SUPER LENDING.

Product Disclosure Statement

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BELL POTTER

BELL POTTER SUPER LENDING
PRODUCT DISCLOSURE STATEMENT (PDS)

Contents

This Product Disclosure Statement contains the following information:

For more information, or to obtain a copy of this PDS or a copy of any information that is applied, adopted or incorporated by this PDS, contact Bell Potter Super Lending directly on freecall 1800 061 327

Use the references marked with a ⓘ to see how you can obtain further important disclosure about this product.

This PDS is only a summary of significant information and contains a number of references to important information, each of which forms part of the disclosure.

You should consider that information before making a decision about this product.

The information provided in this PDS is general information only and does not take account of your personal objectives, financial situation or needs.

You should obtain financial advice about your personal circumstances from your financial adviser.

BELL POTTER SUPER LENDING
PRODUCT DISCLOSURE STATEMENT (PDS)

ⓘ You need to read and understand

- **our Super Lending Brochure;**
- **our Terms and Conditions (contained in the Brochure);**
- **Approved Securities List;**
- **this Product Disclosure Statement.**

These documents together with the loan security deed and security trust deed are all available on our website www.bellpotter.com.au/super-lending or from Bell Potter Capital Freecall 1800 061 327.

1. ABOUT BELL POTTER CAPITAL LIMITED AND BELL POTTER SUPER LENDING

Bell Potter Capital Limited ABN 54 085 797 735 is a wholly owned subsidiary of the Bell Financial Group Limited ABN 59 083 194 763.

A Bell Potter Super Lending facility is a limited recourse margin lending facility designed to meet the gearing needs for Self-Managed Superannuation Funds ("SMSF"). It allows an SMSF to borrow money to invest in securities, using its own funds as initial security. This helps you to increase the size of your investment portfolio.

Unlike traditional Margin Lending, each new purchase is funded by a separate loan. Each loan within a Super Lending facility is subject to margin calls.

ABOUT SUPER LENDING

Borrowing money to invest can potentially result in higher returns from investment. However, it can also magnify losses if the value of the investments fall. Interest is payable on your Super Lending Facility and you must repay the money you borrow. You may be required to repay all or part of your loan in the event of a margin call or default.

- Your SMSF must have funds to invest.
- Super Lending increases the potential for higher returns, but also increases the potential for greater losses.
- You must regularly monitor the portfolio so you can take timely steps to avoid or reduce any losses, and to be aware of any changes to the terms of the loan.
- Your SMSF must be able to pay extra money into the loan at short notice, or be prepared to sell some or all of the shares securing that loan.
- You may be required to sell some or all of the shares at short notice. In some instances, we have the right to sell some or all of the investments and may not be required to give you any prior notice.
- Each loan is limited recourse, and we can only sell the shares that are specifically held as security for that loan.

Super Lending is a limited recourse facility. We may not be required to assess whether it is unsuitable for the SMSF.

ⓘ You should seek financial advice before applying for this product

2. BENEFITS OF BELL POTTER SUPER LENDING

Bell Potter Super Lending may provide the following benefits:

- Borrowing money to invest gives you access to a larger amount of capital to invest and may create higher and accelerated returns in a shorter period of time.
- With more money to invest, you can increase your exposure to franked dividends.
- By investing in additional securities, you can spread your investment risk across different sectors of the economy and different parts of the world. This can help you to better manage the risk that poor performance in one investment will reduce your total return.
- You may be entitled to a tax deduction for interest expenses incurred under a Super Lending Facility. However, the amount you can deduct may be limited to a benchmark rate as Super Lending may be regarded as a Capital Protected Loan.

The tax consequences will depend on your circumstances. You should seek advice on these from an independent tax adviser.

ⓘ You should read the important information about the benefits of Bell Potter Super Lending contained in the Super Lending Brochure.

Go to www.bellpotter.com.au/super-lending or call Bell Potter Capital Freecall 1800 061 327

3. HOW BELL POTTER SUPER LENDING WORKS

KEY CONCEPTS

Super Lending Facility
Each new share purchase is funded by a separate loan and each such loan operates as a separate Super Loan. Super Lending is designed to use the provisions of s67A of the SIS Act.

Margin loan
A margin loan, in the context of Super Lending, is simply a loan facility secured by a holding in shares. Just as the value of a portfolio will change with market prices, the amount we are prepared to lend against a portfolio will change with market prices.

Credit Limit
The maximum amount of credit that can be provided to you. You may apply for a change in credit limit.

