obligations under the Agreement; and
  - (l) it is able to pay its debts as and when they become due and payable.
- 56.2 In addition to Clause 56.1, if the Borrower or the Guarantor is a company (the Company), it represents and warrants to the Lender as follows:
- (a) it has the power to:
    - i make the Offer of Mortgage;
    - ii enter into the Agreement and perform its obligations under, and carry on the transactions contemplated by, the Agreement;
    - iii carry on its business as it is now conducted or contemplated; and



- iv there is no restriction or condition upon it doing so;
- (b) no action has been taken or proposed to terminate the Company and as far as it is aware no-one intends to take any such action; and
- (c) the Company complies with all applicable laws.

56.3 In addition to Clause 56.1 and Clause 56.2, if the Borrower or the Guarantor is a trustee of a trust (Trust), it represents and warrants to the Lender in its capacity as trustee of a trust and in its own right as follows:

- (a) it is making the Offer of Mortgage and entering into the Agreement in its personal capacity and also as trustee of the Trust, and for the benefit of the beneficiaries;
- (b) it has the power under the trust deed (Trust Deed) to:
  - i make the Offer of Mortgage;
  - ii enter into the Agreement and perform its obligations under, and carry on the transactions contemplated by, the Agreement;
  - iii carry on its business as it is now conducted or contemplated;
  - iv own the assets of the Trust, in its capacity as trustee of the Trust; and
  - v there is no restriction or condition upon it doing so;
- (c) it is the only trustee of the Trust (unless it is a joint trustee) and no action has been taken or proposed to remove it as trustee, revoke any of its powers, or to appoint additional or alternative trustees. As far as it knows, no one intends to take any such action;
- (d) no property of the Trust has been resettled or set aside or transferred to any other trust;
- (e) no action has been taken or proposed to terminate the Trust and as far as it is aware no-one intends to take any such action;
- (f) no event for the vesting of the assets of the trust has occurred;
- (g) its right of indemnity out of, and lien over, the assets of the Trust have not been limited in any way. Without limitation, it has no liability which may be set off against that right of indemnity;
- (h) the Trust Deed complies with all applicable laws;
- (i) it has complied with its obligations and duties under the Trust Deed and at law, and no one has alleged that it has not complied; and
- (j) the rights of the Lender under the Agreement have priority over the interests of the beneficiaries.

56.4 The representations and warranties set out in this Clause 56 are made when the Borrower and the Guarantor sign the Application Form and are repeated each time a Borrowing Request is made or deemed to be made whether or not the Borrowing Request is accepted by the Lender.

56.5 Each of the Borrower and the Guarantor must tell the Lender immediately if anything happens to make the representations and warranties no longer true and correct or makes them misleading.

## 57. AML/CTF Rules

57.1 The Borrower and the Guarantor each agree that the Lender may:

- (a) require the Borrower and the Guarantor to provide to the Lender, or otherwise obtain, any additional documentation or other information and perform any acts to enable the Lender to comply with any laws relating to AML/CTF or any other law;

- (b) at the absolute discretion of the Lender and without notice to the Borrower or the Guarantor take any action it considers appropriate, including suspending, blocking or delaying transactions and refusing to provide services to the Borrower or the Guarantor to comply with any law relating to AML/CTF or any other law and if this occurs the Lender is not liable for any consequences or losses whatsoever as a result of taking any such action; and

- (c) in the absolute discretion of the Lender and without notice to the Borrower or the Guarantor report any, or any proposed transaction or activity to any body authorised to accept such reports relating to AML/CTF or any other law.

57.2 Each of the Borrower and the Guarantor undertakes to not knowingly do anything to put the Lender in breach of any laws relating to AML/CTF or any other law.

## 58. Undertakings

58.1 Except to the extent the Lender otherwise consents in writing, each of the Borrower and the Guarantor undertakes as follows:

- (a) to notify the Lender as soon as it becomes aware of any Event of Default or of any circumstance that may give rise to an Event of Default;
- (b) to notify the Lender of any changes to its contact details and acknowledge that any Notice will be sent to the contact details held by the Lender at the time the Notice is given;
- (c) to notify the Lender as soon as it becomes aware of any change in its Authorised Persons, giving the Lender specimen signatures of any new Authorised Person appointed, and if the Lender asks, evidence of the authority of any Authorised Person that is satisfactory to the Lender;
- (d) to notify the Lender as soon as it becomes aware of any circumstance that may cause a Material Adverse Event;
- (e) if it is an individual, or individual entering into the Agreement as trustee of a trust, it will use all money advanced to it under the Agreement wholly or partly to acquire one or more financial products or a beneficial interest in one or more financial products;
- (f) unless it is entering into the Agreement in the capacity of trustee of a trust, not to hold any assets at any time forming part of the Secured Portfolio as the trustee of any trust;
- (g) to fully comply with all laws binding on it;
- (h) to supply to the Lender when requested to do so by the Lender such financial accounts or other information relating to it (or any trust in respect of which it is entering into the Agreement as trustee) as the Lender may from time to time request;
- (i) to ensure that the accounts and information provided to the Lender under Clause 58.1(h):
  - i comply with current accounting practice except to the extent disclosed in them and with all applicable laws;
  - ii give a true and fair view of the matters with which they deal; and
- (j) notify the Lender at least 7 days before the Security owner changes its name, ABN or ACN.

58.2 Except to the extent that the Lender otherwise consents in writing, if the Borrower or the Guarantor is a company it undertakes (in addition to Clause 58.1) as follows:

- (a) to do everything necessary to maintain its corporate existence in good standing and not to transfer its jurisdiction of incorporation or enter any merger or consolidation; and
  - (b) to ensure that any new or existing director of it promptly becomes a party to the Agreement if the Lender asks.
- 58.3 If the Borrower or the Guarantor is the trustee of a trust (the Trust), except to the extent that the Lender otherwise consents in writing, the Borrower or the Guarantor (as the case may be) undertakes (in addition to Clause 58.1) in its capacity as trustee of the Trust and in its own right as follows:
- (a) to comply fully with its obligations under the Trust Deed and at law;
  - (b) not do anything that would cause or enable its removal, nor retire or cease to act, as trustee of the Trust; and
  - (c) to exercise its right of indemnity from the trust fund and beneficiaries if it needs to, in order to meet its obligations under the Agreement.
- 58.4 Each undertaking in this Clause 58 continues from the date of the Agreement until the Agreement is terminated.

## 59. Inspection

- 59.1 The Lender or any Person it authorises may inspect and copy the records of the Borrower or the Guarantor relating to the Secured Portfolio at any time. The Borrower and the Guarantor will do everything in their power to assist that inspection and copying and ensure that their respective employees and officers do the same.

## 60. Exercising the Rights of the Lender

- 60.1 The rights and remedies of the Lender under the Agreement may be exercised by the Lender's Representative or any other Person authorised by the Lender, including a Receiver or Attorney.
- 60.2 No failure to exercise and no delay in exercising a Power operates as a waiver. Nor does any single or partial exercise of a Power preclude any other or further exercise of that or any other Power.
- 60.3 Powers in the Agreement are in addition to, and do not exclude or limit, any right, power or remedy provided by law.

## 61. Consents and Opinion

- 61.1 Except to the extent expressly stated:
- (a) the Lender may give or withhold, or give conditionally, approvals and consents;
  - (b) where a provision requires the Lender to be satisfied as to something, then the Lender may decide whether or not it is satisfied;
  - (c) the Lender may form opinions; and
  - (d) the Lender may exercise its Powers, in each case in its absolute discretion and without giving reasons for doing so.

## 62. Limited Liability of Lender

- 62.1 The Borrower and Guarantor acknowledge that actions by the Lender, Sponsor or Nominee in relation to the IFM Facility or the Secured Portfolio depend on:
- (a) other Persons nominated by the Borrower or the Guarantor (including for example a Broker, Nominated Platform, Third Party Sponsor, Nominated Financial Adviser, Authorised Person, the Issuer of any Security acquired or sold by the Security Owner and CHES);

- (b) the processes of these other Persons; and
- (c) the manner in which these other Persons pass instructions to the Lender on behalf of the Borrower or the Guarantor.

