Westpac Online Investment Loan
Product Disclosure Statement.

1. About Westpac Banking Corporation, BT Securities Limited and a Westpac Online Investment Loan.

Westpac Banking Corporation (ABN 33 007 457 141) (Westpac) has been delivering banking and other financial services to Australians since 1817.

BT Securities Limited (ABN 84 000 720 114) (BTS) is a wholly-owned subsidiary of Westpac and has been helping Australians create and manage wealth since 1985. BTS has entered into an arrangement with Westpac under which it provides margin lending facilities to borrowers under this Product Disclosure Statement as agent for Westpac.

Westpac and BTS are together the issuers of this Product Disclosure Statement, and are referred to as ‘we’ or ‘us’ throughout this document.

A Westpac Online Investment Loan allows you to borrow money to invest in shares and managed funds, using your own money or your existing portfolio as security. This helps you to increase the size and diversity of your investment portfolio.

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

Managing your investment loan.

Before issuing an investment loan, we are required to assess whether an investment loan is unsuitable for you. If your investment loan is approved, we will send you a copy of our assessment on request.

You should regularly monitor your investments so that you can take steps to avoid a margin call or quickly respond to and reduce potential losses in relation to your investment loan portfolio. You also need to be aware of any changes to interest rates, loan-to-value ratios (LVR) or other changes to the terms of your investment loan.

You may be required, at short notice, to pay an additional amount into your investment loan or sell some of the investments which form your investment loan portfolio.
We have the right to sell all, or part, of your investment loan portfolio in certain circumstances. We may not be required under the terms of your investment loan to provide you with prior notice of this.

In some situations, the sale of your investment loan portfolio may not cover the costs of repayment of your investment loan. In these situations, you’ll still need to repay your outstanding investment loan balance from other sources. If you have provided us with other assets as security for your investment loan, we may have to sell them to repay your investment loan.

2. Benefits of a Westpac Online Investment Loan.

A Westpac Online Investment Loan provides 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 build a more diversified portfolio across different types of investments. By investing in additional shares and managed funds, 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’re able to borrow against an existing portfolio of eligible shares and managed funds. This allows you to increase the size of your investment without having to sell your existing portfolio and potentially create a capital gains tax event.
• You may be entitled to a tax deduction for interest expenses that you incur under the Westpac Online Investment Loan. The tax consequences will depend on your circumstances. You should seek advice on these from an independent tax adviser.

3. How a Westpac Online Investment Loan works.

How much can you borrow?
The maximum amount of money that we may lend you depends on:
• The credit limit we provide to you following our assessment of your current financial position.
• How much money and/or securities you contribute.
• Which shares, managed funds or other securities you want to invest in.
• The LVR we apply to those investments. We lend different amounts for different investments and the LVR is the percentage of the value of each of the acceptable securities in your investment loan portfolio. We determine what the LVR is for each security, and may change it at any time, including reducing it to zero.

Example: If we assign an LVR of 70% to a security, you could use a Westpac Online Investment Loan to borrow up to 70% of that security’s value. This means that you could borrow up to $70,000 towards a purchase of $100,000 worth of those securities.

What can you invest in?
The financial products that you may invest in using your investment loan include:
• certain shares and other securities listed on the Australian Securities Exchange.
• certain managed funds.

We have an extensive Acceptable Securities List which specifies which securities you may invest in together with their LVR. For a full list of the current eligible investments go westpac.com.au/personal-banking/investments/loans/investment-loan/

You should read the important information about the Acceptable Securities List before making a decision. Go to westpac.com.au/personal-banking/investments/loans/investment-loan/

The material relating to the Acceptable Securities List may change between the time when you read this statement and the day when you sign the application form.

You are the beneficial owner of the securities in your investment loan portfolio. However, as they will be used as security for your margin loan, we may sell them to satisfy a margin call or repay your investment loan.

