The potential of Australian shares. The certainty of capital protection at maturity.

The Australian share market can provide a wealth of opportunities for longer-term capital growth, income and diversification. A Westpac Protected Equity Loan facility (Westpac PEL) provides an investor with the ability to build a diversified portfolio of Australian securities with capital protection at maturity and without margin calls resulting from short-term market volatility.

**Why protected lending?**

- **Exposure to a portfolio of ASX-listed securities**
  - Build your own portfolio by choosing from a range of ASX-listed securities.
  - Achieve a greater exposure to the share market for the same capital outlay (excluding fees, costs or charges) through the benefits of gearing.

- **Capital protection at maturity**
  - Quantify and limit the risk by choosing the level of capital protection at maturity, up to a maximum of 100% for individual securities.

- **Tax considerations**
  - A portion of the interest paid may be tax deductible (subject to the capital protected borrowing rules).
  - The non-deductible portion of the interest is added to the cost base of the put option for Capital Gains Tax (CGT) purposes.
  - Potential for franking credits on dividends or distributions (subject to the holding period rule).
  - Continuing to hold the securities at maturity by extending the loan or taking a new loan against the securities generally should not trigger a CGT event.

- **Regular income**
  - You will receive any ordinary dividends or distributions paid on the securities.

- **No margin calls**

**Why a Westpac PEL?**

- **Choices**
  - Construct your portfolio by selecting from a range of ASX-listed securities, including ETFs.
  - Set the loan amount and level of gearing to suit your risk profile.
  - Choose the term that suits your time horizon, up to 5 years.

- **Reduce your interest rate or up-front protection costs**
  - Choose to reduce your protection costs by reducing your protection level.
  - Cap the level of potential capital appreciation at maturity which will reduce your interest or up-front protection costs.

- **Performance and protection at an individual parcel* level**
  - Performance of one parcel of securities will not impact the performance of another parcel. This means you can keep the ‘winners’ and give back any ‘losers’ that fall below their protection levels.
  - * A ‘parcel’ is all the securities in the same class issued by the same listed entity.

- **SMSF eligibility**
  - Westpac PELs are available to Self Managed Super Funds (SMSFs)
Like any investment, there are risks

- Gearing can magnify losses as well as gains.
- Your investment is only capital protected at maturity. If an event occurs that causes your loan to terminate prior to maturity, this may give rise to break costs. These may be significant.
- The value of securities may not go up, or, if they go up, the increase in value may not be sufficient to cover the costs of the investment.
- Your protection level is equal to the loan amount. If you borrow less than the value of the securities, you are at risk of losing the difference between your loan amount and the value of the securities on or around the time you take out the loan.
- Corporate actions affecting your chosen securities may affect your loan. In certain circumstances we may exercise our discretion to trigger the early repayment of all or part of your loan.
- Interest, fees and charges apply. You need to ensure that you can fund your obligations under your loan and any interest loan (including the payment of any interest, fees and charges).
- If you do not meet your obligations, the securities will be sold to satisfy these obligations.
- The Westpac PEL, as with all investment products, depends on (amongst other things) the ability of certain Westpac group entities to perform their obligations under the Westpac PEL. You may suffer financial loss if these Westpac group entities are unable to meet their obligations.
- Tax law and practice may vary over time, possibly with retrospective application.

This is not a full description of all risks associated with investing in Westpac PEL. Refer to the Westpac PEL Product Disclosure Statement (PDS) for more information.

Who should consider a Westpac PEL?

An investor who...

- has an positive outlook for selected securities on the Australian share market.
- wants to build a diversified portfolio of direct equities.
- seeks leverage with the security of capital protection at maturity.
- wants to invest in the share market through gearing and eliminate margin calls.
- has the potential to benefit from the tax considerations that apply when borrowing to invest in equities.
- is an individual, company or trust, including a trustee of an SMSF.

The Westpac PEL, like all investment products, is not suitable for all investors. For example, you should carefully consider whether to enter into a Westpac PEL if you intend to repay the loan before the maturity date, or are concerned that events outside your control may require you to do so. You should therefore seek independent professional advice including tax advice before making any decision on whether to enter into a Westpac PEL.

At a glance

<table>
<thead>
<tr>
<th>Term</th>
<th>Up to 5 years</th>
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</thead>
<tbody>
<tr>
<td>Loan amount</td>
<td>$50,000 minimum ($10,000 minimum parcel of securities)</td>
</tr>
<tr>
<td>Gearing (Protection) level</td>
<td>From 50% to 100%</td>
</tr>
<tr>
<td>Interest rate</td>
<td>Fixed or Annually Resetting</td>
</tr>
<tr>
<td>Interest payments</td>
<td>Annually in advance or monthly in arrears</td>
</tr>
<tr>
<td>Interest loan</td>
<td>Interest paid annually in advance; principal repaid monthly</td>
</tr>
<tr>
<td>Reduced Rate Facility</td>
<td>Reduce your interest rate (or up-front protection costs) by giving up some of your potential returns at maturity</td>
</tr>
</tbody>
</table>

Like to know more?

For more information about Westpac PEL, speak to your financial adviser or:

- call us on 1800 990 107
- send an email to structured.investments@westpac.com.au
- go to www.westpac.com.au/pel

How to apply

Read the PDS available from your adviser or at www.westpac.com.au/pel

- Complete the Application Form:
  - You will need to fill out all aspects of the credit assessment and provide all required documents.
  - The form is located in the back of the PDS.
- Send the completed Application Form plus all relevant supporting documentation to us.