- 62.2 The Borrower and Guarantor also acknowledge that time is critical in relation to the IFM Facility and the Secured Portfolio and that the other Persons nominated by the Borrower or the Guarantor can cause delays in actions by the Lender, Sponsor or Nominee.
- 62.3 The Borrower and Guarantor acknowledge that dealing in the Secured Portfolio or Securities may be affected by certain market factors beyond the control of the Lender, the Nominee or the Sponsor (including for example minimum transaction amounts, volatile prices and illiquid markets).
- 62.4 The Lender, the Sponsor and the Nominee are not liable in contract, tort (including negligence) or otherwise for any loss, cost, damage or expense which the Borrower or the Guarantor may suffer or incur because:
- (a) the Lender exercises or attempts to exercise, fails to exercise, or delays in exercising any Power;
  - (b) the Lender realises more of the Secured Portfolio than is needed to reduce the Total Amount Owing to an amount equal to or less than the Lending Value;
  - (c) the Lender declines to advance a Loan;
  - (d) the Facility Balance exceeds the lesser of the Lending Value and the Credit Limit;
  - (e) the Lender realises more of Secured Portfolio than the minimum needed to meet the Borrower's obligations;
  - (f) in regard to the composition of Secured Portfolio which the Lender selects to realise;
    - (i) if acting in good faith, it realises any Secured Portfolio for an amount less than the market value of that Secured Portfolio at the time of realisation; and
    - (ii) if it decides not to realise, sell, redeem or fails to realise, sell or redeem the Secured Portfolio within a reasonable time or at all;
  - (g) the Lender allows a Borrowing Request to be cancelled but fails (whether because of its negligence or otherwise) to cancel the request or to cancel the request on time;
  - (h) The price of any Securities changes, or because those Securities cease to be available, before the Lender processes the Borrowing Request; or
  - (i) the Lender does not (whether because of its negligence or otherwise) pay the money in the manner and at the time specified in the Borrowing Request;
  - (j) by the Lender, the Sponsor or the Nominee not acting or not acting promptly in accordance with any request or direction from the Borrower, the Guarantor or the Authorised Person.

## 63. Payments

- 63.1 Each of the Borrower and the Guarantor must pay any money it owes under the Agreement as follows:
- (a) a payment must be made into the account or at the place the Lender specifies from time to time (and the Lender may specify different places or accounts for different payments);
  - (b) a payment must be made on or before the date it is due. If that date is not a Business Day, then the Borrower must pay the Lender on the previous Business Day;

- (c) if no other time is specified by the Lender in the Agreement or otherwise, the Lender must receive payment by 10am (Sydney standard time) on the date that payment is due. If the Lender receives a payment from the Borrower after 10am, it may treat it as having been received on the next Business Day; and
  - (d) a payment must be made in full in immediately available Australian dollars irrespective of any amount the Borrower or Guarantor may be obliged by to deduct or withhold.
- 63.2 The Lender may, subject to any express provision in the Agreement to the contrary, appropriate any payment towards the satisfaction of any moneys due for payment by the Borrower or Guarantor in any way that the Lender thinks fit and notwithstanding any purported appropriation by the Borrower or Guarantor.

#### 64. Reinstatement of Rights

- 64.1 Under law, a trustee in bankruptcy or liquidator may ask the Lender to refund or retransfer a payment or transfer the Lender has received in connection with the Agreement. To the extent the Lender is obliged to, or it agrees to, make a refund or retransfer, it may treat the original payment or transfer as if it had not been made. The Lender is then entitled to its rights against the Borrower and the Guarantor under the Agreement as if the payment or transfer had never been made and, if the Lender asks, the Borrower and the Guarantor must do everything necessary to restore to the Lender any Security Interest the Lender held immediately prior to the payment or transfer.

#### 65. Certificates from the Lender

- 65.1 The Lender may give the Borrower or the Guarantor a certificate signed by the Lender or its solicitors about a matter or about an amount payable in connection with the Agreement. The certificate is sufficient evidence of the matter or amount, unless it is proved to be incorrect.

#### 66. Variation

- 66.1 The Lender may at any time vary any of the terms and conditions of the Agreement by an Australian national newspaper advertisement or by giving another form of Notice (including, but not limited to, by newsletter, statement or via the Online Service).
- 66.2 Any variation made under Clause 66.1 will take effect on and from the date the Lender specifies in the Notice where such date will not be less than 14 calendar days from when the advertisement was published or Notice given.
- 66.3 If the Borrower does not wish to continue the IFM Facility and the Arrangements on the terms as amended under Clause 66.1, the Borrower or Guarantor must repay the Total Amount Owing or the Guaranteed Money as applicable (or such part thereof as may be required by the Lender) in full prior to the date specified in the Notice.
- 66.4 If the Guarantor does not wish to continue the Guarantee on the terms as amended under Clause 66.1, the Borrower or Guarantor must repay the Total Amount Owing or the Guaranteed Money as applicable (or such part thereof as may be required by the Lender) in full prior to the date specified in the Notice.
- 66.5 The Lender may at any time and at its absolute discretion change:
- (a) the list of Acceptable Investment;
  - (b) any percentage used to calculate the Buffer; or
  - (c) any Lending Ratio;

by giving a Notice to the Borrower. Any change will take effect on and from the date specified in the Notice and will not be less than 24 hours after the Lender publishes or sends the Notice.

- 66.6 The Lender may at any time and at its absolute discretion change:
- (a) the Fee Schedule; or
  - (b) the method used to calculate Market Values
- by giving a Notice to the Borrower. Any change will take effect on and from the date specified in the Notice and will not be less than 5 Business Days after the Lender publishes or sends the Notice.
- 66.7 Any change under this Clause 66 will take effect regardless of whether the Borrower or the Guarantor (if applicable) receives, reads or listens to the Notice.

#### 67. Interest on Overdue Money

- 67.1 The Borrower must pay to the Lender interest on all amounts that from time to time fall due for payment under the Agreement but are unpaid, both before and (as a separate and independent obligation) after any judgment. Such interest will accrue each day from and including the date such amounts fall due for payment until they are paid or satisfied. The Lender will calculate interest on such overdue amounts on the basis of the Overdue Money Rate. The Borrower and the Guarantor must pay such interest on demand.
- 67.2 The Borrower agrees that, if at any time the Borrower fails to pay interest under this Clause 67 when due the Lender may capitalise the interest to the Loan Account. In so doing the capitalised interest will not constitute an increase in the Credit Limit.
- 67.3 The rights of the Lender to interest under the Agreement do not affect the obligations of the Borrower or the Guarantor to make payments to the Lender on time.

#### 68. Termination

- 68.1 The Lender may at any time give the Borrower a Notice of no less than 5 Business Days to terminate the Agreement.
- 68.2 The Borrower may at any time give the Lender a Notice of no less than 5 Business Days to terminate the Agreement.
- 68.3 Termination under this Clause 68 will be effective upon expiry of the notice period referred to in Clauses 68.1 and 68.2. Termination of the Sponsorship Agreement is subject to the terms of the Sponsorship Agreement and to the extent of any inconsistency between the Sponsorship Agreement and this Clause 68, the Sponsorship Agreement will prevail.
- 68.4 Notwithstanding Clause 68.3, the Agreement will only terminate when:
- (a) the Total Amount Owing (or Guaranteed Money as applicable) has been fully repaid in accordance with the Agreement; and
  - (b) the Lender has discharged the Mortgage.
- 68.5 Termination of the Agreement does not affect any rights or obligations arising before termination.
- 68.6 Clause 68.5 survives termination of the Agreement.

#### 69. Hedging and Conflicts of Interest

- 69.1 The Borrower and the Guarantor acknowledge that the Lender may hedge (including with a Related Body Corporate of the Lender) or otherwise control any liability or risk the Lender has or might have under the Agreement or in relation to the Secured Portfolio by entering into options, futures, contracts, derivatives or any other transaction or financial product.

- 69.2 If the Lender (or its Related Body Corporate) has any right, interest in or entitlement to any Security or Right as a result of this Clause 69, it:
- holds that right, interest or entitlement and any deposit derived from it on its behalf, and not for the Borrower or on behalf of the Borrower or for the Guarantor or on the Guarantor's behalf;
  - can deal with that right, interest or entitlement and any profits derived from it according to its discretion; and
  - is under no duty to account to the Borrower or the Guarantor in relation to that right, interest or entitlement or any deposits derived from it.
- 69.3 The Borrower and Guarantor acknowledge that 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 the Secured Portfolio.

## 70. Set-off

- 70.1 In addition to any rights which the Lender may have at law, the Borrower and the Guarantor irrevocably authorise the Lender to set-off and apply any credit balance in any currency (whether or not matured) in any of the Borrower's or the Guarantor's accounts with the Lender or any Related Body Corporate towards satisfaction of any sum at any time due and payable by the Borrower or the Guarantor to the Lender under or in relation to the Agreement. The Lender may exchange currencies to make that application and does not have to give the Borrower or the Guarantor notice before making that application.

