

# SUITABILITY STATEMENT **ML.**

Standard Margin Loans (ML) for Retail Clients

## FOR OFFICE USE ONLY

Bell Potter Account Name

Bell Potter Equity Account Number

Bell Potter Options Account Number

Client Name 1

Client Name 2

Address

Date

Contact Numbers  
Phone

Mobile

Fax

Adviser

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## Important Note

The purpose of this document is to assist Bell Potter Securities to discharge its statutory obligation to determine the suitability of a Standard Margin Lending Facility (Margin Loan) for a Retail Client.

The Corporations Legislation Amendment (Financial Services Modernisation) Act, which commenced on 1 January 2010 and became fully operative on 1 January 2011, includes the Margin Loan within the definition of Financial Product in Chapter 7 of the Corporations Act. This provides Individual Retail Clients, who arrange new Margin Loans after 1 January 2011 and who after that date increase the Limit on the amount of a Margin Loan arranged after 1 January 2010, the protections available to Individual Retail Clients under that legislation.

The Corporations legislation distinguishes between Standard and Non-Standard Margin Loans. Under a Standard Loan the Lender provides Credit to the Borrower on the security of marketable securities which remain in the name of the Borrower. Under a Non-Standard Margin Loan the Borrower transfers the marketable securities to the Lender and is then provided with a Margin Loan in consideration together with a right to receive back marketable securities which are equivalent to the transferred and retained marketable securities. **Bell Potter Securities is only licensed to deal in and provide advice in relation to Standard Margin Loans.**

Financial service providers licensed to provide advice in relation to Standard Margin Loans (such as Bell Potter Securities) are obliged to provide advice in relation to a Margin Loan to Retail Clients that is appropriate to the Retail Client's individual circumstances.

Whether the utilisation of, as well as the amount of, a Margin Loan is appropriate for a particular Retail Client will be dependent on the Retail Client's individual circumstances and in particular the Retail Client's:

- capacity to service the cost of the Margin Loan having regard to the difference between the income from the investments made with the assistance of the Margin Loan and the interest payable on the Loan (at a variable rate). Timing differences will be taken into account between these income and expense streams, in that dividends are generally received, if at all, semi annually and the Margin Loan interest accrues monthly or may be paid in advance;

- capacity to meet Margin Calls when the Loan balance exceeds the sum of the Geared Value [i.e. the Market Value of the Portfolio securing the Margin Loan x LVR (Lending Value Ratio)] within 24 business hours of the issue of the Margin Call whether by:-
  - making a Cash Repayment of part of the Margin Loan;
  - depositing additional Securities acceptable to the Margin Lender; or
  - selling part of the Portfolio and utilising the proceeds to repay part of the Loan.
- capacity to repay the Margin Loan on demand;
- overall risk appetite to operate a loan on the above basis.

Accordingly the arrangement of a new Margin Loan post 1 January 2011 or the increase in the Limit on the amount of a Margin Loan arranged post 1 January 2010 is not much different from arranging a new housing loan with a trading bank and if the Retail Client is not prepared to make the kind of disclosure that is made when making an application to a Bank for a housing loan the Retail Client may be unable to proceed with a Margin Loan arranged with or without the advice of Bell Potter Securities.

As a Margin Loan involves the Retail Client utilising leverage it is necessary for a Retail Client utilising a Margin Loan to have a Leveraged Investment Objective (See Explanation of Alternative Investment Objectives in Bell Potter Securities' Client Investment Profile).

Providers of Standard Margin Loans (like Bell Potter Capital) would have Loan to Value Ratios (LVRs) across all the marketable securities on which they provide Margin Loans typically varying from 40% to 75%. The average LVR across the top 100 ASX listed companies would typically be 70%. On this basis it is not recommended that a Retail Client arranges a Margin Loan for the first time which would fully utilise the whole of the Client's gearing capacity. By way of example, if the security being offered for the Margin Loan was a portfolio of stocks from the top 100 companies, it is recommended that the amount of the Margin Loan should not be struck with an LVR of more than 50%.

The Corporations Act identifies two classes of investor for the purposes of the provision of financial services (as distinct from fund-

raising), the Retail Investor and the Wholesale Investor, the latter of which includes both the Professional Investor and the Sophisticated Investor.

