



Perpetual Protected Investments – Series 1



For reference only

Application form has been removed
Offer closed 15 June 2007

Product Disclosure Statement
Issue number 1 dated 5 March 2007
Issued by Perpetual Investment
Management Limited
ABN 18 000 866 535
AFSL 234456
RSE Licence No. L0003063
www.perpetual.com.au

Notes

The information in this PDS is of a general nature only. It has not been prepared taking into account any particular investor's or classes of investors' investment objectives, financial situation or needs. Before you invest you should read this PDS and assess whether the Product and Loan/s are appropriate for you. You should also consider the tax implications of investing in the Product or borrowing to invest. Your financial or tax adviser can help you with this.

If you would like more information on the Product, contact your adviser or call us. (See page inside back cover for contact details.)

Perpetual Protected Investments is a managed investment scheme. Perpetual has lodged the scheme documents with ASIC in order to register the scheme. We expect that the scheme will be registered before the offer opens and we will not accept any applications until the scheme is registered.

Perpetual	References in the PDS to 'we', 'us', 'our' and 'Perpetual' are to Perpetual Investment Management Limited (ABN 18 000 866 535) as the responsible entity of the Product. Perpetual is a wholly owned subsidiary of Perpetual Limited (ABN 86 000 431 827). Perpetual is the issuer of the PDS. References to 'Lender' are to Perpetual Loan Company Limited (ABN 32 088 016 577) as lender under the Loan. 'Perpetual Group' means Perpetual Limited and its subsidiaries.
Investor, you, your, applicant	Investors that complete and lodge an application form to participate in the Product (and, where the context requires, prospective investors).
Borrower, you, your	Borrowers that complete and lodge an application form for a loan (and, where the context requires, prospective borrowers).
Australian offer	The PDS is only available to persons receiving it (electronically or otherwise) in Australia. You must be an Australian resident operating from Australia for Australian tax purposes to invest in the Product. You must be not be carrying on a business in the UK. If you are printing an electronic copy of the PDS you must print all pages including the application form. If you make the PDS available to another person you must give them the entire electronic file or print out including the application form.
Changes to product information	We may update the PDS for changes that are not materially adverse without issuing a supplementary PDS. This information will be available by contacting us or visiting www.perpetual.com.au . A paper copy of the PDS and updated information will be available free of charge on request. If we become aware of any change that is materially adverse we will replace the PDS or issue a supplementary PDS. If there is an increase in the fees and costs (other than federal government fees and charges and charges or fees of the funds included in the Product) we will give you 30 days' written notice.
Terms in the PDS	There is a glossary on page 51 that explains some of the terms used in the PDS and application form. Any italicised words (<i>like this</i>) in 'Borrowing to invest' and the application form are defined in the 'Loan and security agreement'. Other italicised words are included in the glossary.
Capital protected Repayment of capital and returns are not guaranteed	Your capital is protected on the terms set out in this PDS. Protection occurs by ensuring that the value of your portfolio at the protection end date is at least equal to the value of your protected amount. We will do this by entering into hedging arrangements with Deutsche Bank AG. Deutsche Bank AG, Perpetual and their associates do not guarantee the performance of the Product, the payment of any distributions, the repayment of capital invested or any particular rate of overall return. Participation in the Product does not represent a deposit or any other liability of Deutsche Bank AG or any associates of Deutsche Bank AG. Investors have no recourse to or rights against Deutsche Bank AG or any of their related associates. The participation in the Product is subject to investment risk, including possible delays in repayment, loss of income and capital invested. The terms of the agreement that Deutsche Bank AG has entered into with Perpetual are summarised in 'Summary of call and put option agreements'.
Changes to the offer period	We may vary the dates and times of the offer for the Product. If this occurs we may also extend any of the other key dates relevant to the Product.



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Why invest?

1. Diversify your investment using a choice of strategies

You can tailor your *portfolio* by choosing from a range of *investment strategies* to provide market exposure to different *funds*. We chose the *funds* for this Product based on their performance and their suitability for capital protection. We also considered the experience of the investment manager and their ratings by independent research houses.¹ Because choice and diversification are important, there is a selection of asset classes and investment managers.

2. Safeguard capital

We manage the strategies so that the value of your *portfolio* is at least equal to your *protected amount* at the *protection end date* (31 May 2014). To do this we entered into arrangements with Deutsche Bank AG, one of the world's leading investment banks, on your behalf.

3. Flexibility at the protection end date

At the end of the *protection period*, you'll hold *fund units* that you can sell when you want to. There is no capital gains tax at the end of this period if you still hold your *fund units*. After the period, the value of your *fund units* will not be capital protected.

4. Borrow up to 100% of your investment amount and the first year's interest

You can borrow up to 100% of the *investment amount* and the first year's interest. There are a number of interest options to choose from.

5. Manage cash flow

You don't have to pay fees from other sources during the *protected period*. If you borrowed to invest, you will have to pay the interest from other sources.

Perpetual is required to pay the capital protection fee and will fund these payments from your *cash account*. You are required to pay the administration fees and Perpetual will pay them for you from your *cash account*.

¹ We did not consider labour standards, environmental, social or ethical implications when we made decisions for the *investment strategies*, only as to whether these factors could materially impact the merits of those investment decisions.

Snapshot

Investment strategies		See page
Funds You gain exposure to these <i>funds</i> through the <i>investment strategies</i> .	Australian equities Ausbil Australian Active Equity Fund Ausbil Australian Emerging Leaders Fund IOOF/Perennial Growth Shares Trust Perpetual's Wholesale Australian Fund UBS Australian Share Fund Global and regional equities AXA Wholesale Global Equity Value Fund Perpetual's Wholesale International Share Fund T Rowe Price Global Equity Fund Specialist Asset Classes Colonial First State Wholesale Global Resources Fund Macquarie International Infrastructure Securities Fund Merrill Lynch Global Allocation Fund (Aust) (Class D Units) IOOF/Perennial Global Property Trust Perpetual Rubicon International Leaders Fund PM CAPITAL Absolute Performance Fund	6
Key dates¹		
Offer opens	7 May 2007	
Offer closes	15 June 2007	
Offer period	From and including the date the offer opens, to and including the date the offer closes.	
Protection start date	1 July 2007	
Investment date	As soon as practicable after 30 June 2007 when unit prices are published for all the <i>funds</i> .	We will send you a letter advising of the <i>investment date</i>
Protection end date	31 May 2014	
Protection period	From the protection start date to the protection end date.	
Maturity date (for loans)	1 June 2014 subject to extension at the Lenders discretion.	Your confirmation letter will advise you of the <i>maturity date</i>
Minimum amounts		
Minimum <i>investment amount</i> per investment strategy	\$10,000 and with additional amounts in multiples of \$500.	
Minimum loan amount	\$50,000 and with additional amounts in multiples of \$5,000.	
Minimum withdrawal per investment strategy	\$10,000. Amounts withdrawn prior to the <i>protection end date</i> are not capital protected.	
Fees and other costs for the Product²		
Establishment fee	Nil	10
Withdrawal fee	1.5% for the Perpetual Rubicon International Leaders Fund. Nil for all other <i>investment strategies</i> .	10
Administration fee for custodial, accounting and tax reporting	0.75% pa on the value of your <i>portfolio</i> .	10
Put option premium for capital protection	0.65% pa on your <i>protected amount</i> (not applicable to the Perpetual Rubicon International Leaders Fund). ³	10
Ongoing fees on the <i>funds</i> (investment management costs)	0.00% to 1.30% pa on the value of the relevant <i>fund</i> . Some <i>funds</i> have additional performance, protection and leverage fees.	10

¹ Dates and times are indicative only and subject to change.

² These are not the total fees and costs that you may incur. Please refer to Table 1 'Fees and other costs' on page 10 of this PDS for details. If you borrow to invest, you will pay additional fees and costs for the loan. 'Can I borrow to invest' on page 15.

³ The protection fee for the Perpetual Rubicon International Leaders Fund is a fee charged by Deutsche Bank to this fund. It is paid from the assets of this fund and is not a cost of the Product. Please refer to 'Additional explanation of fees and costs' – page 11.

How do we protect your portfolio?