Approved securities list
Each share on our approved list has a gearing ratio assigned. We have an extensive Approved Securities List which specifies which securities you may invest in together with their LVRs. The Approved Securities List may change at any time.

Gearing ratio
Often called LVR (loan to value ratio) this is the percentage we apply to the value of each holding to calculate the geared value.

Geared value
We assess the maximum amount we are willing to lend against your portfolio. It is generally calculated by applying the gearing ratio to the market value of each holding in the portfolio.

Buffer
10% of the geared value. The buffer ensures that small fluctuations in prices will not trigger a margin call.

Margin call
If your loan exceeds the geared value plus the buffer we may require you to take immediate action. Action is usually required within 24 hours of notification that you are in margin call.

Loan security - also known as collateral
As part of the facility, for each loan, your SMSF provides cash as an initial contribution towards the purchase of shares. The balance of the purchase price is the loan we make to you. The shares purchased provide the collateral for the loan. Beneficial ownership of the securities and control of dividends and other distributions, etc. remains with your SMSF.

EXAMPLE
If we assign a LVR of 50% to a security, you could use a margin loan to borrow up to 50% of that security's value. This means that provided you have sufficient initial collateral (cash), you could borrow up to $50,000 towards a purchase of $100,000 worth of those shares.

In brief:

1. We lend you money which is added to your initial cash contribution to purchase shares which are held as security for the loan.
2. You regularly monitor your portfolio and take steps to avoid or respond to any 'margin calls.'

Your SMSF is the beneficial owner of the securities in your Super Lending facility. The shares will be held in the name of the security trustee in one HIN, specifically established for your facility. The shares are identified against the individual loan which funded their purchase and they are used as security for that loan. They may be sold to satisfy a margin call or repay that loan.

The maximum amount of money the SMSF may borrow depends on:

- The credit limit we provide to you.
- How much initial collateral (cash) you contribute for the loan.
- Which securities you invest in.
- The LVR we apply to those investments. We determine what the LVR is for each security, and an LVR may change it at any time, including reducing it to zero.

ⓘ Details of the rights and obligations of the borrower of a Super Lending facility are set out in the Terms and Conditions. You should read the full Terms and Conditions contained in the Super Lending Brochure which can be downloaded from **www.bellpotter.com.au/super-lending** or call us on 1800 061 327.

ⓘ ASIC has a margin lending online calculator to help show you how a borrowed amount can affect your potential gains and losses and assesses your risk of a margin call. You should read the important information about this calculator before making a decision. Go to **www.moneysmart.gov.au/investing/borowing-to-invest/margin-loans.**

4. WHAT IS A MARGIN CALL?

A margin call is a call made to the borrower to restore the position of the account to an acceptable level of gearing (ie. reduce the loan by contributing funds or selling shares). It occurs if the loan balance exceeds the sum of geared value and the buffer at any time.

The geared value is the market value of the shares securing a loan multiplied by the LVR we have assigned to those shares.

What is the buffer?

To ensure that small fluctuations in the market value of a security do not result in a margin call, a buffer is applied to the geared value of each approved security. The buffer amount is usually 10% of the geared value of each security.

A margin call may occur if:

- The market value of the portfolio falls.
- We reduce the LVR assigned to a security, including removing it from the Approved Securities List.
- There's an increase in the loan balance due to accrued interest or fees.
- Any combination of the above.

How can you satisfy a margin call?

If your loan is in margin call, you'll need to promptly ensure that the geared value exceeds the loan balance.

A margin call can be satisfied by taking any of the following actions:

- Repaying part or all of the outstanding loan balance.
- Selling securities held on the loan as collateral.
- A combination of the above.

If a margin call occurs, we'll contact you and/or contact someone you have authorised to receive margin calls on your behalf. You, or anyone so authorised, must remain contactable at all times.

If you don't satisfy the margin call as required, some or all of the shares may be sold to satisfy the margin call.