To qualify as a Sophisticated Investor you must obtain a certificate from a Qualified Accountant that you, as a Wholesale Investor, have net assets of at least \$2.5 million or gross income for each of the last two years of at least \$250,000. The most common method of qualifying as a Professional Investor is that you control funds amounting to at least \$10 million.

An Investor will also fall within the definition of a Wholesale Investor if the initial securities in their Margin Loan Facility comprises \$500,000 or more in ungeared assets.

All information provided to Bell Potter Securities is protected by the National Privacy Principles established under the Privacy Act 1988 and the Privacy Amendment (Private Sector) Act 2001 and will be retained by Bell Potter Securities in accordance with its published Privacy Policy, subject to the qualification contained in the following paragraphs.

Bell Potter Securities, although being a licensed Adviser in relation to Margin Loans is not a Provider of Margin Loans. However, its associate company Bell Potter Capital Limited (ABN 54 085 797 735) along with other similar organisations are licensed to provide Margin Loans.

Licensed Margin Loan Providers are obliged not to grant a Margin Loan if it is unsuitable to a Retail Client and in making such assessment they are obliged to inquire into and verify a Retail Client's financial situation. Margin Loan Providers can avoid such inquiry and verification if they are provided with a Statement of Advice recommending a Margin Loan from a financial services licensee that is authorised to provide financial product advice in relation to Margin Loans, such as Bell Potter Securities. Accordingly, the following Statement includes your formal authorisation to provide information provided in this Suitability Statement, and any Statement of Advice that Bell Potter Securities issues to you, to the Margin Loan Provider that we have recommended in the Statement of Advice.

Further information relating to Margin Lending can be found on the following website: [www.fido.gov.au](http://www.fido.gov.au)

# CLIENT DETAILS - INDIVIDUAL & CORPORATE

## TO BE COMPLETED BY ALL INVESTORS

### INDIVIDUAL 1/ COMPANY

Name

  


#### 1. INCOME

**Source of income** (Tick as appropriate)

Employment	<input type="checkbox"/>
Business Activities/Self Employed	<input type="checkbox"/>
Investments	<input type="checkbox"/>
Retirement Assets	<input type="checkbox"/>
Government pension	<input type="checkbox"/>

**Individual Net Monthly Income (after Tax and Super)**

Base Salary Income/Operating Income before Tax	<input type="text"/>
Other Income (bonuses etc.)	<input type="text"/>
Investment Income	<input type="text"/>
<b>Total</b>	<input type="text"/>

**Reliance on Investment Income**

Current Reliance

No Reliance	<input type="checkbox"/>
Between 0% and 25%	<input type="checkbox"/>
Between 25% and 50%	<input type="checkbox"/>
Between 50% and 75%	<input type="checkbox"/>
Between 75% and 100%	<input type="checkbox"/>
Total Reliance	<input type="checkbox"/>

**If you currently rely on less than 50% of your investments income, when do you anticipate relying on more than 50%?**

Less than 2 years	<input type="checkbox"/>
Between 2 and 4 years	<input type="checkbox"/>
Between 4 and 7 years	<input type="checkbox"/>
More than 7 years	<input type="checkbox"/>

#### 2. FINANCIAL POSITION - ASSETS AND LIABILITIES

**Monthly Financial Commitments**

Home Loan Repayments/Rent	<input type="text"/>
Investment Loan Repayments	<input type="text"/>
Other Financial Commitments	<input type="text"/>
Living and Other Expenses*	<input type="text"/>
<b>Total</b>	<input type="text"/>

\*Living expenses to include such expenses as food, education, recreation/vacation, car expenses and utility costs.