Dynamic management

Dynamic management is applied to safeguard your *protected amount* at the *protection end date*. The *protected amount* is equal to your *investment amount* plus any gains that have been protected under a *gains lock-in*. The value of your *portfolio* should be (at least) equal to the *portfolio protection floor* at all times. The *portfolio protection floor* is the hypothetical amount that you would need to invest in fixed interest investments to make sure that it grows to an amount equal to the *protected amount*. For example, if your *protected amount* is \$10,000 you would need to invest \$6,650 today (assuming a constant interest rate of 6.0%) to grow to \$10,000 assuming a protection period of 7 years.

For all investment strategies except the Perpetual Rubicon International Leaders Fund *investment strategy*, on the *investment date*, you'll be 100% invested in the fund you selected. The maximum exposure you can have to a *fund* is 100%. Deutsche Bank will give us instructions on *dynamic management*. If the *fund* is declining in value we may be instructed to sell some of your holding in the *fund* to buy *call options*. When the *fund* is performing well, we may be instructed to exercise *call options* to increase your holding in the *fund*.

At the protection end date we will exercise all of your *call options* on your behalf. If the *dynamic management* was successful the value of your *fund units* will be (at least) equal to the *protected amount*.

Because there is no guarantee that *dynamic management* will achieve its aims, we will acquire a *put option* from Deutsche Bank for your *portfolio*. We will exercise the *put option* at the *protection end date* if the value of your *portfolio* is less than the value of your *protected amount*. The shortfall will be paid to us in cash on your behalf. We do not guarantee the performance of Deutsche Bank's obligations under the *put option*.

Gains lock-in

When the value of your *portfolio* reaches 180% of the *portfolio protection floor*, we will increase the *protected amount* by 50% of the difference between the *portfolio* value and the previous *protected amount*. For example, if the *portfolio protection floor* is \$85 and the value of your *portfolio* is \$153, we will increase your *protected amount* from \$100 to \$126.50.

Leveraged dynamic management

The Perpetual Rubicon International Leaders Fund will have exposure to the Rubicon International Leaders Private Fund No 1 (Rubicon Private Fund) through a *deferred purchase agreement*.¹ The Perpetual Rubicon International Leaders Fund will not directly hold any units in the Rubicon Private Fund.

Under the *deferred purchase agreement*, the Perpetual Rubicon International Leaders Fund will receive units in the Rubicon International Leaders Fund at the *protection end date*. Their value will be the greater of the *protected amount* (for all investors in the *fund*) and the value of the *reference portfolio* at the *protection end date*. The gains lock-in also applies.

The *reference portfolio* is a notional (not actual) portfolio created by Deutsche Bank comprising the Rubicon Private Fund, rolling monthly foreign exchange forward contracts *leverage units* and *cash units*. As the Rubicon Private Fund is denominated in \$US rolling monthly forward exchange contracts are used to hedge the exposure from \$US to \$A. *Leverage units* represent our notional borrowings to give the *fund* more than 100% exposure to the Rubicon Private Fund. The notional portfolio will be rebalanced depending on the performance of the Rubicon Private Fund relative to the *portfolio protection floor*. If the Rubicon Private Fund is declining in value Deutsche Bank may reduce the allocation to *leverage units* first, then the *reference asset*, to buy *cash units*. When

the Rubicon Private Fund is performing well, Deutsche Bank may increase the allocation to the Rubicon Private Fund by first selling any *cash units* and then by making use of *leverage units*.

How much the *fund* initially notionally borrows depends on market conditions at the *investment date*. During the *protection period* the borrowing may increase (subject to a maximum amount of 200%) or decrease depending on the performance of the Rubicon Private Fund and the level of interest rates. For example, if the initial notional borrowing is 1.3 times, for every \$1 million invested in the *fund*, Deutsche Bank will let the fund borrow \$0.3 million so the *fund's* total exposure to the Rubicon Private Fund is \$1.3 million.

Changes to dynamic management

In certain circumstances (such as where there is a significant change in the way the *fund* is being managed), Deutsche Bank may substitute a new *fund* (or, for the Perpetual Rubicon International Leaders Fund, substitute another *fund* for the Rubicon Private Fund within the deferred purchase agreement) or change the terms of the dynamic management. If this happens, the exposure will be to the new *fund*, instead of the *fund* originally selected.

If a new *fund* is required we may recommend a fund to Deutsche Bank as the replacement.

¹ Under the *deferred purchase agreement* Deutsche Bank assumes that the buy spread to purchase units for delivery is fixed at 0.50%, which is above the current spread. If the actual spread at the protection end date is higher than this, the protected amount will be lower by the amount of the spread above 0.50%.

What are the risks?

There are many risks in investing in this Product that may affect the value of your *portfolio*. While it's not possible to identify every one, we have detailed the significant risks here.

1. Suitability

Before you make an investment decision it's important to identify your investment goals and the level of risk you are prepared to accept. You should not invest in the Product if:

- you have a short timeframe. If you withdraw any amount from this investment before the *protection end date* it will not be capital protected. Your liability to obtain cash proceeds immediately will depend on the withdrawal provisions for the funds (see page 22).
- you require a regular income stream. Most of your distributions will be reinvested (in accordance with your *power of attorney*) as part of the *investment strategies*.
- you are uncomfortable with investment *volatility*. All investments are subject to *market risk*, which impacts the value of the *fund*.
- you are uncomfortable with interest rate *volatility*. Lower interest rates raise the *portfolio protection floor*. There will be a greater allocation away from the *fund* (or in the case of the Perpetual Rubicon International Leaders Fund, the Rubicon Private Fund) when it is declining in value, than is the case when interest rates are higher.

2. Dynamic management

A sharp fall in the *fund* may result in a substantial allocation of your *portfolio* away from the fund or, for the Perpetual Rubicon International Leaders Fund, a substantial allocation of the *reference portfolio* away from the Rubicon Private Fund. This affects your ability to participate in future gains through exposure to the *fund* or the Rubicon Private Fund. If the fall is significant enough, you may have no allocation to the *fund* or the Perpetual Rubicon International Leaders Fund may have no allocation to the Rubicon Private Fund.

If this occurs, you will only receive *fund units* with a value equal to the *protected amount* at the *protection end date*.

3. Leveraged dynamic management

Borrowing for leveraged *dynamic management* magnifies the risk of gains and losses. The Perpetual Rubicon International Leaders Fund will aim to limit losses using *dynamic management* so you should always receive the *protected amount*. But borrowing may increase the probability of an allocation away from the Rubicon Private Fund. This reduces the ability to benefit from future gains in the Rubicon Private Fund.

4. Counterparty risk

This is the risk that the other party in an agreement fails to meet its obligations. For example, in the *put option* contract, the risk is that Deutsche Bank fails to pay the difference between the *protected amount* and the value of your *portfolio* as agreed.

5. Borrowing to invest

You will be responsible for paying interest for the remainder of the loan regardless of the performance of your *portfolio*.

If you borrow the entire *investment amount* the value of your *portfolio* should be at least equal to the loan principal for your investment loan at the *maturity date*. However, there is a risk that, if you only receive the *protected amount* at the *protection end date*, and you sell *fund units* in your *portfolio* to repay the investment loan – the amount you receive may be slightly less than enough to repay the loan principal. This is because the price you receive for your *fund units* will reflect sell spread for the relevant *fund*.

Depending on the value of your *portfolio* at the protection end date, borrowing to invest could result in loss, being some or all of the interest you have paid.

6. Currency risk

Investment in international markets usually involves currency risk. Currency risk is the potential for adverse movements in exchange rates to reduce the Australian dollar value of international investments. For example, if the Australian dollar falls, the value of international investments expressed in Australian dollars can increase. Conversely, if the Australian dollar rises, the value of international investments expressed in Australian dollars can decrease.

Currency risk potentially applies to all *funds* that have international asset exposure.

Which funds can I choose from?

Changes to information

This following information is current at the time of printing and may change.

For more details and current information, please see the relevant Product Disclosure Statement (PDS).

We will not issue updated information regarding changes to the *funds* (unless there is a materially adverse change during the offer period). We will notify you of significant changes to the *funds* during the term of the Product as required by the Corporations Law.