## 71. Charges, Expenses and Commission

- 71.1 When the Lender asks, the Borrower and the Guarantor must pay and/or reimburse the Lender, the Nominee and the Sponsor for:
- the Costs and any expenses the Lender, the Nominee or the Sponsor may incur or become liable to pay in connection with the preparation and execution of the Agreement, and any taxes, duties, fees or fines the Lender has to pay in connection with the Agreement, and any amounts the Lender pays to any independent consultant, agent, Receiver or solicitor;
  - Costs incurred by the Lender, the Nominee or Sponsor, and any Receiver's Costs and remuneration, in exercising any of the Lender's rights or any Receiver's rights under the Agreement including enforcement and termination costs;
  - the Lender's Costs or the Nominees or Sponsor's Costs in responding to any inquiry about the Borrower or the Guarantor from any Government Agency;
  - any tax, duty or government charge on transactions under the Agreement;
  - the Borrower's or the Nominee's or Sponsor's administrative charges in relation to the Secured Portfolio or certain applications of the money the Borrower borrows from the Lender; and
  - any fees or Costs relating to the registration of this Agreement (or part of it) or any Security Interest contemplated by it on any register, including, if necessary, the negotiation and registration of releases and/or priority agreements with other Security Interest holders.
- 71.2 The Lender may share any money the Borrower or the Guarantor gives it, or pay a commission to, any Person it chooses, including any Authorised Person, Nominated

Financial Adviser, Nominated Broker, any entity that operates the financial advising or broking group of the Nominated Financial Adviser or Nominated Broker or Service Provider. If the Borrower has been referred to the Lender by a Person, the Person may receive a benefit in relation to the provision of the Loans to the Borrower. The amount of this benefit will be determined by the Lender and the Person. The benefit will have no impact on the amount the Borrower owes.

## 72. GST

- 72.1 All payments to be made in connection with the Agreement have been calculated without regard to GST.
- 72.2 If all or part of any such payment is the consideration for a taxable supply for GST purposes then, when the Borrower or the Guarantor make the payment:
- the Borrower or the Guarantor must pay the Lender an additional amount equal to that payment (or part) multiplied by the appropriate rate of GST; and
  - the Lender will promptly provide the Borrower or the Guarantor with a tax invoice complying with the relevant GST legislation.
- 72.3 Where under the Agreement the Borrower or the Guarantor are required to reimburse or indemnify the Lender for an amount, the Borrower or the Guarantor will pay the relevant amount (including any sum in respect of GST) less any GST input tax credit the Lender determines that it is entitled to claim in respect of that amount.

## 73. Assignment and Novation

- 73.1 The rights and obligations of the Borrower and the Guarantor under the Agreement are personal and may not be assigned, transferred, novated or delegated by the Borrower or the Guarantor without the prior written consent of the Lender.
- 73.2 At any time, the Lender, Sponsor, Nominee, or any Assign may introduce any one or more Persons to the Borrower and Guarantor as a nominated assignee, transferee, novatee or delegate (including, without limitation, any securitisation trust or a purchaser of all or a part of the loan portfolio of the Lender) (each such nominated Person being an Assign) to whom all or a part the Lender's, Sponsor's or Nominee's (as applicable) respective rights and/or obligations under the Agreement are to be assigned, transferred, novated or delegated.
- 73.3 If the Lender, Sponsor, Nominee, or Assign introduces the Borrower and Guarantor to an Assign then each of the Borrower and Guarantor irrevocably consents and agrees:
- to any such assignment, transfer, novation or delegation (as applicable) even though the identity of the Assign may not be known, or capable of being known, at the date of this Agreement;
  - to enter into an agreement with, among others, any Assign as is necessary or desirable to give effect to such assignment, transfer, novation or delegation; and
  - (without limiting the Lender's rights under Clause 68 (Termination)) to such variation to this Agreement, and to entry into any agreement contemplated by Clause 73.3(b) on such varied terms, as the Lender, Nominee, Sponsor or Assign, determine in good faith is necessary or desirable to give workable commercial effect to the Agreement following the assignment, transfer, novation or delegation, in particular, but without limitation, where functions of any of the Lender, Nominee or Sponsor under this Agreement or the Mortgage are split among multiple persons.

- 73.4 The Borrower and Guarantor acknowledge that rights and obligations may be assigned, transferred, novated or delegated (as applicable) multiple times to successive Assigns, and agree that each such Assign has the benefit of this Clause 73.
- 73.5 Each of the Borrower and Guarantor agree that each of the Lender, Sponsor, Nominee and any Assign may disclose any information or documents it considers necessary to help it exercise the rights set out in this Clause 73. Subject to any exercise of the right of variation under Clause 73.3(c), if the Lender assigns, transfers or novates all or part of its rights as lender under this Agreement, the Total Amount Owed will include all of the Borrower's and the Guarantor's actual and contingent liability to the Assign, whether or not it was incurred before the assignment, transfer or novation or in contemplation of it.
- 73.6 The Borrower and the Guarantor each acknowledge that it is of fundamental importance to the Lender, Sponsor, Nominee and any Assign (and essential to their ability to provide funding under this Agreement) that they be able to deal with all or part of their rights and/or obligations under this Agreement without restriction and that accordingly intend that the provisions in this Clause 73 operate so as broadly as possible so as to provide the Lender, Sponsor, Nominee and any Assign with maximum flexibility in dealing with rights and obligations under this Agreement.

#### 74. No Merger

- 74.1 The Agreement does not merge with or adversely affect, and is not adversely affected by, any of the following:
- any guarantee or indemnity or any Security Interest, right or remedy, to which the Lender is entitled at any time; or
  - a judgment or order which the Lender obtains against the Borrower or the Guarantor in respect of an amount payable under the Agreement (the Lender can still exercise its rights under the Agreement as well as under the judgment, order, other guarantee or security).

#### 75. Telephone Recording

- 75.1 The Lender, the Nominee and the Sponsor may record the telephone conversations of the Borrower, the Guarantor, any Authorised Person or other Person giving instructions on behalf of the Borrower or Guarantor to the Lender, or the Nominee or the Sponsor and may use these recordings as they see fit.
- 75.2 Without limiting the generality of Clause 75.1 the Lender, the Nominee and the Sponsor may record the telephone conversations for any purpose permitted by law from time to time including for quality assurance, as evidence of information the Lender has provided, of instructions given or as evidence of business transactions with or without an audible tone warning device.
- 75.3 To the extent permitted by law, the Lender, the Nominee and the Sponsor may keep the recordings for as long as it wishes.

#### 76. Online Service

- 76.1 The Online Service will be provided via the internet, but can be expanded to include other modes of electronic communication.
- 76.2 Access to the Online Service is granted by use of a facility access code and a password or by such other security procedure the Lender may have in place from time to time.

- 76.3 Any Person who receives a facility access code from the Lender is responsible for the confidentiality of all passwords.
- 76.4 Any action or request made via the Online Service will be taken to have been made by the Borrower or the Security Owner (as the case may be), and the Lender may rely on that action or request.
- 76.5 The Facility Balance, Secured Portfolio, Market Value, any indicators of the status of the IFM Facility, and any other information set out via the Online Service may not reflect recent transactions, represent the actual status of the IFM Facility or represent a price at which the Secured Portfolio can be bought or sold.
- 76.6 The Lender is not obliged to update or correct any errors in the information after the date of publication and the Lender will not be responsible for any action which any Person with access to the Online Service takes or refrains from taking based on information in the Online Service which is inaccurate or out of date.
- 76.7 Specific terms of use are published on the Online Service. In addition to this Clause 76, any Person's use of the Online Service is subject to those terms as amended from time to time.
- 76.8 The Lender may vary these terms of use at any time after giving a Notice to the Borrower and such Notice may be given through the Online Service.
- 76.9 The Lender may suspend access to the Online Service or cease to make the Online Service available at any time without notice.