### INDIVIDUAL 2

Name

  


**Source of income** (Tick as appropriate)

Employment	<input type="checkbox"/>
Business Activities/Self Employed	<input type="checkbox"/>
Investments	<input type="checkbox"/>
Retirement Assets	<input type="checkbox"/>
Government pension	<input type="checkbox"/>

**Individual Net Monthly Income (after Tax and Super)**

Base Salary Income /Operating Income before Tax	<input type="text"/>
Other Income (bonuses etc.)	<input type="text"/>
Investment Income	<input type="text"/>
<b>Total</b>	<input type="text"/>

**Reliance on Investment Income**

Current Reliance

No Reliance	<input type="checkbox"/>
Between 0% and 25%	<input type="checkbox"/>
Between 25% and 50%	<input type="checkbox"/>
Between 50% and 75%	<input type="checkbox"/>
Between 75% and 100%	<input type="checkbox"/>
Total Reliance	<input type="checkbox"/>

**If you currently rely on less than 50% of your investments income, when do you anticipate relying on more than 50%?**

Less than 2 years	<input type="checkbox"/>
Between 2 and 4 years	<input type="checkbox"/>
Between 4 and 7 years	<input type="checkbox"/>
More than 7 years	<input type="checkbox"/>

**Monthly Financial Commitments (if not included within Individual 1)**

Home Loan Repayments/Rent	<input type="text"/>
Investment Loan Repayments	<input type="text"/>
Other Financial Commitments	<input type="text"/>
Living and Other Expenses*	<input type="text"/>
<b>Total</b>	<input type="text"/>

\*Living expenses to include such expenses as food, education, recreation/vacation, car expenses and utility costs.

# CLIENT DETAILS - INDIVIDUAL & CORPORATE

## TO BE COMPLETED BY ALL INVESTORS

INDIVIDUAL 1/ COMPANY	
<b>Assets</b>	
Value of Home /Premises	<input type="text"/>
Other Real Estate Owned	<input type="text"/>
Listed Securities	<input type="text"/>
Unlisted Securities	<input type="text"/>
Other Investment Assets (excluding Superannuation)	<input type="text"/>
Other Non-Investment Assets	<input type="text"/>
Cash	<input type="text"/>
<b>Total</b>	<input type="text"/>
<b>Liabilities</b>	
Loan Against Home/Premises	<input type="text"/>
Other Real Estate Loans	<input type="text"/>
Other Investment Loans	<input type="text"/>
Credit Card Debt/Other Debt	<input type="text"/>
<b>Total</b>	<input type="text"/>
Do you expect any significant changes in your financial situation in the foreseeable future?	<input type="checkbox"/> Yes <input type="checkbox"/> No
If Yes, please provide details	<input type="text"/>

INDIVIDUAL 2	
<b>Assets (if not included within Individual 1)</b>	
Value of Home /Premises	<input type="text"/>
Other Real Estate Owned	<input type="text"/>
Listed Securities	<input type="text"/>
Unlisted Securities	<input type="text"/>
Other Investment Assets (excluding Superannuation)	<input type="text"/>
Other Non-Investment Assets	<input type="text"/>
Cash	<input type="text"/>
<b>Total</b>	<input type="text"/>
<b>Liabilities (if not included within Individual 1)</b>	
Loan Against Home /Premises	<input type="text"/>
Other Real Estate Loans	<input type="text"/>
Other Investment Loans	<input type="text"/>
Credit Card Debt /Other Debt	<input type="text"/>
<b>Total</b>	<input type="text"/>
Do you expect any significant changes in your financial situation in the foreseeable future?	<input type="checkbox"/> Yes <input type="checkbox"/> No
If Yes, please provide details	<input type="text"/>

### 3. SECURITIES AND EXPERIENCE

Current Securities Investments	
Date of Securities Portfolio valuation	<input type="text"/> / <input type="text"/> / <input type="text"/>
Do you intend to increase the size of your Securities Portfolio	<input type="checkbox"/> Yes <input type="checkbox"/> No
If so, what is the value of your proposed increase?	\$ <input type="text"/>
Do you require income from your securities portfolio to meet your interest commitments?	<input type="checkbox"/> Yes <input type="checkbox"/> No
If yes, what is your level of reliance:	<input type="checkbox"/> Partially <input type="checkbox"/> Substantially <input type="checkbox"/> Fully

Current Securities Investments	
Date of Securities Portfolio valuation	<input type="text"/> / <input type="text"/> / <input type="text"/>
Do you intend to increase the size of your Securities Portfolio	<input type="checkbox"/> Yes <input type="checkbox"/> No
If so, what is the value of your proposed increase?	\$ <input type="text"/>
Do you require income from your securities portfolio to meet your interest commitments?	<input type="checkbox"/> Yes <input type="checkbox"/> No
If yes, what is your level of reliance:	<input type="checkbox"/> Partially <input type="checkbox"/> Substantially <input type="checkbox"/> Fully

# CLIENT DETAILS - INDIVIDUAL & CORPORATE

## TO BE COMPLETED BY ALL INVESTORS

### INDIVIDUAL 1/ COMPANY

#### Gearing

What percentage of your Securities Portfolio has been purchased using borrowed funds or is currently lodged as collateral?