Performance of your portfolio and the funds

The investment aims of the *funds* shown are not intended to be forecasts. They are an indication of what the *fund* aims to achieve over the medium to long term assuming financial markets remain relatively stable. Where the investment aim is stated as performance against a benchmark, performance is measured against the benchmark before the deduction of fees and expense recoveries payable under the *fund* – unless specified otherwise.

The performance of your *portfolio* will be different to the performance of the *funds* for the *investment strategies* you choose. For strategies, other than the Perpetual Rubicon International Leaders Fund, this is because you will not have exposure to the *fund* to the extent that you hold *call options* in your *portfolio* at any time. The performance of the Perpetual Rubicon International Leaders Fund will be different to the Rubicon Private Fund to the extent that the *reference portfolio* holds FX Forwards, *leverage units* and *cash units*. In addition, for all *investment strategies*, the fees and costs of the Product will be reflected in the net returns of your *portfolio*. Consequently, the return you receive may be less than the performance of the *funds* shown or the performance you might have obtained if you had invested directly in the *funds* (or the Rubicon Private Fund).

Asset class – fund	ARSN	Page
Australian equities		
Ausbil Australian Active Equity Fund	089 996 127	7
Ausbil Australian Emerging Leaders Fund	089 995 442	7
IOOF/Perennial Growth Shares Trust	087 718 910	7
Perpetual's Wholesale Australian Fund	091 189 132	7
UBS Australian Share Fund	090 427 213	7
Global and regional equities		
AXA Wholesale Global Equity Value Fund	098 445 464	8
Perpetual's Wholesale International Share Fund	091 186 837	8
T Rowe Price Global Equity Fund	121 250 691	8
Specialist Asset Classes		
Colonial First State Wholesale Global Resources Fund	087 561 500	8
Macquarie International Infrastructure Securities Fund	115 990 811	9
Merrill Lynch Global Allocation Fund (Aust) (Class D units)	114 214 701	9
IOOF/Perennial Global Property Trust	118 190 542	9
Perpetual Rubicon International Leaders Fund	TBA	9
PM CAPITAL Absolute Performance Fund	092 434 618	9

	AUSTRALIAN EQUITIES														
Fund	Ausbil Australian Active Equity Fund			Ausbil Australian Emerging Leaders Fund			IOOF/Perennial Growth Shares Trust			Perpetual's Wholesale Australian Fund			UBS Australian Share fund		
Investment manager ¹	Ausbil Dexia Limited			Ausbil Dexia Limited			Perennial Growth Management Pty Ltd			Perpetual Investment Management Limited			UBS Global Asset Management (Australia) Limited		
Investment aim	Add value across all market conditions and provide long-term growth with moderate tax-effective income. Specifically the <i>fund</i> seeks to outperform its benchmark S&P/ASX 300 Accumulation index by a minimum 3% pa over a <i>rolling</i> three-year period within defined levels of risk.			Provide long-term growth with moderate tax-effective income. Specifically the <i>fund</i> seeks to outperform its benchmark 70% S&P/ASX Midcap50 Accumulation index and 30% S&P/ASX Small Ordinaries Accumulation index by a minimum 3% pa over a <i>rolling</i> three-year period within defined levels of risk.			To provide a total return (after fees) that exceeds the S&P/ASX 300 Accumulation Index measured over a rolling three-year period.			To provide long-term capital growth and income through investment in quality industrial and resource shares. It is designed to provide returns in excess of its benchmark, the S&P/ASX300 Accumulation index over rolling three-year periods.			To provide a total return after ongoing fees in excess of its benchmark the S&P/ASX 300 Accumulation index when measured over rolling three-year periods through an actively managed, diversified portfolio of listed Australian shares.		
Investment approach	The <i>fund</i> invests in listed Australian shares and these are generally chosen from the S&P/ASX 300 index. Rather than focussing on growth or value investing Ausbil's investment process looks to exploit inefficiencies across the market, at all stages of the cycle and across market conditions. They look to tilt their portfolio toward shares that afford the most compelling opportunities for appreciation over the coming twelve months.			Ausbil invests in emerging leaders/ mid cap shares that are greater than \$250 million in market capitalisation, primarily chosen from the S&P/ASX 200 index, excluding shares from the Top 50 Leaders index. These shares provide excellent performance opportunities and diversification from large capitalisation holdings while avoiding potential liquidity problems that many small capitalisation companies present.			The Trust invests in a diversified range of companies listed or soon to be listed, on the Australian Stock Exchange whilst applying a growth investment style to investing. Perennial Growth, seeks to invest in companies that offer sustainable and profitable growth prospects at attractive prices. Perennial Growth believes that growing companies generate the most value for shareholders and that these companies attract management interested in building businesses rather than merely managing them. Perennial Growth's investment process also takes into account the effect that competitive forces have in a company's growth prospects.			Perpetual researches companies of all sizes using consistent share selection criteria. Perpetual's priority is to select companies that represent the best investment quality and are appropriately priced. In determining investment quality, investments are selected on the basis of: – conservative debt levels – sound management – quality business and – in the case of industrial shares, recurring earnings.			UBS is a fundamental-based active, core manager. Internally generated research, focused on longer-term value drivers at the industry, share and country level, is used to estimate fundamental value for shares. UBS believes that the ultimate value of a share is based on fundamentals, specifically, the present worth of future discounted cash flows.		
Annual returns ² (pa) as at 31 December 2006	1 yr	3 yrs	5 yrs	1 yr	3 yrs	5 yrs	1 yr	3 yrs	5 yrs	1 yr	3 yrs	5 yrs	1 yr	3 yrs	5 yrs
Total	25.56	29.69	17.89	29.52	34.29	—	26.25	26.38	14.53	21.49	25.13	18.20	21.67	24.16	14.99
Distribution	3.42	2.74	2.59	8.86	7.29	—	7.88	6.17	4.35	10.75	8.11	6.11	18.61	13.31	8.75
Growth	22.14	26.95	15.30	20.66	27.00	—	18.37	20.21	10.18	10.74	17.02	12.09	3.06	10.85	6.24
Past returns are not an indication of future returns.															
Management fees (pa)	0.90%			0.85%			0.92%			0.99%			0.80%		
Performance fees estimate ³	Not applicable			0.30% (assuming performance of 12% above the benchmark)			Not applicable			Not applicable			Not applicable		
How calculated				15% of any performance above the benchmark (composite of 70% S&P ASX Mid Cap 50 Accumulation Index and 30% S&P ASX Small All Ords Accumulation Index).											
Buy/sell spread	0.30%/0.30%			0.30%/0.30%			0.30%/0.30%			0.40%/nil			Nil		
Cost recoveries (estimate) ⁴	Not applicable			Not applicable			Not applicable			Not applicable			Not applicable		
For PDS for more information	www.ausbil.com.au			www.ausbil.com.au			www.perennial.net.au			www.perpetual.com.au			www.ubs.com/australia		

1 The investment manager may be different from the responsible entity for the *fund*.

2 **Important note: The performance of your portfolio will be different to the performance of the funds you choose.** See 'Performance of your portfolio and the funds' on page 6.

3 The performance fees (if any) shown are estimates only – the actual fees may be more or less.

4 The cost recoveries (if any) shown are estimates only – the actual cost recoveries may be more (unless stated otherwise) or less.