#### 77. Notices

- 77.1 A Notice given by the Borrower, the Guarantor, an Authorised Person or any another Person connected to the IFM Facility, to the Lender, the Sponsor or the Nominee must, unless otherwise provided in the Agreement or agreed by the Lender, the Sponsor or the Nominee (as applicable) in its absolute discretion:
- be in writing and signed by a person duly authorised by the sender; and
  - delivered by prepaid post or by hand or fax to the address or fax number last notified by the intended recipient to the sender.
- 77.2 A Notice given by the Lender, the Sponsor or the Nominee may be given (unless otherwise specified in the Agreement or expressly prohibited by statute):
- by publishing the Notice on the Online Service, the Lender's public website or Australian national newspaper advertisement;
  - in writing and sent by post including a message on or with the Borrower's statement;
  - in writing and sent electronically including by email; short text message to a mobile phone and by facsimile;
  - verbally by telephone; or
  - by hand.
- 77.3 A Notice given in accordance with this Clause 77 or as otherwise specified in the Agreement will be taken to have been made or received (unless otherwise specified in the Notice):
- if it is delivered by hand, when delivered;
  - if given verbally by telephone, when the sender makes the telephone call and speaks to the recipient or leaves a message on the relevant answering machine or voicemail service;

- (c) if sent electronically (except by facsimile), when the sender transmits the message;
- (d) if sent by facsimile, on receipt by the sender of a transmission control report from the despatching machine showing the relevant number of pages and the correct destination fax machine number or name of recipient and indicating that the transmission has been made without error;
- (e) if sent by post, on the 3rd day after posting; or
- (f) if published, 24 hours after it was published.

77.4 The Lender, the Nominee and the Sponsor may act on telephone instructions before receipt of any written confirmations and their record of the telephone conversation will be conclusive evidence of such instructions.

- 77.5 A Notice given by the Lender, the Sponsor or the Nominee in accordance with this Clause 77 or as otherwise specified in the Agreement:
- (a) is properly given or made if it is sent to the contact details held by the Lender at the time the Notice was given;
  - (b) need not be signed;
  - (c) does not depend on the intended recipient actually receiving, reading or listening to the message; and
  - (d) does not depend on the sender obtaining confirmation that the message has been transmitted, received or read and the sender will not be required to take further action even if a subsequent "Out of Office" or similar message is received.

77.6 The Borrower must access the Online Service at reasonable intervals to receive information the Lender provides through the Online Service and must monitor and ensure that any Authorised Person or Repayment Plan Agent monitors the contact details provided to the Lender on a regular basis to ensure that they are aware of all communications from the Lender.

77.7 The Lender is not required to give any Notice to any other Person except as specified in the Agreement.

## 78. Accuracy of Information

- 78.1 All the information the Lender provides is provided in good faith and has been derived from sources which the Lender believes to be reliable and accurate but the Lender has not verified all of the information, which may not be complete or accurate for the purposes of the Borrower or the Guarantor. However, subject to the provisions of any law which limits the Lender and cannot be excluded (for example, in certain circumstances, the Competition and Consumer Act (2010) (Cth)):
- (a) the Lender makes no representation or warranty of any kind for the accuracy or completeness of the information it provides in the statements it issues or which the Lender provides through the Online Service;
  - (b) the Lender is under no obligation to update or correct any errors or omissions in the information it provides after it has been provided;
  - (c) the Lender and its directors, employees and associates do not accept any responsibility arising in any way (including by reason of negligence) for errors in, or omissions from, the information the Lender provides and the Lender does not accept any loss or damage however caused, as a result of any person relying on any information it provides; and

- (d) the Borrower or the Guarantor must check any information which the Lender provides in respect of the IFM Facility or the Arrangements and advise the Lender promptly if the information is incorrect or inaccurate.

## 79. Moratorium on Legislation

- 79.1 To the full extent permitted by law, all legislation that at any time directly or indirectly:
- (a) lessens, varies or affects in favour of the Borrower or Guarantor any obligation under the Agreement; or
  - (b) delays, prevents or prejudicially affects the Lender, Nominee or Sponsor or the Attorney exercising any Power, is excluded from the Agreement.

## 80. No Reliance

- 80.1 The terms of the Agreement supersede any prior representation, promise, or statement (whether contained in any brochure, correspondence or otherwise) made by the Lender or any officer, employee or agent of the Lender or its Related Body Corporate to the Borrower, the Guarantor or their respective representatives or agents. The Borrower and the Guarantor acknowledge and warrant that they have not relied on any representation, statement or conduct of the Lender except as set out in the Agreement in entering into the Agreement or making the Offer of Mortgage.

## 81. Components of the Agreement

- 81.1 If required by law or if otherwise necessary or convenient the Lender may (without giving any notice to and without obtaining the consent of the Borrower or the Guarantor), treat one or more components of the Agreement as a separate agreement.
- 81.2 If a provision of any of the Agreement is capable of being read down and doing so would prevent the Agreement, the Mortgage or that provision being illegal or unenforceable, that provision is to be read down to the extent necessary to prevent the Agreement or that provision being illegal or unenforceable.
- 81.3 If, despite Clause 81.2, a provision of the Agreement is illegal or unenforceable:
- (a) and it would be legal and enforceable if a word or words were omitted, that word or those words are severed; and
  - (b) in any other case, the whole provision is severed, and the remainder of the Agreement continues in force.

## 82. Applicable Law

- 82.1 The Agreement is governed by the law in force in New South Wales. All the parties to the Agreement submit to the non-exclusive jurisdiction of the courts of New South Wales.
- 82.2 Any document in a court action may be served on any party to the Agreement by delivering it to, or leaving it at, the address given to the party taking the action, or such other address as is agreed by the party being served. This Clause 82 does not prevent any other method of service.

## 83. No Fiduciary Relationship

- 83.1 Nothing in the Agreement creates a fiduciary relationship between the Borrower or Guarantor and the Lender.
- 83.2 The Borrower and the Guarantor agree that the Lender is not obliged to consider the interests of the Borrower or the Guarantor and in particular that the Lender:

- (a) is not obliged to monitor any changes in the markets on which the Secured Portfolio is traded which may effect the value of the Secured Portfolio;
- (b) is not obliged to notify the Borrower or the Guarantor of any changes in the markets on which the Secured Portfolio is traded which may effect the value of the Secured Portfolio;
- (c) has no greater liability in relation to any requirement to notify the Borrower of a Margining Event than that set out in the Corporations Act;
- (d) may but is not obliged to take any steps to sell any or all of the Secured Portfolio if a Margining Event occurs or the IFM Facility becomes subject to Gearing Adjustment;
- (e) is not liable to the Borrower or the Lender if, after taking steps to sell any or all of the Secured Portfolio under the terms of the Agreement, there is an improvement in the market that would render the sale of the Secured Portfolio unnecessary or undesirable.

#### 84. Other Provisions

- 84.1 This Agreement states all the express terms of the agreement between the parties in respect of its subject matter. It supersedes all prior discussions, negotiations, understandings and agreements in respect of its subject matter.
- 84.2 If Chapter 4 of the PPSA would otherwise apply to the enforcement of a Security Interest arising out of this Agreement, the parties agree that:
- (a) to the extent that section 115(1) of the PPSA allows this, the following provisions of the PPSA will not apply to the enforcement of that Security Interest:
    - i subsection 121(4) (enforcement of liquid assets – notice to grantor);
    - ii section 125 (obligation to dispose of or retain collateral);
    - iii section 130 (notice of disposal), to the extent that it requires the Lender to give a notice to the Security Owner;
    - iv paragraph 132(3)(d) (contents of statement of account after disposal);
    - v subsection 132(4) (statement of account if no disposal);
    - vi section 142 (redemption of collateral);
    - vii section 143 (reinstatement of security agreement); and
  - (b) to the extent that section 115(7) of the PPSA allows this, the following provisions of the PPSA will not apply to the enforcement of that Security Interest:
    - i section 127 (seizure by higher priority parties – notice);
    - ii section 129(2) and (3) (disposal by purchase);
    - iii section 132 (secured party to give statement of account);
    - iv section 134(2) (proposal of secured party to retain collateral);
    - v section 135 (notice of retention of collateral);
    - vi section 136(3), (4) and (5) (retaining collateral free of interest); and
    - vii section 137 (persons entitled to notice may object to proposal).
- 84.3 Despite clause 77 notices or documents required or permitted to be given to the Lender for the purposes of the PPSA must be given in accordance with the PPSA.

- 84.4 Without limiting clause 88.5, the Security Owner consents to LE effecting registrations on the PPSR (in any manner LE considers appropriate) in relation to any Security Interest arising under or in connection with or contemplated by this Agreement and the Security Owner agrees to provide all assistance reasonably required to facilitate this. Security Owner acknowledges that due to the nature of the IFM Facility the actual composition of the Secured Portfolio may vary from time to time and LE may register on the PPSR for all collateral classes that could be relevant to the Secured Portfolio over time.
- 84.5 The Security Owner waives the right to receive any notice under the PPSA (including notice of a verification statement) unless the notice is required by the PPSA and cannot be excluded.
- 84.6 The Lender and the Security Owner agree that the terms and conditions of this Agreement and any related documents and information are confidential. The Lender and the Security Owner agree that the content of these documents and related information will not be disclosed except to the extent and for the purposes such disclosure is expressly permitted by this Agreement or required by law (other than section 275(1) of the PPSA).
- 84.7 The parties agree that the terms of the Security Interests provided for under this Agreement are wholly contained in Part 7, the relevant definitions in Part 1 and clause 2.2.