	Purchased from borrowed funds	Lodged as collateral
None	<input type="checkbox"/>	<input type="checkbox"/>
Less than 25%	<input type="checkbox"/>	<input type="checkbox"/>
Between 25% and 50%	<input type="checkbox"/>	<input type="checkbox"/>
Between 50% and 100%	<input type="checkbox"/>	<input type="checkbox"/>
All	<input type="checkbox"/>	<input type="checkbox"/>

If there is a loan, is it secured against your family home?

Yes  No

#### Financial Experience

##### Liabilities Currently Held

Credit card	<input type="checkbox"/>
Bank Overdraft	<input type="checkbox"/>
Property Mortgage	<input type="checkbox"/>
Investment loan	<input type="checkbox"/>
Margin loan	<input type="checkbox"/>
Other (e.g. Tax)	<input type="checkbox"/>

##### Previous Debt Experience

Credit card	<input type="checkbox"/>
Bank Overdraft	<input type="checkbox"/>
Property Mortgage	<input type="checkbox"/>
Investment loan	<input type="checkbox"/>
Margin loan	<input type="checkbox"/>
Other (e.g. Tax)	<input type="checkbox"/>

#### Source of Initial MLF Collateral

#### Proposed Value

Fully Owned Securities	\$ <input type="text"/>
Leveraged Securities (Geared)	\$ <input type="text"/>
Third Party Collateral*	\$ <input type="text"/>
Cash (Savings)	\$ <input type="text"/>
Cash (Borrowed)	\$ <input type="text"/>

Is any part of your initial Collateral funded by a loan secured against your family home?

Yes  No

\*Bell Potter will only accept Third Party Collateral from a Company which is controlled by the applicant.

### INDIVIDUAL 2

#### Gearing

What percentage of your Securities Portfolio has been purchased using borrowed funds or is currently lodged as collateral?

	Purchased from borrowed funds	Lodged as collateral
None	<input type="checkbox"/>	<input type="checkbox"/>
Less than 25%	<input type="checkbox"/>	<input type="checkbox"/>
Between 25% and 50%	<input type="checkbox"/>	<input type="checkbox"/>
Between 50% and 100%	<input type="checkbox"/>	<input type="checkbox"/>
All	<input type="checkbox"/>	<input type="checkbox"/>

If there is a loan, is it secured against your family home?

Yes  No

#### Financial Experience

##### Liabilities Currently Held

Credit card	<input type="checkbox"/>
Bank Overdraft	<input type="checkbox"/>
Property Mortgage	<input type="checkbox"/>
Investment loan	<input type="checkbox"/>
Margin loan	<input type="checkbox"/>
Other (e.g. Tax)	<input type="checkbox"/>

##### Previous Debt Experience

Credit card	<input type="checkbox"/>
Bank Overdraft	<input type="checkbox"/>
Property Mortgage	<input type="checkbox"/>
Investment loan	<input type="checkbox"/>
Margin loan	<input type="checkbox"/>
Other (e.g. Tax)	<input type="checkbox"/>

#### Source of Initial MLF Collateral

#### Proposed Value

Fully Owned Securities	\$ <input type="text"/>
Leveraged Securities (Geared)	\$ <input type="text"/>
Third Party Collateral*	\$ <input type="text"/>
Cash (Savings)	\$ <input type="text"/>
Cash (Lending Facility)	\$ <input type="text"/>

Is any part of your initial Collateral funded by a loan secured against your family home?

Yes  No

\*Bell Potter will only accept Third Party Collateral from a Company which is controlled by the applicant.

# CLIENT DETAILS - INDIVIDUAL & CORPORATE

## TO BE COMPLETED BY ALL INVESTORS

### 4. GUARANTORS

It is common practice that Margin Lending Facility (MLF) providers require that a MLF application for a Company be supported by guarantees from the Directors of the Company. For further information relating to the guarantee requirements of your preferred MLF provider, please consult your Bell Potter Securities adviser.