Fund	GLOBAL EQUITIES									SPECIALIST ASSET CLASSES		
	AXA Global Equity Value Fund			Perpetual's Wholesale International Share Fund			T.Rowe Price Global Equity Fund			Colonial First State Wholesale Global Resources Fund		
Investment manager ¹	Bernstein Value Equities (a unit of Alliance Bernstein Australia Limited)			PI Investment Management Limited			T.Rowe Price Global Investment Services Limited			Colonial First State Investments Limited		
Investment aim	To provide investors with long-term capital growth and to outperform its benchmark the MSCI World ex Australia <i>index</i> net dividends reinvested in Australian dollars after cost and over rolling five-year periods.			To achieve long-term capital growth through investment in international shares. It is designed to provide returns in excess of its benchmark, the MSCI World ex-Australia <i>index</i> in AUD over rolling three-year periods.			Investment aim To seek long-term capital appreciation primarily through investment in established companies operating in developed markets throughout the world, with faster earnings growth and reasonable valuation levels relative to market/sector averages. The benchmark for the Fund is the MSCI All Country World Index (undhedged).			To provide long-term growth by predominantly investing in resource companies around the world.		
Investment approach	The Bernstein belief is that when faced with uncertainty, investors overpay for investments that appear secure, overestimate investment risks and overcompensate others for assuming those risks. Because of this shares of companies that seem well-positioned can become over priced, while others vulnerable to short-term concerns are often under priced. This creates buying opportunities in shares priced low in relation to company long-term earnings. Bernstein conducts intensive research to identify these buying opportunities.			PI Investment Management researches companies using consistent share selection criteria, which focus on quality companies (strong balance sheets, earnings visibility and competitive position) with attractive valuations within a global framework. The currency exposure of international assets is monitored and hedging strategies may be implemented.			Investment approach T. Rowe Price has over 100 in house analysts dedicated to fundamental, bottom up priority research, producing a group of 500-600 highly recommended companies from which 100-200 investment candidates are selected. The portfolio manager is actively involved in the idea generation and refinement process. The portfolio typically holds 60-100 shares and up to 20% of the fund may be invested in emerging market			Colonial's strategy is to add value by investing in global resource companies over the medium-to long-term. Rather than attempting to predict commodity price movements, Colonial chooses to focus on quality resource companies all around the world. Colonial concentrates on companies that have strong balance sheets, quality management, high-quality assets low-cost production.		
Annual returns ² as (pa) as at 31 December 2006	1 yr	3 yrs	5 yrs	1 yr	3 yrs	5 yrs	1 yr	3 yrs	5 yrs	1 yr	3 yrs	5 yrs
Total	19.88	19.39	7.49	11.19	11.70	-0.34	—	—	—	20.73	25.14	23.00
Distribution	3.74	2.41	2.34	1.43	1.23	1.08	—	—	—	10.44	13.09	12.52
Growth	16.14	16.98	5.15	9.76	10.47	-1.42	—	—	—	10.29	12.05	10.48
Past returns are not an indication of future returns.												
Management fees (pa)	1.00%			1.226%			1.16%			1.16%		
Performance fees estimate ³	Not applicable			Not applicable			Not applicable			Not applicable		
How calculated												
Buy/sell spread	0.35%/0.35%			0.50%/nil			0.30%/0.30%			0.40%/0.40%		
Cost recoveries (estimate) ⁴	0.10%			Not applicable			0.14%			Not applicable		
For PDS for more information	www.axa.com.au			www.perpetual.com.au			www.troweprice.com www.egt.com.au/insto			www.colonialfirststate.com.au		

1 The investment manager may be different from the responsible entity for the fund.

2 Important note: The performance of your portfolio will be different to the performance of the funds you choose. See 'Performance of your portfolio and the funds' on page 6.

3 The performance fees (if any) shown are estimates only – the actual fees may be more or less.

4 The cost recoveries (if any) shown are estimates only – the actual cost recoveries may be more (unless stated otherwise) or less.

SPECIALIST ASSET CLASSES continued														
Macquarie International Infrastructure Securities Fund			Merrill Lynch ⁶ Global Allocation Fund (Aust) (Class D units)			IOOF/Perennial Global Property Trust			Perpetual Rubicon International Leaders Fund			PM CAPITAL Absolute Performance Fund		
Macquarie Investment Management Limited			BlackRock Investment Management (Australia) Limited			Perennial Real Estate Investments Pty Ltd			Rubicon Asset Management is the Investment Manager of the Rubicon Private Fund and Tiedemann Trust Company is its Investment Adviser.			PM CAPITAL Limited		
To invest in a portfolio of infrastructure securities on a global basis and to provide returns that outperform the Macquarie Global Infrastructure Total Return Index (\$A Hedged) over the medium to long term			Aims to maximise total investment returns while managing risk and is generally diversified across markets, industries and shares. As the fund is a diversified fund its benchmark consists of a weighted average of the Australian dollar hedged returns provided by market indices for relevant asset classes.			To provide a total return (after fees) that exceeds the FTSE EPRA/NAREIT Global Real Estate index (hedged) measured over a rolling three-year period.			To preserve capital and generate positive returns over the long term and in all market conditions, by investing in a diversified portfolio of international absolute return funds. This is done through a deferred purchase agreement with Deutsche Bank with exposure to the Rubicon Private Fund. The initial exposure is expected to be leveraged approximately 135% and may be subsequently leveraged to a maximum 200%.			To provide positive investment returns over a three-year plus investment horizon by investing in a concentrated portfolio of undervalued global equities. As the goal of the <i>fund</i> is not to replicate the standard industry benchmarks it is likely that the fund will have varied outcomes from that of a traditional benchmarked fund.		
Macquarie believes that a systematic fundamentals-based approach to identifying long-term potential value in infrastructure companies will produce superior investment performance. Macquarie analyses infrastructure companies to determine the quality of the infrastructure assets that are owned, operated or managed by these companies and therefore underpin these companies' cash flow and growth.			BlackRock's Global Allocation Team believes that competitive returns with low to moderate levels of risk can be achieved through a flexible, research intensive, value oriented approach that seeks the best investment opportunities worldwide, broadly diversified across asset classes, countries and securities. BlackRock's current investment strategy is to invest in global equities, fixed income and cash. The investment process combines a top-down approach with bottom-up security selection.			The Trust gains exposure to listed, or soon to be listed, property securities from international property markets which Perennial believes can offer superior capital growth and income characteristics. Perennial places great emphasis on bottom-up property securities research. The portfolio generally holds between 40 and 50 securities, with a minimum of 25 stocks and a maximum of 75 stocks. The Trust most have exposure to property securities in at least three countries at any one time, although normally this figure would be considerably higher.			Tiedemann uses an intensive and rigorous process to create a portfolio of 20-30 global based managers that seek to generate positive returns in all market conditions. The Rubicon Private Fund is denominated in USD. Deutsche Bank hedge the currency exposure under the deferred purchase agreement monthly using one month, rolling monthly foreign exchange forward contracts.			The investment process is built around the simple principle that the best way to preserve and enhance your wealth over the longer term is to "buy a good business at a good price". The Absolute Performance Fund is a focused portfolio, with approximately 35 to 45 stock specific ideas diversified across global equity markets. All of the positions are subject to intensive research and peer group review.		
1 yr	3 yrs	5 yrs	1 yr	3 yrs	5 yrs	1 yr	3 yrs	5 yrs	1 yr	3 yrs	5 yrs	1 yr	3 yrs	5 yrs
26.78	—	—	13.09	—	—	—	—	—	—	—	—	15.70	11.08	9.18
5.13	—	—	3.92	—	—	—	—	—	—	—	—	9.94	6.15	4.15
21.65	—	—	9.17	—	—	—	—	—	—	—	—	5.76	4.93	5.03
Past returns are not an indication of future returns.														
1.00%			0.20%			1.05%			Protection fee 1.1% ⁷ (assumes there is exposure to the Rubicon Private Fund) Leverage Cost 2.04% ⁷ (estimate assuming leverage of 130% and one month BBSW of 6% pa) (See Additional explanation of fees and costs for the Perpetual Rubicon International Leaders Fund on page 12).			1.09%		
0.20% pa (assuming performance of 2% above the benchmark)			2.37% pa (assuming monthly returns net of management fees which fluctuate between – 3.13% and 7.20% and an initial highwater mark of 10%)						1.3% pa (assuming average quarterly net profits of 2.5% ⁷ from previous high watermark and no underperformance in previous periods).			1.40% pa assuming investment return of 7% above the <i>high watermark</i> .		
Performance fee is 10% of return of the Fund above the Macquarie Global Infrastructure Total Return Index, subject to a <i>high watermark</i> .			Performance fee is 12.5% of any out performance from the previous high watermark. For further information relating to performance fees please refer to the underlying PDS.						Performance fee is 10.0% ⁷ of net profits subject to a previous high watermark. For further information relating to performance fees please refer to section 3.2 of the PDS (issued on 21 December 2006) for the Rubicon International Leaders Fund (ARSN 109 150 889)			Performance fee of 20% of any out performance from the previous <i>high watermark</i> .		
0.38%/0.25%			0.30%/0.30%			0.35%/0.35%			nil			0.25%/0.25%		
0.08%			Not applicable			Not applicable			0.25%			Not applicable		
www.macquarie.com.au/mfm			www.blackrock.com.au			www.perennial.net.au			www.rubicon.asset.com.au ⁵			www.pmcapital.com.au		

1 The investment manager may be different from the responsible entity for the *fund*.

2 **Important note: The performance of your portfolio will be different to the performance of the funds you choose.** See 'Performance of your portfolio and the funds' on page 6.