### Part 7 Mortgage Terms

#### 85. What is Mortgaged

- 85.1 The Security Owner mortgages to the Lender all of its right title and interest, both present and in the future, to, under or derived from the Secured Portfolio in accordance with these Mortgage Terms.
- 85.2 The Mortgage secures:
- (a) in respect of the Security Owner where the Security Owner is the Borrower, the due and punctual payment of the Total Amount Owed; and
  - (b) in respect of the Security Owner where the Security Owner is a Guarantor, the due and punctual payment of the Guaranteed Money, the due and punctual payment of all money payable by the Guarantor under the Agreement as a principal obligor and the due and punctual compliance with the Arrangements.
- 85.3 The Mortgage is a continuing security, despite any settlement of account, intervening payment or anything else, until the Lender has given the Security Owner a final discharge of the Mortgage.
- 85.4 No Power and nothing in the Mortgage merges in, or in any other way prejudicially affects or is prejudicially affected by, any other Security Interest or any judgment, right or remedy against any Person that the Lender may have at any time.
- 85.5 Where Secured Portfolio is contributed by more than one person whether under the Mortgage or under another Mortgage taken to secure the Total Amount Owed or the Guaranteed Money, then the Lender may:
- (a) identify the Secured Portfolio as relating to any Person, by any method it determines from time to time; and
  - (b) enforce the Mortgage against the Secured Portfolio of any Person in such order as the Lender determines from time to time.

#### 86. Effect of Mortgage

- 86.1 Where the Security Owner is the Borrower:
- (a) it must duly and punctually pay the Total Amount Owed; and

- (b) if an Event of Default occurs or the IFM Facility becomes subject to Gearing Adjustment, the Lender may demand that the Security Owner pay all or any of the Total Amount Owning at any time the Lender requests it.
- 86.2 Where the Security Owner is a Guarantor:
- (a) it must duly and punctually pay the Guaranteed Money and it must duly and punctually pay all money payable by the Guarantor under the Agreement as principal obligor; and
- (b) if an Event of Default occurs or the IFM Facility becomes subject to Gearing Adjustment, the Lender may demand that the Security Owner pay all or any of the Guaranteed Money and any or all money which is payable by the Guarantor under the Agreement as principal obligor at any time the Lender requests.
- 86.3 While the Mortgage is in effect, the Security Owner must give the Lender or the Nominee possession of all documents of title and certificates to interests in (or that evidence) the Secured Portfolio. If the Secured Portfolio includes investment instruments (as defined in the PPSA) the Security Owner must deposit with the Lender at the same time as the Security Owner gives possession of the document of title or certificates referred to in this clause to the Lender or Nominee, the number of transfers specified by the Lender in respect of the instruments which are executed by the Security Owner, with the consideration, name of the transferee and the date left blank.
- 86.4 The Security Owner must:
- (a) carry out on time all of the obligations in connection with the Secured Portfolio and comply with all directions, requests or requirements of Government Agencies relating to the Secured Portfolio;
- (b) pay all calls, instalments and other amounts payable in respect of the Secured Portfolio;
- (c) immediately after becoming aware of any Rights, provide the Lender or a Person it nominates with particulars of the Rights;
- (d) take up Rights in respect of the Secured Portfolio if the Lender asks the Security Owner to do so (the Lender will only ask the Security Owner to do this if it believes failure to take up Rights would make the Secured Portfolio significantly less valuable);
- (e) if the Lender asks, give the Lender a copy of all documents the Security Owner receives as holder of, or in connection with the Secured Portfolio;
- (f) if the Security Owner becomes aware of any defect in its ownership of the Secured Portfolio, immediately take steps to rectify it;
- (g) not do anything, or fail to do anything, that the Lender thinks would have a material adverse effect on the Secured Portfolio or its interest in it;
- (h) if the Lender asks, ensure that the Person the Lender nominates becomes and remains a signatory to any Deposit Account or any account for monies on deposit or cash management account which forms part of the Secured Portfolio; and
- (i) comply with any conditions the Lender attaches to any approvals or consents it gives to the Security Owner in connection with the Mortgage.
- 86.5 Unless the Lender consents, the Security Owner may not:
- (a) create or allow to exist any Security Interest over any Secured Portfolio; or
- (b) in any other way:
- i dispose of any Secured Portfolio;
- ii create or allow any interest in any Secured Portfolio; or
- iii part with possession of any Secured Portfolio or give control of any Secured Portfolio to any person other than the Lender or a person acting on behalf of the Lender.
- 86.6 Where by law the Lender may not restrict the creation of any Security Interest over an asset ranking after the Mortgage, Clause 86.5 will not restrict that creation. The Security Owner must ensure that before the Security Interest is created the holder of that Security Interest enters into a deed of priority in accordance with Clause 91 (Subsequent Security Interest).
- 86.7 The Security Owner must get the consent of the Lender before it:
- (a) takes steps to change any of the Secured Portfolio that are Certificated Securities to uncertificated securities (or vice versa);
- (b) closes, varies the terms of, or changes the signatories to, any Deposit Account or any account for monies on deposit or any cash management account which forms part of the Secured Portfolio; or
- (c) waives any of the rights of the Security Owner or releases any Person from its obligations in connection with the Secured Portfolio.
- 86.8 In respect of any warrant or option (being a warrant or option over Securities) which forms part of the Secured Portfolio:
- (a) the Security Owner acknowledges that the Lender will not be, and cannot be held to be, aware of the terms of issue nor any requirement upon the Security Owner to act or do anything prior to the expiry of the warrant or option held as Secured Portfolio; and
- (b) the Security Owner acknowledges that the Lender will not assume any obligations of or to the issuer of the warrant, option or other Security, including, but not limited to, seeking any instruction from the Security Owner regarding any action required in dealing with the warrant, option or Security prior to expiry or otherwise.
- 86.9 If at any time the Lending Value exceeds the Total Amount Owning, the Security Owner may request that the Lender release part of the Secured Portfolio.
- 86.10 The Lender is not obliged to release any of the Secured Portfolio, but may do so in its absolute discretion if it is satisfied that after the release, the Lending Value will be, and is likely to remain, greater than the Total Amount Owning.
- 86.11 The Lender, any of the Lender's Representatives, any Receiver or Attorney may complete any document which at any time is executed by the Security Owner or on behalf of the Security Owner and deposited with the Lender or the Nominee. Such documents may be completed in favour of any Person.
- ## 87. Master Trusts/Wraps and Managed Funds
- 87.1 If any of the Secured Portfolio is held, managed or sponsored through a Master Trust/Wrap, a Managed Fund or a Third Party Sponsor, the Security Owner acknowledges and agrees that:
- (a) it has read and understood all aspects of the arrangements and documentation entered into with the Master Trust/Wrap, Managed Fund or Third Party Sponsor including but not limited to any share service investor guide, IDPS investor guide, IDPS offer document, application form and all other related material, and the effect thereof;
- (b) if it wishes to purchase, hold or borrow against listed shares held through the Master Trust/Wrap share service, the Sponsoring Participant in CHES will be a Person specified by the Master Trust/ Wrap or Managed Fund;