### 5. INVESTMENT OBJECTIVES

Please confirm your current Investment Objectives and Interests. Tick (✓) one Primary Objective.

It is optional to also tick (✓) one Secondary Objective and, if appropriate, tick (✓) another ONE Objective in which you may be Interested.

Investors should understand that all equity investments involve some capital risk. The selection of the Low Capital Risk Investment Objective precludes the selection of any other Primary, Secondary or Interested Investment Objectives, it also precludes us from being able to recommend a margin lending facility for you, due to the inherent risk nature of a margin lending product.

	INDIVIDUAL 1/COMPANY			INDIVIDUAL 2		
	Primary	Secondary	Interested	Primary	Secondary	Interested
Low Capital Risk	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Income	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Balanced	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Growth	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Aggressive Growth	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Trading	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Speculative	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Leveraged Income or Growth	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

\*Please refer to pages 12 - 14 of this document for explanations of alternative investment objectives.

## TO BE COMPLETED BY CORPORATE INVESTORS

### 1. BUSINESS ACTIVITIES

Manufacturing	<input type="checkbox"/>
Trading	<input type="checkbox"/>
Services	<input type="checkbox"/>
Investment	<input type="checkbox"/>
Trustee	<input type="checkbox"/>
Other (please specify)	<input type="text"/>

### 2. DIVIDENDS AND INCOME

Are the shareholders dependent on dividends paid out of income generated by the Company?

Yes  No

From its listed securities does the Company propose to generate income from:

Dividends or interest	<input type="checkbox"/>
Trading Profits	<input type="checkbox"/>
Combination of both	<input type="checkbox"/>

# CLIENT DETAILS - INDIVIDUAL

## TO BE COMPLETED BY INDIVIDUAL INVESTORS

### INDIVIDUAL 1

#### 1. EMPLOYMENT

##### Planned Retirement

Date of Birth  /  /

Planned Retirement Year

##### Employment

Permanent Salaried

Commission Based

Contractor

Casual / Part time

Self Employed

Retired

Home Duties

Other (please specify)

Professional/occupation

Employer

Position

Number of years at current employer\*

\*If less than 1 year please provide details of previous employment on a separate sheet

##### Family Income Earner and Dependants

Are you the sole family income earner?

Yes  No

Number of Dependants

#### 2. SUPERANNUATION

Do you have superannuation arrangements?

Yes  No

If yes, what form of superannuation arrangements do you have?

Member of a Public / Govt Fund

Member of a Corporate Fund

Privately Managed (SMSF or APRA Fund)

Other (please specify)

### INDIVIDUAL 2

##### Planned Retirement

Date of Birth  /  /

Planned Retirement Year

##### Employment

Permanent Salaried

Commission Based

Contractor

Casual / Part time

Self Employed

Retired

Home Duties

Other (please specify)

Profession/occupation

Employer

Position

Number of years at current employer\*

\*If less than 1 year please provide details of previous employment on a separate sheet

##### Family Income Earner and Dependants

Are you the sole family income earner?

Yes  No

Number of Dependants  If not the same as Individual 1

Do you have superannuation arrangements?

Yes  No

If yes, what form of superannuation arrangements do you have?

Member of a Public / Govt Fund

Member of a Corporate Fund

Privately Managed (SMSF or APRA Fund)

Other (please specify)



# UNDERSTANDINGS & ACKNOWLEDGEMENTS

## 1. COLLATERAL FOR A MARGIN LENDING FACILITY (MLF)

A wide range of ASX quoted securities and unlisted managed funds may be accepted as Collateral for a Margin Lending facility. Noted

Do you understand that a MLF involves leveraging the investments which secure its repayment, thereby: Yes  No

- Potentially exposing the Borrower to increased volatility,
- Magnifying potential losses, as well as magnifying potential profits,
- Incurring an obligation to repay the MLF even if the value of the geared securities falls to zero,
- Risking the forfeit of your Collateral if the MLF is not repaid or the facility is in default?