What are your obligations?
We recommend that you read the Westpac Online Investment Loan Facility Agreement available at www.westpac.com.au/personal-banking/investments/loans. This includes the agreement
between us and you. It details your rights and obligations in relation to your investment loan.

A copy of this agreement can also be sent to you free of charge by calling us on [contact number] between 8.00am and 6.00pm (Sydney time) Monday to Friday.

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

The material relating to this calculator may change between the time when you read this statement and the day when you sign the application form.

4. What is a margin call?

A margin call occurs if your investment loan balance exceeds the sum of your borrowing limit and the buffer at any time. Your borrowing limit is the sum of the market value of each security in your portfolio multiplied by the LVR we have assigned to those securities.

A margin call may occur if:
- The market value of your portfolio falls.
- We reduce the LVR assigned to a security.
- There’s an increase in your investment loan balance.
- You don’t make required interest payments.
- We reduce the buffer.
- We remove a security from the Acceptable Securities List.
- Any combination of the above.

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 market value of each acceptable security. The buffer amount is usually 10% of the market value of each security, although we may change it at any time, including reducing it to zero.

How can you satisfy a margin call?

When your investment loan is in margin call, you’ll need to promptly ensure that the loan balance is reduced to the borrowing limit amount or below.

A margin call can be satisfied by taking any of the following actions:
- Repaying part or all of the outstanding investment loan balance.
- Lodging additional securities from the Acceptable Securities List.
- Selling acceptable securities held on the investment loan facility as collateral.
- Any combination of the above.

Example: If you have a portfolio with a market value of $100,000, and a investment loan of $65,000, your gearing level will be 65% ($65,000/$100,000).

Assume the LVR of the shares in your portfolio is 70% with a buffer of 10%. You could borrow up to $70,000 (borrowing limit) with an additional buffer of $10,000.

If the total value of your shares falls to $80,000, the new borrowing limit would be $56,000 (70% of $80,000) with a buffer of $8,000 (10% of $80,000). A margin call will occur if your loan balance exceeds $64,000 (i.e. $56,000 + $8,000).

In this example, the loan balance ($65,000) is above the borrowing limit and the buffer ($64,000). Hence the account would be in margin call and you would be asked to reduce your gearing level by either paying money into your loan account, adding acceptable shares and/or managed funds to your portfolio, or selling some or all of your shares and/or managed funds.

If a margin call occurs we’ll contact you and/or contact your financial adviser if you have authorised your financial adviser 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, we can sell some or all of your securities 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 investment loan include:
- In a volatile market, the value of your investment loan portfolio may fall to a level where it no longer provides adequate security for your investment loan. If this happens, there may be a margin call and you’ll have to find an alternative source of funds to repay the investment loan.
- If you borrowed money from another source to provide equity for your investment loan, this will increase your overall gearing level. The higher the overall gearing level, the greater the effect that a fall in the value of your securities will have on your financial situation.
- We may reduce the LVR or the buffer that applies to some or all of your securities at any time (including reducing them to zero). This may result in a margin call.
- We can vary the interest rate applicable to your investment loan at any time (except on any amount for which you prepaid interest or have entered into a fixed interest rate). If the interest rate rises, your interest repayments may be more than your investment returns, and you may not be able to meet your interest payments. This may result in a margin call.
• You could lose any other assets you have provided as security for your investment loan.
• Dividends and other payments you anticipate receiving from your investments may not be paid, available or otherwise correspond with interest payments that must be made on your investment loan. In such circumstances, you may need to rely on an alternative source of funds to meet interest payments.
• If a default event occurs under the terms of your investment loan you may be required to repay all or part of your investment loan or we may sell or otherwise deal with any securities or other assets mortgaged to us.
• Your liability in relation to your investment loan (including your obligation to pay us amounts outstanding) is not limited to the proceeds received from the sale of the mortgaged property. If we don’t recover all money owing to us through such a sale we may recover the balance from you personally.
• There are a number of uncertainties including tax laws (and the administrative treatment of tax laws) that may change in the future. If this happens, it may have an adverse impact on your tax position and this may negatively affect your financial position. You should seek advice from an independent tax adviser on the tax consequences of entering into a Westpac Online Investment Loan.