3 The performance fees (if any) shown are estimates only – the actual fees may be more or less.

4 The cost recoveries (if any) shown are estimates only – the actual cost recoveries may be more (unless stated otherwise) or less.

5 For more information on the Rubicon International Leaders Private Fund 1 Ltd, please refer to the description of the RILF Portfolio in the following sections of the Product Disclosure Statement (issued on 21 December 2006) for the Rubicon International Leaders Fund (ARSN 109 150 889): Section 2; Section 3.2 (refer only the description of the performance fee); and Section 5 (excluding the last sentence of the paragraph header Foreign Currency Exposure, and paragraphs headed RILF Enhanced leverage and Interest rate risk).

6 The Merrill Lynch name and logo are trademarks of, and used under licence from Merrill Lynch & Co, Inc.

7 There are no management fees payable under the constitution for this fund. The fees shown are payable under the deferred purchase agreement. See 'Additional explanation of fees and costs' for the Perpetual International Leaders Fund on page 12.

What are the fees and other costs?

Did you know?

Small differences in investment performance, fees and costs can have a substantial impact on your long-term returns.

For example total fees and costs at 2% of your fund balance instead of 1% could reduce your final return by up to 20% over a 30-year period (from \$100,000 to \$80,000).

You should also consider whether superior investment performance or better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask us or your financial adviser.

To find out more?

If you would like to know more or see the impact of fees on your circumstances, the Australian Securities and Investments Commission (ASIC) website www.fido.asic.gov.au has a managed investment fee calculator to show you different fee options.

Fees and other costs

This document shows fees and other costs that you may be charged. They may be deducted from your money, from the returns on your investment or from the *fund* assets as a whole.

Taxes and the costs of borrowing to invest are set out in another part of this document.

You should read all the information about fees and costs because it's important to understand their impact on your investment.

Table 1 – Perpetual Protected Investments – Series 1 fees and other costs

Type of fee or cost	Amount ¹	How and when paid
Fees when your money moves in or out of the Product		
Establishment fee The fee to open your investment	nil	Not applicable.
Contribution fee The fee on each amount contributed to your investment	nil	Not applicable.
Withdrawal fee² The fee on each amount you take out of your investment	For Perpetual Rubicon International Leaders Fund – 1.5% plus break costs if the cost to unwind hedging arrangements with Deutsche Bank is greater than 1.5% For all other funds – nil	For the Perpetual Rubicon International Leaders Fund – deducted from your withdrawal amount when you withdraw prior to the <i>protection end date</i> For all <i>other investment strategies</i> – Not applicable
Termination fee The fee to close your investment	nil	Not applicable.
Management costs The fees and costs for managing your investment		
Administration fee	0.75% pa	Calculated daily on the value of your <i>portfolio</i> and deducted from it quarterly in arrears, on withdrawal from the product and on the <i>protection end date</i> .
Put option premium Does not apply to Perpetual Rubicon International Leaders Fund <i>investment strategy</i>	0.65% pa of your <i>protected amount</i> ³	Calculated daily on your <i>protected amount</i> and deducted from your <i>portfolio</i> quarterly in arrears, on withdrawal from the product and on the <i>protection end date</i> .
Underlying management costs The amount you pay for specific <i>investment strategies</i> is set out on pages 7 to 9.	<i>Management fees</i> 0 – 1.226% pa ⁴ <i>Performance fees</i> nil – 2.37% (estimates) ⁵	Deducted from the <i>funds</i> as stated in the PDS for the <i>fund</i> and reflected in the unit price for the <i>fund</i> ⁶ .
Leverage Cost (applicable only to the Perpetual Rubicon International Leaders Fund)	Leverage Cost (Perpetual Rubicon International Leaders Fund only) 2.04% (estimate) ⁷	Calculated daily based on the amount borrowed as part of the <i>deferred purchase agreement</i> , deducted monthly in arrears and reflected in the unit price of the <i>fund</i> .
Service fee		
Investment switching fee The fee for changing investment strategies	Not applicable.	Not applicable. You can't switch <i>investment strategies</i> after your initial investment.

¹ Fees and costs are inclusive of 10% GST (where applicable) less any Reduced Input Tax Credits (RITCs).

² See 'Can I withdraw from, transfer or mortgage my investment' on page 22, as your withdrawal proceeds may also be affected by the amount of notice you provide us for withdrawal.

³ No GST is applicable.

⁴ Inclusive of 10% GST less any (RITCs) available to the *funds*. Excluding Leverage Cost.

⁵ Only some *funds* have performance fees – see the *fund* profiles pages of pages 7 to 9. The performance fees shown are estimates only – the actual fees may be more.

⁶ For the Perpetual Rubicon International Leaders Fund – deducted quarterly.

⁷ Only the Perpetual Rubicon International Leaders Fund has Leverage Cost – see the fund profiles on pages 7 to 9. The Leverage Cost shown is an estimate only – the actual fee may be more. See *Additional explanation of fees and costs for the Perpetual Rubicon International Leaders Fund* on page 12.

Example of annual fees and costs for the Product

This table shows how the fees and costs for the Product can affect your investment over one year. You should use this table to compare with other managed investment products.

EXAMPLE – Perpetual Wholesale International Share Fund	
Balance of \$50,000 ¹	
Contribution Fees nil	You can't make additional contributions to this Product.
PLUS Management costs 2.626% pa ¹	For every \$50,000 you have in the <i>investment strategy</i> , you will be charged \$1,313 each year.
EQUALS Cost of Product ²	If you had an investment of \$50,000 at the beginning of the year, you will be charged fees of \$1,313. What it costs you will depend on the investment strategy you choose.

1 We have assumed the value of the portfolio is constant throughout the year and that the investment is equal to the current protected amount. We have not included a contribution fee in the example because you can't make additional contributions to this Product. The fee represents the 0.75% per annum administration fee for the Product, the put option premium of 0.65% per annum and the indirect cost of the 1.226% investment management fee for the fund.

2 Does not include buy/sell spreads that may be incurred when we buy/sell fund units as part of the dynamic management of your portfolio. See buy/sell spread of funds in Additional explanation of fees and costs below.

Additional explanation of fees and costs for the Product

Payment of fees and charges

The administration fee and *put option premium* (if applicable) will be deducted from your *cash account* quarterly and are not payments you need to make from other sources. If there is insufficient money in your *cash account*, the amount in your *cash account* may be increased by the sale of *fund units*. This may have capital gains tax implications, which are explained on page 17 under 'Tax'.

Fees and costs for the funds

The management costs for each of the *funds* are shown on pages 7 to 9. In addition, some funds have performance fees. For the Perpetual Rubicon International Leaders Fund, the fund also pays a protection fee and a leverage fee under the deferred purchase agreement.

Where applicable, these fees and costs are deducted from the value of the *fund units* and paid to the responsible entity and/or investment manager for the *fund* as set out in the PDS for the *fund*. You can contact your *adviser* or the *fund* for a copy of the PDS that will explain these fees and costs and how they are paid in detail.

Performance fees

In addition to the management fee, some *fund* managers may be entitled to performance fees. Performance fees are payable when the *fund* outperforms a specified benchmark, over a specified period of time. Performance fees paid are reflected in the unit price for the *fund*. The method of calculating the performance fees varies.

See the *fund* profiles on pages 7 to 9 to see whether performance fees are payable for a particular *fund* and how they are calculated.

For example, say you have \$50,000 worth of *fund units* in a *fund* and the performance fee is 10% of return above the benchmark. If the actual return for one year is 2% above the benchmark, the performance fee payable would be $10\% \times 2\% \times \$50,000 = \100 for the year.