Have you taken these exposures, losses, obligations and risks into account along with the funding and repayment obligations arising from the Facility? Yes  No

Do you understand that diversification of your Collateral over a number of stocks that are not closely correlated can possibly decrease the volatility in the Value of the Collateral and as a result the likelihood or magnitude of a Margin Call? Yes  No

## 2. GEARED VALUE & LOAN TO VALUE RATIO (LVR)

Do you understand that the maximum Margin Loan is the LVR applied to the Collateral securing the Loan? Understood

Do you understand that the Lender can change a LVR at any time and can altogether remove a particular stock as acceptable collateral? Understood

Do you understand that if you have used a MLF to write Covered Calls, an increase in option prices may reduce the geared value of the MLF? Understood

## 3. MARGIN

Do you understand that:

- The impact of Gearing and Adverse Price Changes can give rise to Margin Calls? Yes  No
- A Margin Call is made when the Loan Balance exceeds the Geared Value plus the Buffer? Yes  No
- Margin Calls are required to be met within the time set by the lender, which may be as soon as 24 hours from the time of the margin call? Yes  No
- Margin Calls can be minimised, and possibly avoided, by modest Gearing? Yes  No
- Margin Calls can be met by:
  - Depositing additional Securities; and/or
  - Depositing Cash to repay part of the Margin Loan; and/or
  - Selling some of the geared Securities? Yes  No
- Meeting a Margin Call by selling some of your Securities may mean that the Securities are being sold into a falling market? Noted
- In the event of Selling to meet a Margin Call, depending on the LVR, it may be necessary to sell stock to a value of possibly 4 times the amount of the Margin Call? Yes  No
- Failure to meet a Margin Call entitles the Lender to sell Part or All of the MLF Collateral so as to reduce the Margin Loan Balance to below the Geared Value? Yes  No

# UNDERSTANDINGS & ACKNOWLEDGEMENTS (CONTINUED. . .)

- If you have used a MLF to write Covered Calls on stock lodged as collateral for the MLF, you will be required to close out any open option position if you are required to sell this underlying stock in order to meet a Margin Call on your MLF. Understood
- It is recommended that Borrowers manage their Gearing conservatively to allow the Facility to withstand a substantial fall in the Market before a Margin Call becomes necessary? Understood

## 4. INTEREST

Do you understand that gearing impacts both your Income and Expenses by the receipt of Dividends and the payment of Interest and that: Understood

- The Interest Rate is set by the Margin Lender and, in the case of Variable Interest Rate Margin Loans, the Interest Rate can change at any time? Yes  No
- Have you identified the possible initial Interest Rate on your Margin Loan? Yes  No
- What is it?  %
- Have you compared the initial Margin Loan Interest Rate with the rates available to you from alternative lending facilities to which you have access? Yes  No

Do you also understand that:

- Interest on your Margin Loan may exceed the Dividend/Interest Income from the Securities securing the Margin Loan and that an excess expenses/interest will need to be met from other sources of income? Yes  No
- In the case of Variable Interest Rate Margin Loans Interest is calculated and paid Monthly whereas Dividends are usually paid Half Yearly? Yes  No

## 5. FEES

Do you understand that any Fees which may apply directly to the Margin Lending Facility are payable by the Borrower on demand by the Margin Lender? Understood

## 6. MONITORING

Do you understand that you need to understand and monitor your own Position which is the subject of a Margin Lending Facility; and that such Monitoring entails the following: Understood

- Accessing your position on the appropriate Internet Website (daily in volatile markets);
- Speaking to your Adviser;
- Promptly reviewing your Monthly Statements?

I am able to monitor my position i.e. the amount of the Margin Loan and the value of the Securities securing it and I am readily contactable in the event of a Margin Call Yes  No

## 7. RISK

Do you understand that the following can increase the Risk associated with a Margin Lending facility:

- Portfolio concentration (instead of portfolio diversification);
- A lack of liquidity on the markets in which the portfolio is invested (instead of investing in liquid stocks); Understood
- A high level of gearing (instead of a low level of gearing);
- Lack of other financial assets and income (instead of access to other income generating financial assets)?