5. THE RISK OF LOSING MONEY

All investments are subject to risk. Some of the main risks associated with taking out a Super Lending Facility include:

- The value of the shares may fall to a level where it no longer provides adequate security for the relevant loan. If this happens, there may be a margin call and you'll have to find an alternative source of funds to repay all or part of the margin loan.
- We may reduce the LVR or the buffer that applies to the shares at any time (including reducing them to zero). This may result in a margin call.
- The interest rate applicable to the Super Lending Facility may be varied at any time. If the interest rate rises, interest repayments may be more than the investment returns, and you may not be able to meet your interest payments. This may result in a margin call.
- You could lose the initial cash contribution provided to purchase shares as security for the loan.
- Dividends and other payments you anticipate receiving from the investments may not be paid, or correspond with interest payments on your Super Lending Facility. You may need to rely on an alternative source of funds to meet interest payments.
- If a default event occurs, under the terms of the loan you may be required to repay all or part of the loan. If you do not make this repayment you could lose any assets that are security for your loan.
- Your liability in relation to your loan is limited to the proceeds received from the sale of the shares securing that loan.
- Tax laws may change in the future. If this happens, it may have an adverse impact on your tax position and this may negatively affect your overall financial position. You should seek advice from an independent tax adviser on the tax consequences of entering into Super Lending.

We have only included here the main risks that may occur.

ⓘ You should read the Super Lending Brochure including the information about the risks associated with Super Lending before making a decision. Go to **www.bellpotter.com.au/super-lending** or call Bell Potter Capital on 1800 061 327

ⓘ For more information about margin loans, provided by ASIC go to

www.moneysmart.gov.au/investing/borrowing-to-invest/margin-loans

EXAMPLE:

- Assume you purchased shares with a market value of $100,000, and a margin loan of $50,000. Your current LVR will be 50%. Also assume the gearing ratio (also called LVR) of the shares in your portfolio is 50% with a buffer of 10%.
- If the market value of your shares falls to $80,000, the new geared value would be $40,000 (50% of $80,000) with a buffer of $4,000 (10% of $40,000). A margin call will arise because loan amount ($50,000) now exceeds the geared value plus the buffer $44,000 (ie $40,000 + $4,000) by $6,000; the amount of the margin call will be $10,000 (to ensure the current loan is not more than the geared value).
- To meet this margin call you would be asked to reduce your gearing level by either paying money into your loan account ($10,000) or selling some or all of your shares.
- If you don't satisfy the margin call as required, some or all of your shares may be sold to satisfy the margin call.

6. THE COSTS

Interest

We only offer variable interest rates, fixed rates are not available. Variable interest will be calculated daily on the outstanding amount and is payable monthly in arrears.

Fees, costs and charges

There are no application fees, establishment fees or account fees payable. Fees may be charged for urgent fund transfers and transactions dishonoured. Fees may also be charged for additional account services requested by you. Under the loan facility terms, these fees may be changed.

Your financial adviser and stockbroker may also charge fees for advice and share transactions.

ⓘ You should read the important information about the interest, fees and costs that may be applied to the Super Loan before making a decision. Go to **www.bellpotter.com.au/super-lending or call Bell Potter Capital for the Super Lending Brochure**

7. HOW TO APPLY

To be eligible you must be the trustees of a Self-Managed Superannuation Fund. You must provide us with a copy of the Trust Deed and any amendments. You will need to ensure that the Trust Deed permits borrowing as described in the Super Lending documents.

You may apply for Bell Potter Super Lending either directly or through a financial adviser.

To apply directly, you can request an application pack by calling us on 1800 061 327 (between 8:30am and 5:00pm Melbourne time Monday to Friday) or download the Bell Potter Super Lending Brochure (including Terms and Conditions) and the Application Form online at **www.bellpotter.com.au/super-lending**

8. DISPUTE RESOLUTION

Bell Potter Capital Ltd welcomes feedback and values complaints. We are committed to providing high quality services and products so if you are dissatisfied, please let us know.

Lodging a Complaint

You can lodge a complaint by doing one of the following:

By Phone:	Contact your Account Manager on 1800 061 327
By Email:	BPC@bellpotter.com.au
By Post:	Head of Products Bell Potter Capital Ltd GPO Box 4718 MELBOURNE VIC 3001

What happens once you have lodged a complaint?

We will acknowledge receipt of your complaint, normally by the next business day and we aim to resolve your complaint as quickly as possible. More detailed information about our Internal Dispute Resolution policy is available at www.bellpotter.com.au.

What if the issue is not resolved?

If you are not happy with our response, you can lodge your complaint with the Australian Financial Complaints Authority (AFCA). AFCA is the external dispute resolution scheme established by the Commonwealth Government to provide independent financial services complaint resolution that is free to consumers.

AFCA's contact details are:

Australian Financial Complaints Authority

Website:	www.afca.org.au
Phone:	1800 931 678 (free call)
Email	info@afca.org.au
Postal Address:	Australian Financial Complaints Authority GPO Box 3 MELBOURNE VIC 3001