- (c) its rights under the arrangements it has entered into with the Master Trust/Wrap, Managed Fund or Third Party Sponsor in relation to the Secured Portfolio and any documentation issued by a Master Trust/Wrap, Managed Fund or Third Party Sponsor are subject in all respects to the rights of the Lender under the Agreement;
  - (d) it hereby authorises the Lender to give instructions to the Master Trust/Wrap, Managed Fund, or Third Party Sponsor in relation to the Secured Portfolio to the same extent that the Security Owner is entitled to do so, and the terms of the power of attorney in the Agreement apply fully to any instructions the Lender may give the Master Trust/ Wrap, Managed Fund or Third Party Sponsor; and
  - (e) in order to comply with instructions given by the Lender, the Master Trust/Wrap, Managed Fund or Third Party Sponsor may be required to act as agent for the Lender in a manner contrary to the interests of the Security Owner and, as a result of the authorisations given under Clause 87.1, may be relieved of any fiduciary duties it may owe the Security Owner.
- 87.2 If any of the Secured Portfolio is held or managed through a Master Trust/Wrap, Managed Fund or Third Party Sponsor, the Security Owner irrevocably authorises and directs the Master Trust/Wrap, Managed Fund or Third Party Sponsor to;
- (a) note the interest of the Lender as mortgagee of;
    - i any units held on the unit holder register in the name of the Security Owner or the Nominee; and
    - ii any Securities or other assets in which the Security Owner has an interest under the Master Trust/Wrap or Managed Fund or under a sponsorship agreement with the Third Party Sponsor;
  - (b) act upon any request or instructions from the Lender (including applications, redemptions and transfers of units, or funds movements, or sales of shares or units, or the transfer of sponsorship of any shares from the Master Trust/Wrap, Managed Fund or Third Party Sponsor to the Lender or any person nominated by the Lender) for any reason, or the reversal or variation of any instructions that the Master Trust/ Wrap, Managed Fund or Third Party Sponsor may receive from the Security Owner, where requests are signed pursuant to the Powers of the Lender as mortgagee or pursuant to the power of attorney in the Agreements, until such time as the Master Trust/Wrap, Managed Fund or Third Party Sponsor receives a release from the Lender with respect to the Security Owner; and
  - (c) provide to the Lender such information or copies of information relating to the Secured Portfolio administered by the Master Trust/Wrap, Managed Fund or Third Party Sponsor as is requested by the Lender.
- (e) employ or discharge any Person as professional Financial Adviser, consultant or Broker for any purpose on such terms as the Lender thinks fit;
  - (f) exercise any voting or other rights or powers in respect of any Security in the Secured Portfolio;
  - (g) receive any cash dividend in respect of any Security in the Secured Portfolio;
  - (h) operate the Deposit Account or any account for monies on deposit or any cash management account which forms part of the Secured Portfolio without signature, and give notice to the issuer of such account that the Lender now has this right and that the Security Owner no longer has such a right;
  - (i) apply the balance in the Deposit Account or any account for monies on deposit or cash management account which forms part of the Secured Portfolio towards the Total Amount Owning;
  - (j) make any arrangement or compromise which the Lender considers expedient in the interests of the Lender;
  - (k) bring or defend any action, suit or legal proceedings in the name of the Security Owner or otherwise, for all or any of the above purposes;
  - (l) take any other action that the absolute beneficial owner or Receiver of the Secured Portfolio could; or
  - (m) appoint a Receiver to do any of those things.
- 88.2 The Powers conferred on the Lender by law:
- (a) are in addition to the Powers conferred under the Agreement;
  - (b) to the extent permitted by law, may be exercised immediately an Event of Default occurs or the IFM Facility becomes subject to Gearing Adjustment and at any time subsequently; and
  - (c) are excluded or varied to the extent that they are inconsistent with the express terms of the Agreement.
- 88.3 To the extent permitted by law:
- (a) the Security Owner dispenses with any notice or lapse of time required by law before the Lender may enforce the Mortgage or exercise any Power;
  - (b) the Lender is not required to give notice to any Person before enforcement or exercise; and
  - (c) any law requiring the giving of notice or the compliance with a procedure or the lapse of time before enforcement or exercise is excluded.
- 88.4 Where a law cannot be excluded and requires a period of notice to be given, if the law allows the period to be specified or changed, that period is one day.
- 88.5 If the Lender asks the Security Owner to do anything:
- (a) for more satisfactorily mortgaging, assuring or securing the Secured Portfolio to the Lender in a manner consistent with the Agreement; or
  - (b) for aiding in the execution of any Power;

the Security Owner must do it immediately at its cost. It may include registering the Lender (or the Nominee) as the registered holder of any part of the Secured Portfolio, appointing any Person nominated by the Lender as the Sponsor in respect of the Secured Portfolio, registering the Mortgage or any transfer of the Secured Portfolio, registering the power of attorney or a similar power, executing and delivering blank transfers, or granting the Lender and the Nominee, Powers that the Agreement intended and appears to grant to the Lender or the Nominee.

## 88. Powers of the Lender under the Mortgage

- 88.1 If an Event of Default occurs or while the IFM Facility is subject to Gearing Adjustment, the Lender may do anything that the absolute beneficial owner of the Secured Portfolio could do including the following:
- (a) sell without notice, appropriate or otherwise deal with part or all of the Secured Portfolio in any manner the Lender considers fit (the Security Owner agrees that any such disposal is not open to challenge for any reason);
  - (b) complete, sign, seal, deliver and register any transfers or other documents that are required to enable the transfer of the Secured Portfolio;
  - (c) deliver any certificates relating to the Secured Portfolio;
  - (d) effect the transfer of any Securities from a Participant Sponsored Holding to a purchaser or other Person;

## 89. Priority of Mortgage

- 89.1 The Mortgage takes priority over all Security Interests, except those to which the Lender has consented in writing.

## 90. Other Security Interests

- 90.1 The holder of another Security Interest affecting the Secured Portfolio may give the Lender a certificate stating the amount and property secured by the Security Interest they hold. The Lender and any Receiver or Attorney may rely on that certificate.
- 90.2 The Lender or any Receiver may pay or agree to pay the amount the holder of a Security Interest certifies as necessary to discharge the Security Interest or some of the indebtedness secured by it or to acquire it. From the date the Lender pays that amount, it will be part of the Total Amount Owing and the Security Owner must indemnify the Lender and the Receiver against that amount. This applies whether that Security Interest was valid or prior to, equal to or has a subsequent ranking, or the property or moneys stated in the certificate were secured by it.

## 91. Subsequent Security Interest

- 91.1 If the Lender consents to a subsequent Security Interest over the Secured Portfolio and if the Lender asks, then the Security Owner must get an agreement acceptable to the Lender regarding the priority between the Mortgage and the other Security Interest.
- 91.2 If the Security Owner does not get both the consent of the Lender and an agreement acceptable to the Lender, the Lender:
- (a) may not make money available under the Agreement; and
  - (b) may exercise any other rights that arise because the Security Owner does not do so, such as the right to sell or otherwise deal with the Secured Portfolio.
- 91.3 The Security Owner must ensure that the amount secured under any other Security Interest over the Secured Portfolio is not increased without the Lender's written consent.
- 91.4 The Security Owner must comply on time with any obligation in connection with any other Security Interest over the Secured Portfolio.

## 92. Money Received on Enforcing the Mortgage

- 92.1 All money the Lender receives under or by virtue of the Mortgage will be applied in the manner and order the Lender determines. Any surplus will not carry interest. If the Lender pays the surplus to an account in its name with any bank carrying on business in Australia, neither the Lender, the Receiver or Attorney (as the case may be) will be under any further liability in respect of it.
- 92.2 In applying any money towards the satisfaction of the Total Amount Owing, the Security Owner will be credited only with the money available for that purpose which the Lender actually receives. The credit will date from the time of receipt.

## 93. Protection of Third Parties

- 93.1 No third party to any Dealing, and no Person asked to register a Dealing:
- (a) is bound to enquire:
    - i whether an Event of Default has occurred, while the IFM Facility is subject to Gearing Adjustment or whether the Mortgage has become enforceable;
    - ii whether a Person who is, or purports to be, or is purported to be, a Receiver or an Attorney is duly appointed;

- iii as to the amount of Total Amount Owing and whether Total Amount Owing is due and payable; or
- iv in any other way as to the propriety or regularity of the Dealing;

- (b) is affected by express notice that the Dealing is unnecessary or improper.

- 93.2 For the protection of any third party to a Dealing or a Person registering a Dealing, the Dealing will be taken to be authorised by the Mortgage and will be valid, even if there is any irregularity or impropriety in the Dealing.
- 93.3 The Lender is not required to notify any prospective or actual purchaser of the reason or circumstances of the Dealing with the Secured Portfolio.
- 93.4 The receipt of any of the Authorised Person, the Lender, or any Receiver or Attorney (or Person who purports, or is purported, to be a Receiver or Attorney) for any moneys or assets payable to or receivable or received by it exonerates the Person paying those moneys or handing over that asset from being concerned as to their application, or from being liable or accountable for their loss or misapplication.