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

6. The costs.

Interest.
We offer both fixed and variable interest rates. Variable interest will be calculated daily on the outstanding amount and is payable monthly in arrears. In the event of a default you may also need to pay a higher interest rate.

Fees, costs and charges.
There are no application fees, establishment fees or account fees payable unless you’re applying as a company or a trustee. Fees are charged for fund transfers and if a direct debit is dishonored. We may charge fees for additional account services requested by you. Under your loan facility terms, these fees may be changed.

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

BTS is entitled to receive payments from Westpac for acting as Westpac’s agent for margin lending purposes. This remuneration does not impact on the costs paid or payable by you in relation to the investment loan.

This costs section doesn’t show any dollar amounts or percentages for the costs – interest rates can change on a daily basis, fees depend on the services you use and adviser payments may depend on what you agree directly with your adviser.

You should read the important information about the risks associated with margin lending before making a decision. Go to westpac.com.au/personal-banking/investments/loans/investment-loan/

You should read the important information about the interest rates (including a list of the current rates) that may apply to your Westpac Online Investment Loan before making a decision. Go to westpac.com.au/personal-banking/investments/loans/investment-loan/

You should read the important information about the fees and costs that may be applied to your Westpac Online Investment Loan before making a decision. Go to westpac.com.au/personal-banking/investments/loans/investment-loan/

The material relating to the risks associated with margin lending may change between the time when you read it and the day when you sign the application form.

For more information about margin loans, go to moneysmart.gov.au/investing/borrowing-to-invest/margin-loans

The material relating to the current interest rates and other information about the fees and costs that may be applied may change between the time when you read this statement and the day when you sign the application form.
7. How to apply.

You should read the important information contained in this statement, the Westpac Online Investment Loan Financial Services Guide, the Westpac Online Investment Loan Facility Agreement and other disclosure documents before making a decision to apply. Go to westpac.com.au/personal-banking/investments/loans/investment-loan/

The material in these documents may change between the time when you read this statement and the day when you sign the application form.

To be eligible you must be:
- an individual or joint individuals who are over 18 years of age and an Australian resident for tax purposes;
- an Australian company; or
- an Australian company or individual trustee of a family, discretionary or testamentary trust.

A Westpac Online Investment Loan is not available to superannuation funds.

To apply, you can request at no charge an application pack by calling us on [insert phone number] between 8.00am and 6.00pm (Sydney time) Monday to Friday or complete the Westpac Online Investment Loan Application form online at westpac.com.au/personal-banking/investments/loans/apply/

8. Our complaints policy.

Complaints resolution is a priority for us.

If you have a concern or complaint with the financial products or services we provide, please contact us and we’ll do our best to resolve it quickly and fairly.

As a first step, please contact us by calling our Account Management Team on 1300 551 744 between 8.00am and 6.00pm (Sydney time) Monday to Friday or write to our Complaints Officer at

GPO Box 3917

If you are not satisfied with our response or handling of your complaint, you may be able to lodge a complaint with the free, independent external dispute resolution scheme, the Australian Financial Complaints Authority (AFCA). AFCA's details are set out below.

Australian Financial Complaints Authority
Online: www.afca.org.au
Email: info@afca.org.au
Phone: 1800 931 678 (free call)
Mail: Australian Financial Complaints Authority
GPO Box 3 Melbourne VIC 3001

You should read the important information about our complaints and dispute resolution processes before making a decision. Go to the ‘Contact Us’ page on westpac.com.au

The material relating to our complaints policy may change between the time when you read this statement and the day when you sign the application form.

Contact us.

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Sydney NSW 2001
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Fax: 02 9274 5782
Email: investmentlending@westpac.com.au
Website: westpac.com.au/personal-banking/investments/loans/investment-loan/