## UNDERSTANDINGS & ACKNOWLEDGEMENTS (CONTINUED. . .)

### 8. REPAYMENT

Do you understand that:

- Margin Lending Facilities are repayable on demand by the Lender and conversely can be repaid at any time by the Borrower? Yes  No
- Borrowers are obliged to repay a Margin Loan irrespective of the value of the securities that were pledged to secure it? In other words if you sell securities at a loss you will still be required to repay the full amount of the outstanding Loan? Yes  No
- The Margin Lender has recourse against the Borrower personally and therefore against the Borrower's other assets in the event of failure to repay the Margin Loan? Yes  No

### 9. SUITABILITY

Taking account of your proposed Margin Lending Facility are your total debt obligations manageable? Yes  No

Does your surplus earned and non-geared investment income cover the net cost of servicing your Debt obligations? Yes  No

Having regard to the disclosures made in the Margin Lending Brochure, the abovenamed Client believes that a Margin Lending Facility is suitable for the Client Acknowledged

## ACKNOWLEDGEMENT AND CONFIRMATION

**The Client confirms that the Client has carefully reviewed the foregoing, that the Client has clarified anything which the Client did not understand with Bell Potter Securities and that the Client has personally provided the Details, declared the Understandings and made the Acknowledgements appearing above, which are true and correct in all respects.**

Client Name 1/Director 1/Sole Director   (Tick if Sole Director)

Signature

Date

Client Name 2/ Director 2/Company Secretary

Signature

Date

Adviser Name

Adviser Signature

Date

## EXPLANATION OF ALTERNATIVE INVESTMENT OBJECTIVES.

LOW CAPITAL RISK	
<b>Description</b>	The primary objective is preservation of capital. Depending on the requirements of the Investor, this can be accompanied by a high degree of liquidity. The portfolio would contain fixed income securities from AAA institutions. Such an investment is usually associated with a dependable, ongoing income stream and its associated low volatility of returns. However, the after-tax returns may be very low and may not keep pace with inflation. Capital risk could arise if there was a mismatch between the Investor's time frame and the actual term of the investment. This investment is not generally compatible with investing in stock exchange listed equities. To pursue this investment objective in listed equities, it would be necessary to first hold shares in large and well established market leaders having a record of low volatility of returns from regular well covered dividends, and second accept a higher, albeit still a relatively low, degree of risk.
<b>Risk and Volatility</b>	Only prepared to accept minimal capital risk and volatility of investment returns.
<b>Suitability</b>	A strongly conservative Investor who is prepared to accept lower returns for the investment to be protected ie. Interest Rate Products. The adverse effects of inflation and tax are not a concern.
INCOME	
<b>Description</b>	Here the objectives are the preservation of capital and the generation of income. This objective aims to generate a total return of a couple of points better than CPI. Over the medium to long-term, this objective aims to provide some minimal volatility of investment returns, while aiming to preserve capital. However, to the extent that hybrid securities such as reset preference shares, income securities and convertible notes, and equity shares are included in the portfolio, higher capital risk and volatility will be incurred.
<b>Risk and Volatility</b>	Subject to the abovementioned comment regarding hybrid securities and equity shares, there is below- average capital risk and volatility of investment returns.
<b>Suitability</b>	The Investor who is looking for better than a basic return but only within a low capital risk. The Investor will be seeking to enhance returns from a diversified portfolio of interest rate products, hybrid securities and a limited investment in equities and/or property trusts.
BALANCED	
<b>Description</b>	The objective is to achieve returns from a mix of all or some of Interest Rate, Property and Equity Asset Classes, which have regard for both Interest Rate and Capital Gain. Investors with private property holdings may elect to pursue a Balanced Investment Objective with either a mix of Interest Rate and Equity Asset Classes or, within the Equity Asset Class alone utilising equities having income or growth characteristics, or a combination of both
<b>Risk and Volatility</b>	As growth assets will always form part of the portfolio, there is a preparedness to accept some capital risk. Investment returns will fluctuate over the short term, including the possibility of a negative return in some periods. It is a low to medium investment and should be viewed over at least a 3 to 5 year period.
<b>Suitability</b>	This Investor is looking for a balanced portfolio of diversified investments providing some protection against both taxation and inflation. The long-term average exposure to growth and income assets is expected to be approximately 65% and 35% respectively of the total portfolio, although this could vary in the short-term.
GROWTH	
<b>Description</b>	A more aggressive investment strategy than for Balanced is used with more exposure to growth assets over a slightly longer time frame of, say, 5 years or more.
<b>Risk and Volatility</b>	Above-average capital risk and volatility of returns in the short-term, in order to take advantage of the opportunities for superior portfolio performance in the medium to long term.
<b>Suitability</b>	This Investor is prepared to accept capital risk and volatility of returns in the short-term, in order to take advantage of the opportunities for superior portfolio performance in the medium to long-term.