Withdrawal fee

This fee applies only if you withdraw from the Perpetual Rubicon International Leaders Fund before the *protection end date*. The withdrawal fee is calculated as 1.5% of the withdrawal amount. For example, if your withdrawal amount is \$50,000, your withdrawal fee would be $1.5\% \times \$50,000 = \750 . Additional *break costs* may be payable if the cost to unwind the hedging arrangement with Deutsche Bank is greater than 1.5%.

Buy/sell spread of funds

When we acquire *fund units* for your *portfolio*, the price we pay for them will reflect the buy spread of the relevant *fund*. When we dispose of *fund units* from time to time to buy *call options* for your *portfolio* in accordance with the *dynamic management strategy*, the value of the *call options* received will reflect the sell spread of the relevant *fund*. In this way, the buy/sell spread of the *funds* is an indirect cost to your portfolio. The buy/sell spreads for each of the *funds* are set out on pages 7 to 9.

For example, if we dispose of *fund units* valued at \$5,000 to buy *call options* and the relevant spread for the *fund* is 0.30%, the sell spread reflected in the value of the *call options* received will be \$15.

Cost recoveries

The constitutions for the *funds* may permit the *fund* manager to recover other costs from the *fund*. The cost recoveries are reflected in the unit price for the *fund*. See the *fund* profiles on pages 7 to 9 to see whether cost recovery is permitted for a particular *fund* and any limits that apply.

For example, say you have \$50,000 worth of *fund units* in a *fund* and the *fund* permits cost recoveries of up to 0.10%. The maximum cost recovery permitted in respect of your investment in the fund would be $0.10\% \times \$50,000 = \50 .



Government charges

Government charges will be applied to your *portfolio* as appropriate. These may include stamp duty on the transfer of *fund units*. Whether stamp duty is payable or not on the transfer of the *fund units* will depend on which fund you hold the units in as part of your *portfolio*. This means the stamp duty consequences of the transfer of *fund units* can only be determined at the time of transfer. You should consult your financial or taxation adviser prior to the transfer of any *fund units* held as part of your *portfolio*.

Miscellaneous fees

If you invest using a cheque and it is dishonoured your financial institution may charge us a dishonour fee, so we may charge you that fee. The fee will differ depending on the institution. Please contact your financial institution for further details.

Increases or alterations to the fees and charges

Where applicable we have disclosed the maximum fees payable for each fee item. Fees may change without your consent for many reasons including changes in the competitive, industry and regulatory environment or changes in costs. We will not increase fees or charges without providing at least 30-days' written notice to you except for Government fees and charges or fees of the *funds* included in the Product.

If you withdraw your investment before the expiry of the notice period you will not be affected by the fee change.

The management costs for the *funds* shown on pages 7 to 9 can change at anytime without notice. See the PDS for the *fund* for maximum fees and details of how fees may change.

Additional explanation of fees and costs for the Perpetual International Leaders Fund

Leverage Cost

The Leverage Cost is calculated daily based on the amount borrowed as part of the *deferred purchase agreement*. For example, if \$50,000 was invested with leverage of 1.3 times (or 130%) and a Leverage Cost of 6.8% (being the one month bank bill swap reference rate (BBSW) (which is say 6% pa) plus 0.8%), the fee would be $0.3 \times \$50,000 \times 6.8\% \text{ pa} = \$1,020 \text{ pa}$. See *leveraged dynamic management* on page 4.

Protection fee

The protection fee is calculated daily based on the *protected amount*. For example, if the value of the *protected amount* is \$50,000, the protection fee would be $1.1\% \times \$50,000 = \550 pa . If there is no exposure to the Rubicon Private Fund, the protection fee is 0.1% of the *protected amount*.

Adviser and other remuneration

Register

We are a member of IFSA and maintain a register (in compliance with Industry Code of Practice on Alternative Forms of Remuneration) for alternative forms of remuneration that are paid in relation to the Product. The register is publicly available. Please contact us, if you would like to see it.

Platform payments to dealer groups

Certain dealer groups may receive payments based on the volume of business they generate. These payments are not a cost to you, they are paid by us. The payments may be up to 1.00% pa of the *funds* invested via the dealer group.

Investment manager payments to us

We may receive payments from certain investment managers for the *investment strategies*. These payments may help to cover the costs incurred by us in establishing and maintaining the investment strategies. These amounts may be up to 1.00% pa of the *funds* invested with the investment manager (inclusive of 10% of GST if applicable).

Can I borrow to invest?

The Loans

You can apply for:

- an Investment Loan so you can invest in your chosen *investment strategies*.
- an Interest Loan so you can prepay the first year of interest for your Investment Loan. An Interest Loan is only available if you choose to prepay the first year of interest on your Investment Loan and if you do so, the interest will be payable at a fixed rate.

The Lender may lend you a further amount under a Gains Loan if the value of your *portfolio* has increased above a certain level, resulting in a gains lock-in.

All Loans are interest-only, full-recourse obligations with the principal outstanding repayable in full on the *maturity* date.

This section is a summary only. See the *Loan and security agreement* starting at page 36 for details of the terms of the Loans).

Investment Loan

You can borrow up to 100% of your *investment amount* subject to satisfying the Lender's credit criteria. The minimum amount you can borrow is \$50,000, with additional amounts in multiples of \$5,000 (unless the Lender agrees otherwise). Interest will be set when the loan is offered to you.

Investors that apply for an Investment Loan and receive approval for a lesser amount than requested, will be taken to have applied for the lesser amount. The *investment amount* will be reduced to match the approved loan amount.

Interest Loan

If you choose to prepay the first year's interest on your Investment Loan, you can also apply for an Interest Loan to make that prepayment. The Interest Loan will accrue interest at the same rate, and be paid in the same way, as the Investment Loan that it's for.

If your application for an Interest Loan is approved, you'll need to prepay the first year's interest on that loan on the same day that it's drawn down.

Gains Loan

If a *gains lock-in* happens the Lender may lend you a further amount under a Gains Loan to be used for investment purposes only. The terms of this loan are similar to the terms of the Investment Loans. The interest rate will be set when the loan is offered to you.

Security

All loans are full-recourse loans and are secured against your interest in the assets in your *portfolio*. Depending on the amount you borrow, we may ask you to provide additional assets as security for your loan. You will need to use your own money to cover related fees and charges and any shortfall if the amount of your *portfolio* is less than the total amount of your loans.

Interest rates

You can choose one of the following three interest options for your Investment and Gains Loans. The Interest Loan and any Gains Loan will have the same option as the Investment Loan to which it relates.

Option	Indicative interest rate
Fixed for the term Prepay interest annually at a rate that is fixed for the term.	8.80%
Fixed annually Prepay interest annually at a rate that is fixed each year.	8.90%
Variable Pay interest monthly in arrears at a variable rate.	8.65%

The Lender will determine interest rates for all options around 8 June 2007. These rates will be published at www.perpetual.com.au. You can also phone us on 1800 002 513. These rates will be subject to change from time to time (in the Lender's discretion) and the rate for each interest period will be set prior to that period.

You may switch between these interest options as set in the 'Loan and Security Agreement', subject to the Lender's approval. Your request to switch must be received by the Lender at least 10 business days prior to the interest payment date on which you wish to take affect. Any interest that you have prepaid

is not refundable (unless the Lender asked to repay the loan early and there has not been an event of default). You may incur a fee for switching interest options.

All interest payments must be made by direct debit. Interest payments on any loan are full recourse obligations. This means that you must make interest payments irrespective of how your *portfolio* is performing. In the event of non-payment, the Lender has full recourse to the assets over which it has taken security and you will be liable to pay default interest on the amount outstanding.

Repayment

You must repay your loan(s) in full on the *maturity* date except when:

- you choose to withdraw from the investment before the *maturity* date and make an early repayment
- you choose to repay your loan/s (and all other amounts that you owe) early and we are happy for you to make the early repayment
- you have drawn down an Interest Loan and choose to change from prepaying interest on your loans to paying interest monthly in arrears, in which case you must repay your Interest Loan in full at that time
- there is an *event of default*
- we ask you to repay your loan/s at a different time.