## 94. Appointment of Receiver

- 94.1 To the extent permitted by law, at any time after an Event of Default, the Lender or any of the Lender's Representatives may:
- (a) appoint any Person(s) together or separately (or together and separately) to be a Receiver or Receiver and manager of all or any of the Secured Portfolio;
  - (b) remove any Receiver;
  - (c) appoint another Receiver in addition to or in place of a Receiver; and
  - (d) fix or vary the remuneration of a Receiver.
- 94.2 Subject to Clause 94.4, every Receiver is the agent of the Security Owner not the agent of the Lender. The Security Owner is solely responsible for the acts and omissions of the Receiver and the Security Owner must pay the Receiver's Costs and remuneration.
- 94.3 Unless specifically excluded by the terms of its appointment, every Receiver has Power to do anything in respect of the Secured Portfolio that the Security Owner could do in addition to any Powers granted by law.
- 94.4 The power to appoint a Receiver may be exercised even if an order is made or a resolution is passed to wind up the Security Owner or if the Security Owner is bankrupt. A Receiver appointed in those circumstances may not, or may not in some respects, act as the agent of the Security Owner.
- 94.5 Whether or not a Receiver has been appointed, the Lender may exercise any Power of a Receiver at any time after an Event of Default in addition to any Power the Lender may have, and without giving notice. The Lender may exercise those Powers and the Lender's Powers:
- (a) without taking possession or being liable as mortgagee in possession; and
  - (b) directly or through one or more agents. Anything done or incurred by an agent will be taken to be done or incurred by the Lender.
- 94.6 The Lender may give up possession of any Secured Portfolio and withdraw any receivership at any time.

## 95. Variation of the Mortgage

- 95.1 These Mortgage Terms may be varied in accordance with Clause 66 (Variation), in Part 6.

## 96. Other Provisions

- 96.1 Clauses 66 (Variation), 74 (No Merger), 77 (Notices), 79 (Moratorium on Legislation), 81 (Components of the Agreement), 82 (Applicable Law) and 84 (Other Provisions) are incorporated into these Mortgage Terms by reference.
- 96.2 Other terms and conditions forming part of the Mortgage Terms are set out in Part 1 (Definitions and Interpretation).
- 96.3 This Mortgage will come into existence as soon as the Lender accepts the Offer of Mortgage.

## Part 8 Privacy Disclosure and Consent

### 1. Privacy Disclosure and Consent

- 1.1 Each of the Borrower and the Guarantor, gives the following acknowledgements, consents and authorities in conjunction with and in relation to any application from time to time being made by the Borrower to the Lender for the IFM Facility or any other credit (Application).
- 1.2 The Lender collects personal and credit-related personal information about each of the Borrower and the Guarantor in order to assess the application, to provide the product or service requested and to assess any future applications for products or services that each of the Borrower and the Guarantor may make to the Lender or the Lender's related entities.

### 2. Credit Reporting Body

- 2.1 The Lender, any Assign, a Service Provider, a Broker or Financial Adviser acting on behalf of the Borrower or the Guarantor may give a Credit Reporting Body personal information and/or credit-related personal information.
- 2.2 The information in Clause 2 of this Part 8 may be given before, during or after the assessment is made whether to accept an Application.
- 2.3 Each of the Borrower and the Guarantor agrees to the Lender, for the purpose of assessing the Application (and any other application or request the Borrower or the Guarantor may make to the Lender in relation to the Agreement) and assessing whether to provide credit to the Borrower or accept the Guarantor as guarantor in respect of credit applied for, or provided to, the Borrower:
  - (a) obtaining from a Credit Reporting Body a credit report containing information about its personal credit worthiness for the purpose of assessing the application of the Borrower and/or the application by the Guarantor to act as guarantor for the Borrower and for the purpose of assisting in collecting overdue payments in respect of any credit the Lender provides as a result of this application;
  - (b) obtaining a report about its commercial activities or commercial credit worthiness from any business which provides information about the commercial credit worthiness of persons, its accountant or any supplier to the Lender; and
  - (c) giving to and obtaining from any credit provider named in the Application Form or in a credit report on it issued by a Credit Reporting Body, information about its credit arrangements for the purposes of:
    - i assessing the Application of the Borrower and/or the application by it to act as guarantor for the Borrower;
    - ii notifying a failure by it to observe its obligations (if any) as Borrower or Guarantor (as applicable);
    - iii allowing another credit provider to ascertain the status of its obligations to the Lender where the Borrower or the Guarantor is in default with one or more other credit providers; and
    - iv generally assessing its credit worthiness.

- 2.4 The Borrower and the Guarantor understand that the information exchanged can include any information about its personal and/or commercial credit worthiness, credit standing, credit history or credit capacity which the Privacy Act allows credit providers to give to or receive from each other. The Borrower and the Guarantor agree that if the Lender approves the Borrower's application for the IFM Facility, this agreement remains in force until all facilities the Lender has with the Borrower cease.
- 2.5 The Credit Reporting Body has a policy for managing credit-related information that can be accessed by contacting them.
- 2.6 In some cases a Credit Reporting Body may use information for pre-screening the eligibility to receive direct marketing from credit providers. If the Borrower or Guarantor does not want a Credit Reporting Body to do this, it should contact the Credit Reporting Body.
- 2.7 Where the Borrower or the Guarantor believes on reasonable grounds that it has been or are likely to be a victim of fraud it may request a Credit Reporting Body not to use or disclose its information.

### 3. Telephone Recording

- 3.1 The Lender, the Nominee and the Sponsor may record telephone conversations with any Person and may use these recordings for any purpose permitted by law from time to time with or without an audible tone warning device.
- 3.2 The Lender, the Nominee and the Sponsor may record telephone conversations before, during or after an assessment is made whether to accept an Application.

### 4. Personal Information and Credit-Related Personal Information

- 4.1 Each of the Borrower and the Guarantor agrees that:
  - (a) the Lender and the Nominee and any company which is related to the Lender;
  - (b) ASX Settlement and any Third Party Sponsor;
  - (c) ASX Settlement and Transfer Corporation Pty Ltd and any person appointed by the Lender as the Sponsor;
  - (d) any Borrower, Guarantor or any officer, employee, representative, of any of them;
  - (e) any Authorised Person;
  - (f) the Nominated Financial Adviser (including their employees and representatives);
  - (g) any Nominated Broker (including an employee, Nominated Service Provider or representative);
  - (h) the holder of an Australian Financial Services License (including their employees and representatives) for which the Nominated Financial Adviser or Nominated Broker is an authorised representative;
  - (i) any Attorney;
  - (j) any organisation acquiring an interest in the IFM Facility or involved in managing the Lender's corporate risk and funding functions (for example organisations involved in securitisation);
  - (k) any payment systems operators and participants in the payment system;
  - (l) the Nominated Platform;
  - (m) any provider of a Deposit Account or any other deposit account or cash management account forming part of the Secured Portfolio;
  - (n) any provider of a Nominated Account;
  - (o) any Person with whom the Lender enters into an arrangement in relation to Secured Portfolio in connection with the IFM Facility;

- (p) any Person referred to in the Application Form (or any other application or request) or any other person whose details the Borrower or the Guarantor gives the Lender;
- (q) any valuer of Secured Portfolio;
- (r) CHESS and any entity through which the Lender, the Nominee or the Sponsor interfaces with CHESS;
- (s) any Assign; and
- (t) ASX Clear Pty Limited,
- (each referred to as a Recipient) may exchange with each other any personal information or credit-related personal information about the Borrower or the Guarantor.
- 4.2 The information that may be exchanged under Clause 4.1 of this Part 8 includes:
- (a) any insurer to which the Lender applies for lenders' mortgage insurance;
- (b) any personal information or credit-related personal information the Borrower or the Guarantor provides to any Recipient or which any Recipient otherwise lawfully obtains about the Borrower or the Guarantor;
- (c) any transaction details or transaction history arising out of arrangements of the Borrower or the Guarantor with any Recipient; and
- (d) where the Privacy Act allows, or allows provided the Borrower or the Guarantor agrees, any information referred to in Clause 2 of this Part 8.
- 4.3 Each of the Borrower and the Guarantor agrees that if the Lender engages a Service Provider, or any Nominated Financial Adviser or Nominated Broker engages a Nominated Service Provider (and requests that the Lender provide information directly to that Nominated Service Provider), then the Lender and the Service Provider or Nominated Service Provider, as the case may be, may exchange with each other any personal information or credit-related information referred to above and any other personal information or credit-related information the Service Provider or Nominated Service Provider, as the case may be, lawfully obtains about the Borrower or the Guarantor in the course of acting on behalf of the Lender.
- 4.4 Each of the Borrower and the Guarantor agrees that any personal information referred to above may be used by any Recipient and Service Provider for any purpose related to the IFM Facility to which the Application Form relates and to carry out any associated payments, transactions, administration and account servicing. In addition, such information can be used to assess any application the Borrower or the Guarantor makes for a different product or service, for planning, product development and research purposes and to seek its feedback on products and services of the Lender. Such information may also be used by the Lender from time to time to contact the Borrower or the Guarantor about various product offers and special promotions. The Borrower and the Guarantor can contact the Lender if they do not want to be contacted about various product offers and special promotions.
- 4.5 The Lender may give any personal information or credit-related personal information about the Borrower or the Guarantor to entities other than the Recipients and the Service Providers referred to above where it is required or allowed by law, where it is required by a Government Agency or where the Borrower or Guarantor has otherwise consented.
- 4.6 Some of the Recipients and Service Providers that the Lender discloses personal information or credit-related

personal information to about the Borrower or the Guarantor may be located overseas. Where a Recipient or Service Provider is located overseas, the Lender will either take reasonable steps to ensure that it complies with the Privacy Act or the Lender will seek consent from the Borrower or Guarantor to the disclosure.