## EXPLANATION OF ALTERNATIVE INVESTMENT OBJECTIVES.

(CONTINUED...)

<b>AGGRESSIVE GROWTH</b>	
<b>Description</b>	A preparedness to compromise portfolio balance further in the expectation of higher long-term gains, to include small cap stocks, cyclical stocks and stocks with past volatile performance, and to invest with the sole objective of maximising investment performance over a wide range of stocks in terms of size, past performance and volatility of returns.
<b>Risk and Volatility</b>	The security of capital is secondary to the potential for wealth creation. A diverse range of investments will carry a high level of risk and volatility of returns over 7 years or more.
<b>Suitability</b>	This Investor is pursuing high growth investment returns and accepts capital risk and high volatility of returns.
<b>TRADING</b>	
<b>Description</b>	A Trading Objective evidences a preparedness to invest for the short-term to realise primarily capital gains on stocks. This approach to investment is based on identifying investment opportunities, which are valued at a discount to what is perceived by the Investor as being the intrinsic value of the stock. Alternatively, it could involve buy and sell decisions based on the occurrence of technical indicators.
<b>Risk and Volatility</b>	A very high level of capital risk and volatility of returns as gains will be dependent upon not only identifying undervalued situations but anticipating a revaluation by the market.
<b>Suitability</b>	The Investor with a Trading Objective will be experienced, prepared to take a contrarian view to the market and accept the associated risks, and be closely associated with the design of the strategy.
<b>SPECULATIVE</b>	
<b>Description</b>	Speculative investments are either start-up enterprises with nil or only prospective operations or recently commenced operations, with only forecast cashflows or those that have commenced operations but have very limited cashflows and/or a stressed balance sheet. Speculative investments also encompass derivative investments other than derivatives undertaken for pure hedging purposes.
<b>Risk and Volatility</b>	An exceptionally high level of capital risk and volatility of returns.
<b>Suitability</b>	Only experienced Investors with capital surplus to living and investment requirements, who are prepared to accept the high degree of risk associated with either a complete absence of track record or an unfavourable track record and the exclusive reliance on forecasting. The Investor will need to have a clear understanding of the basis underlying this kind of investment.

## EXPLANATION OF ALTERNATIVE INVESTMENT OBJECTIVES. (CONTINUED...)

<b>LEVERAGE</b>	
<b>Description</b>	Leverage can be obtained by a variety of instruments, either through Options, Warrants, CFDs or by means of a Margin Lending facility. Options, Warrants and CFDs are forms of Derivatives – they have underlying securities. All can be used for very different purposes and as a result have a very wide spectrum of risks, investment objectives and likely returns. All provide leverage and the potential to make a higher return from a smaller initial outlay than investing directly in the underlying security. They can be used to manage risk, to speculate, to diversify and to generate income, albeit with associated risks. A Margin Lending facility involves gearing an investment by obtaining a line of credit by borrowing between 35% to 80% of the value of the investment. The facility is available in relation to approximately 1000 approved listed shares and managed funds. The repayment of the facility is secured by the shares/managed funds and the margining of price falls below the agreed lending ratio.
<b>Risk and Volatility</b>	Capital risk can vary greatly from a fixed premium for taken/bought Put and Call Options to unlimited capital risk on uncovered written Option strategies. All Derivatives are subject to market risk of the underlying security or Index. Options are wasting assets, as they suffer time decay as they move toward expiry. Because Options are leveraged, a small movement in the underlying security can have a proportionately larger impact on the value of the option. Margin Lending facilities also entail an increased exposure to volatility and can magnify potential losses. In addition to an increased exposure to the sharemarket, an interest rate risk also exists.
<b>Suitability</b>	Leverage is not suitable for some Retail Investors. It is only suitable for those experienced Investors who are fully aware of the extent of both the risks and rewards - sometimes limited rewards and substantial and unlimited risk and, in the case of Margin Lending facilities, the funding and repayment obligations.

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