There are other circumstances under the 'Loan and Security Agreement' where you may be required to repay your loan early see page 37. On repayment, you must repay the outstanding principal, any interest and any other amounts that may be owing to the Lender under the Loan and Security Agreement.

If you repay early:

- the amounts repaid may not be re-borrowed
- you may be liable to pay early repayment fees
- any prepaid interest is not refundable (unless the Lender has asked you to repay the loan early and there has not been an event of default).

Table 2 – Loan Fees and Charges

You must pay these amounts when asked to and all payments relating to the loan will be made via direct debit

Type of fee or cost	Amount	When Paid
Fees applicable when you borrow to invest		
Loan establishment fee The fee to establish your loan	1.0% of the amount of the Investment Loan and Gains Loan	At the drawdown of the Loan This fee may be negotiated with your <i>adviser</i> and will not be charged if they agree to reduce their upfront <i>adviser</i> commission by 1.0%.
Security registration fee The fee to register a charge with ASIC. (only if borrower is a company)	\$135	At the drawdown date of the Loan.
Early repayment fee The fee for repaying all or part of the loan principal before the <i>loan maturity date</i> .	This fee will be calculated by us based on the cost to unwind hedging and funding arrangements with respect to those loans. This will depend on prevailing interest rates at that time.	On demand by the Lender.
Interest switching fee The fee and costs for switching your interest rate option before the <i>loan maturity date</i> .	This fee will be calculated by us based on the cost to unwind hedging and funding arrangements with respect to those loans. This will depend on prevailing interest rates at that time.	On demand by the Lender.
Security release fee Fee to release our charge registered with ASIC when all amounts due to the Lender under the loan are repaid in full. (Only if borrower is a company)	\$65	At the time of repayment of the investment loan.
Information retrieval fee For providing archived or historical information about the Loan.	\$50 plus \$10 per page	On demand by the Lender.
Additional copies of statements and reports	\$10 per page	On demand by the Lender.
Direct Debit Dishonour Fee	\$50	On demand by the Lender.

Loan fees and charges

The Lender is entitled to be reimbursed for all costs, charges and expenses (including stamp duty, GST, search fees, security registration fees, security release fees and legal fees) incurred in relation to the Loan and Security Agreement and related documentation, the administration of the loans and any action to enforce the Lender's rights under the Loan and Security Agreement. These fees and charges include those set out in the table above.

All payments relating to the loan (including the fees shown above) will be made via direct debit.

Increases or alterations to the fees and charges

The fees set out above are current at the time of printing and may be subject to change without your consent for reasons including changes in the competitive, industry and regulatory environment or changes in costs. The Lender will not increase fees or charges without providing you with at least 30-days' written notice, except for Government fees and charges. If you withdraw your investment or make a full loan repayment before the expiry of the notice period you will not be affected by the fee change.

Adviser remuneration

The Lender pays the following remuneration to Advisers for the loans.

Adviser remuneration	Amount (including 10% GST)	Multiplied by	How it's paid
Upfront commission	up to 2.20%	Amount of the Investment Loan or Gains Loan	Part of this commission is paid out of the loan establishment fee of 1.0%. This part of the commission may be negotiated with your <i>Adviser</i> . The rest of the commission is paid by us and is not a cost to you.
Ongoing commission	up to 0.65% pa	Amount of the Investment Loan or Gains Loan	Paid by Perpetual out of its own <i>funds</i> . This is not an additional cost to you.
Adviser service fee One of 3 options	0.25%, or 0.50%, or 0.75% pa	Amount of the Investment Loan, Gains Loan and Interest Loan	You may agree to pay additional commission to your Adviser. Paid by direct debit at the same time we deduct the interest payable on your loan/s.

Your *Adviser* may rebate all or part of the upfront and ongoing commissions to you.

Defaults

In an *event of default*, we may enforce our rights under the Loan and Security Agreement. Examples of *events of default* include failure to pay money owing on time, or to comply with any of your obligations under the Loan and Security Agreement, or being insolvent.

Our rights in the *event of a default* include:

- charging interest at the default rate, which is your applicable interest rate plus 4%
- declaring that your loans and related fees and charges are immediately due and payable
- redeeming all your assets over which the Lender has taken security and applying the proceeds to your outstanding loan obligations.

Guarantor

If the borrower is a company or a trustee company, a director of the company will need to personally guarantee the investor's obligations under the loans.

If you are a *guarantor* for a loan and the borrower does not pay any amounts under that loan when due, the Lender can ask you to repay the amounts owing without having to ask the borrower first.

Tax

Our tax advisers Baker & McKenzie have prepared the following section for us on the Australian taxation and UK taxation and stamp duty consequences for an Australian resident individual taxpayer (investor) investing in the Product and borrowing to invest in the Product.

The advice is of a general nature only. You should not rely on it as the taxation consequences for you depend on your particular circumstances. You should seek professional advice from a financial adviser and/or taxation adviser.

The section is based on the law, and administrative practice as at 20 February 2007. Investors should be aware that the ultimate interpretation of the taxation law rests with the Courts and that the law, and the way the Commissioner of Taxation (**Commissioner**) administers the law, may change at any time.

Baker & McKenzie is not involved in the marketing of this transaction and its role should not be interpreted to mean that it encourages any party to invest.

Australian Taxation

This section sets out the Australian income tax and GST consequences for an Investor, that is not a STS taxpayer (as defined), that acquires *fund units* through the Product. It assumes the Investor holds its investments on capital account. This letter is not relevant for Investors that hold the investment on revenue account or invest in the course of carrying on a *business*.

This section is provided solely for the benefit of Perpetual and the Lender. It is necessarily general in nature and Investors must seek their own independent tax and general legal advice before making any decision to invest in the Product. Investors must not rely on this section.

Perpetual in its capacity as trustee

Perpetual holds each Investor's Portfolio by way of a separate trust for each Investor (referred to in this section as the "**PPI trust**"). A summary of the PPI trust Constitution is included in ('Additional information' of the PDS. Clause 6.1 of the Constitution provides that, at all times, Investors have an absolute and indefeasible interest in possession to their underlying Portfolio and clause 6.2 of the Constitution provides that all other provisions are subject to Clause 6.1.

Investors should be characterised as absolutely entitled, as against Perpetual in its capacity as trustee of its PPI trust, to the capital gains tax ("CGT") assets in the Portfolio. This is relevant to the application of the CGT provisions discussed below. The Commissioner's view as to how these trusts are characterised for tax purposes is currently not clear. The Commissioner has issued a non-binding draft public ruling regarding the concept of absolute entitlement (TR 2004/D25), but this is currently the subject of ATO internal review due to the subsequent High Court decision in *CPT Custodian Pty Ltd v Commissioner of State Revenue* 2005 ATC 4903. If the Commissioner's view differs from the view set out above, the tax consequences of the Product for Investors would need to be reviewed (as it may be different to the summary below).

Tax Consequences for Investors and Borrowers

Net income from the PPI trust

The net income of each PPI trust should be included in the assessable income of the Investor on 30 June each year.

This net income amount should include a portion of each *fund's* net taxable income in which the PPI trust has acquired *fund units*. Investors should refer to the tax section in the relevant *fund's* PDS to obtain general tax information regarding any proposed investment.

The tax consequences of acquiring units in Perpetual Rubicon International Leaders Fund, which does not have a separate offer document are discussed under the heading *Tax Consequences for Perpetual Rubicon International Leaders Fund* on page 20.

Administration Fee

The Administration Fee should be deductible to the Investor under section 8-1(1) of the *Income Tax Assessment Act 1997* ("**1997 Act**") when the legal liability accrues (i.e. on a daily basis). This liability does not form part of Investor's PPI trust net income calculation.

Investment Loan interest and Interest Loan interest

As a general rule, interest on money borrowed will be deductible under section 8-1(1) of the 1997 Act to the extent that the money is used for the purpose of deriving assessable income (other than capital gains). Similarly, interest on money borrowed to *fund* an interest expense will generally be deductible where the underlying loan to which it relates satisfies this purpose test. There are various qualifications to this general rule. Those relevant to the Product are set out below.