- 4.7 Each of the Borrower and the Guarantor understands that:
- (a) if it fails to provide any information requested by the Lender, or does not agree to any of the possible exchanges or uses of such information as set out above, the application for a IFM Facility may not be accepted; and
- (b) it can access and seek correction of most personal information and credit-related personal information that the Lender and the related companies of the Lender hold about the Borrower or the Guarantor by contacting the Lender. Sometimes that access will not be possible, in which case the Borrower or the Guarantor will be told why.
- 4.8 The Borrower and the Guarantor can request a copy of the Lender's privacy policy and credit reporting policy by contacting 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.
- 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.

## Part 9 Direct Debit Service Agreement

### 1 Interpretation

- 1.1 The words "you" and "your" when referred to in this Part 9 mean the person(s) who signed the DDR.
- 1.2 If you sign a DDR in respect of a Nominated Account, the terms of the Direct Debit Service Agreement between the Lender and you are set out in clauses 1 to 8 of this Part 9. If you sign a DDR in respect of a Deposit Account, the terms of the Direct Debit Service Agreement between the Lender and you are set out in clauses 1, 2.1 to 2.7 and 7 of this Part 9.

### 2. Debit Arrangements

- 2.1 By making a DDR in respect of a Nominated Account you authorise the Lender or Nominee to arrange for funds to be transferred from your Nominated Account in accordance with the Direct Debit Service Agreement, and you also authorise the financial institution where the account is held (Financial Institution) to debit your Nominated Account accordingly. By making a DDR in

respect of a Deposit Account you authorise the Lender or Nominee to arrange for funds to be transferred from your Deposit Account in accordance with the Direct Debit Service Agreement, and you also authorise the Financial Institution to debit your Deposit Account accordingly.

- 2.2 The DDR must be in writing signed by you unless otherwise agreed by the Lender. The Lender may not agree to act on a telephone, facsimile, email or other instruction for any reason, including if the Lender believes or suspects that the instruction is fraudulent, mistaken or unauthorised.
- 2.3 You agree that if the Lender accepts an instruction by telephone, facsimile, email or other means the Lender approves from time to time, the risk of an unauthorised transaction or a fraud lies with you and you will not make any claim on the Lender, and will indemnify the Lender against any claim on the Lender made by anyone else, as a result of or in connection with the Lender acting on such an instruction.
- 2.4 Direct debits will not commence until the Lender has processed your direct debit application.
- 2.5 All direct debits made on your behalf in accordance with a DDR are deemed payments by you.
- 2.6 If the date you have nominated for payment falls on a day that is not a Business Day, the Lender may direct the Financial Institution to debit your account on the following Business Day. If you are unsure about which day your account has been or will be debited please check with the Financial Institution.
- 2.7 Nothing in a Direct Debit Service Agreement affects or overrides the other Parts of the Agreement. If the result of a debit payment being returned is that you do not make a payment due under the Agreement on time, then an Event of Default will occur for the purpose of that Agreement and default interest may accrue on the unpaid amount.
- 2.8 If there are insufficient cleared funds available in your Nominated Account to meet any debit payment:
  - (a) you or your Nominated Account may be charged a fee and/or interest by the Financial Institution;
  - (b) the Lender may charge a fee to reimburse itself for costs or charges it has incurred as a result of the failed transaction;
  - (c) if there has been a Margining Event or you are in default in your payments, you must arrange for the payment to be made by another method or arrange for sufficient cleared funds to be in your Nominated Account within 3 days or such other period as the Lender specifies so that the Lender can make a further drawing on your Nominated Account; and
  - (d) the Lender may attempt a redraw on your Nominated Account.

### 3. Your Rights

- 3.1 You may terminate the direct debit arrangement with the Lender by giving the Lender a written Notice. The termination will be effective when the Lender has completed processing your request.
- 3.2 You may request that the Lender stops or defer a payment by notifying the Lender in writing. The Lender will notify you if your request to stop or defer a payment has been successful.
- 3.3 You may alter the DDR amount and the date on which payment is to be made by completing a new DDR.
- 3.4 Where you consider the debit is incorrect in either the due date or amount or both, you should raise the matter with the Lender.

- 3.5 All Notices to the Lender must be in writing.

### 4. The Lender's rights

- 4.1 The Lender may terminate the direct debit arrangement as to future deductions at any time by notice in writing to you.
- 4.2 The Lender may in its discretion vary any condition and introduce a charge in relation to the DDR. The Lender will notify you of variations to this Direct Debit Service Agreement in writing, no later than 14 days prior to the day on which the variation takes effect.

### 5. Your Responsibilities

- 5.1 It is your responsibility:
  - (a) before completing the DDR to:
    - i check with the Financial Institution that direct debiting is available on your Nominated Account. You will need to do this because direct debiting is not available on all accounts offered by Financial Institutions; and
    - ii check the account details you have provided to the Lender are correct by checking them against a recent statement of your Nominated Account;
  - (b) to ensure sufficient cleared funds are available in the Nominated Account to meet the debit on the due settlement date of your transactions executed by the Lender;
  - (c) to check the statements issued on your Nominated Account to verify that the amounts debited from the account are correct;
  - (d) to ensure that the authorisation to debit the Nominated Account is in the same name as the account signing the instruction held by the Financial Institution;
  - (e) to advise the Lender if the account you have nominated to debit is transferred or closed; and
  - (f) to ensure that suitable arrangements are made if the DDR is cancelled:
    - i by you;
    - ii by the Financial Institution; or
    - iii for any other reason.

### 6. Dispute

- 6.1 If you believe that there has been an error in debiting your Nominated Account you should contact the Lender and confirm the details by writing to the Lender, as soon as possible so that the Lender can try to resolve your query quickly.
- 6.2 If the Lender's investigations show that your account has been incorrectly debited the Lender will arrange for the Financial Institution to adjust your account (including interest and charges) accordingly. The Lender will also notify you in writing of the amount by which your account has been adjusted.
- 6.3 If the Lender's investigations show that your account has not been incorrectly debited the Lender will respond to your query by providing you with reasons and copies of any evidence for this finding.
- 6.4 Any queries you may have about an error made in debiting your account should be directed to the Lender in the first instance so that the Lender can attempt to resolve the matter between the Lender and you. If the Lender cannot resolve the matter you can then refer it to the Financial Institution which will obtain details from you of the disputed transaction and may lodge a claim on your behalf.

## **7. Confidentiality and Privacy**

- 7.1 When the Lender collects, uses and discloses the personal information in your DDR (such as your account details), the Lender complies with the privacy and related law and the Lender's privacy policy and credit reporting policy.
- 7.2 The Lender will disclose information about you for the purposes of this Direct Debit Service Agreement which may include providing information to the Financial Institution or others involved in the direct debit system (for example the Lender may need to do so in connection with a claim that there has been an incorrect or wrongful debit).
- 7.3 If you fail to provide any information requested in the DDR then the Lender will not be able to arrange debit payments.

## **8. Priority**

- 8.1 The Financial Institution may in its absolute discretion conclusively determine the priority of payment by it of any moneys, pursuant to this or any other authority or withdrawal request which you give to the Financial Institution in relation to your Nominated Account.





**For more information or to obtain a copy of the PDS, or the other information referred to in this Product Guide, speak to your Financial Adviser or contact the Client Service Team.**

<b>Call</b>	1300 307 807
<b>Fax</b>	02 8282 8383
<b>Visit</b>	<a href="http://leveraged.com.au">leveraged.com.au</a>
<b>Email</b>	<a href="mailto:info@leveraged.com.au">info@leveraged.com.au</a>
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