Negative gearing

Investors should review the terms of the Investment Loan and (if any) Interest Loan together with the relevant *fund's* PDS into which they intend to invest to ensure that it is reasonably likely that (in aggregate) the expected assessable trust income (other than capital gains) from their investments will exceed the interest expense. If this is the case, the interest expense should be deductible. This issue is most important in the context of an Investment Loan and Interest Loan used to invest in the Perpetual Rubicon International Leaders Fund, due to the fact that the Commissioner has not provided any guidance regarding the deductibility of interest in relation to borrowings used to invest into a product involving a deferred purchase agreement.

On *protection end date* of this investment, if the aggregate deductible expenditure exceeds the trust income derived (excluding capital gains), the Commissioner may focus on the Investor's purpose for entering into the investment. If the deficit can only be explained by reference to factors such as the reduction of tax or the making of capital gains, the excess expense may not be deductible.

Capital protected borrowings

Taxation Laws Amendment (2006 Measures No 7) Bill 2006 ("Bill"), which is currently before the Senate (and has been referred to the Economics Committee), includes amendments originally announced by the Federal Government on 16 April 2003 and 30 May 2003 regarding the tax treatment of interest on "capital protected borrowings" for certain types of investments.

The application of the Bill depends on when the loan is made and the type of asset acquired. For amounts borrowed during the period 16 April 2003 to and including 30 June 2007 (which will be the case for the Investment Loan and Interest Loan), the Bill will apply if the asset acquired is a beneficial interest in:

- a share, unit or stapled security that is listed on an "approved stock exchange" (as defined for income tax purposes); or
- an interest in an entity that holds (directly or indirectly) a beneficial interest in shares or units listed on an approved stock exchange.

All of the *funds*, with the exception of the Perpetual Rubicon International Leaders Fund, fall within the second bullet point. The Perpetual Rubicon International Leaders Fund falls outside the scope of the Bill due to the fact that the Perpetual Rubicon International Leaders Fund holds a deferred purchase agreement over units in an unlisted trust. The deferred purchase agreement does not provide Perpetual Rubicon International Leaders Fund with a beneficial interest in the Rubicon International Leaders Fund until completion of the contract. As such, and subject to the other qualifications discussed in this Section 8, interest incurred on money borrowed to acquire Perpetual Rubicon International Leaders Fund units should be wholly deductible.

If an Investor borrows money by way of an Investment Loan to acquire units in a *fund* other than the Perpetual Rubicon International Leaders Fund, the Investor should:

- aggregate the Investment Loan interest and Put Option Premium;
- claim a deduction for 85% of this total expense; and
- capitalise the remaining 15% of these costs. This remaining 15% expense will be included in the Put Option's cost base.

It is not clear how Interest Loans will be recognised under the Bill. The more conservative approach, is to apply the 85/15 split in a manner consistent to the Investment Loan as discussed above. Consistent with this approach, an Interest Loan on the Perpetual Rubicon International Leaders Fund should not fall within these capital protected borrowing rules (and, subject to the other qualifications in this Section 8 of this PDS, should be wholly deductible).

Until this Bill is enacted as law, it is possible that the tax treatment set out above may change.

Section 51AAA

For completeness as an Investor may earn a capital gain from its investment, it is necessary to consider the impact of section 51AAA of the Income Tax Assessment Act 1936 ("1936 Act"). This provision denies deductions for amounts incurred solely for the purpose of earning a capital gain. However, if one of the main purposes of the investment is to earn income from the *funds*, section 51AAA should have no application.

Timing of interest deduction

Once the deductible portion of the interest expense has been ascertained in accordance with the principles outlined above, the following rules apply with regard to the timing of the interest deduction.

Interest paid in arrears

Interest paid in arrears will be deductible on a daily basis as the interest accrues.

Interest paid in advance

An Investor is entitled to prepay interest on an Investment Loan for 12 months. Prepaid interest that is less than \$1,000 will be deductible upfront. Where the interest is greater than \$1,000, special rules may apply. Specifically:

- an Investor that is an individual and is not carrying on a business (and is not a STS taxpayer) should be entitled to a deduction for the relevant interest prepayment in the income year in which it is made where the money is used to *directly* acquire *fund units* in a *fund* which has at least 300 beneficiaries and is a widely held unit trust (as defined). Although the Portfolio is held through a PPI trust – which in itself does not satisfy the widely held unit trust definition – our view is that

the Investor should be entitled to an upfront interest deduction where an Investor invests *solely* in widely held *funds* with more than 300 beneficiaries. That is, the fact that the investment is held through a PPI trust should not be relevant; and

- all other Investors will be required to spread the deduction for prepaid interest on a flat line basis over the Interest Period to which it relates.

In the case of an Interest Loan, all Investors will be required to spread the deduction for prepaid interest (in excess of \$1,000) on a flat line basis over the Interest Period to which it relates.

Reimbursed interest

Prepaid interest is generally non-refundable, though there is discretion for such amounts to be reimbursed. Any reimbursement of a deducted prepaid interest amount will form part of the assessable income of the Investor in the income year it is received.

Put Option (without a loan)

If an Investor does not borrow, the capital protected borrowing rules in the Bill cannot apply. In these circumstances, the cost base of the Put Option acquired by the Investor (if any) should include the entire Put Option Premium.

CGT provisions of Part 3-1 of the 1997 Act

The calculation of any capital gain or loss from the Portfolio under the CGT rules is directly attributable to the Investor. That is, any net capital gain or capital loss under the CGT rules does not form part of the net income calculation for the PPI trust outlined on pages 20 and 21. This is based on our view that an Investor is absolutely entitled as against Perpetual to the CGT assets in the Investor's Portfolio and, consequently, the CGT rules effectively look through a PPI trust to the underlying Investor as the sole relevant taxpayer.

Each unit, *call option* and put option is a discrete CGT asset.

The cost base/reduced cost base of a:

- *call option* - should include the Premium paid to acquire the *call option*;
- Put Option - should include the amount determined above (which varies depending on whether the Investor borrows); and



- *fund unit* - should include both the consideration paid to acquire the Unit plus, if the Unit is acquired by way of the exercise of a *call option*, the cost base of the *call option*.

The cost base of these assets will also include:

- incidental costs of acquisition and disposal, which can include costs such as professional Advisory fees and stamp duty on transfer (if any); and
- certain other non-deductible costs of ownership.

Where a *fund* has distributed amounts to the Investor that were not included in the net taxable income of the *fund* (typically referred to as a “tax deferred component”), these amounts will reduce the cost base of the *fund units*. (Refer to the *fund*’s PDS for more information on this issue).

The reduced cost base of a CGT asset does not include these two additional amounts.

Taxable CGT events

The expiry of a *call option*, sale or redemption of a *fund unit* and expiry of a *Put Option* are all taxable events that will have consequences under the capital gains provisions of Part 3-1 of the 1997 Act. The exercise of a *call option* is not a taxable event.

Expiry of a Call Option

If a *call option* expires unexercised (which is unlikely), the Call Premium would be recognised as a capital loss at the time of expiry. The exercise of a *call option* is not a taxable event for an Investor. Instead, the cost base of the *fund units* acquired will include the cost base of the *call option*.

Sale or redemption of a Unit

On the sale or redemption of a *fund unit*, Investors should make a capital gain/loss equal to the money, and the market value of any other property, received on sale/

redemption less the cost base/reduced cost base of the Unit.

In the context of the redemption of a Unit, an Investor may need to reduce the redemption proceeds for CGT purposes for any trust income received at that time (Investors should refer to the relevant *funds* PDS to determine whether investors are entitled to trust income on redemption).

Exercise or Expiry of a Put Option

The preferred view is that the gain made by an taxpayer from the exercise of the Put Option should be assessed under the capital gains provision of the 1997 Act. The preferred view is that section 134-1(4) of the 1997 Act, which exempts gains from the exercise of a Put Option from the scope of the CGT rules, should not apply to Australian dollar cash settled put options. The capital gain would equal the Cash Settlement Amount received on exercise less the amount included in the cost base of the Put Option (which varies as discussed above depending on whether the Investor has borrowed). In the unlikely event that the Put Option is exercised, this issue should be referred to your own tax adviser.

If a *Put Option* expires unexercised, the Investor should make a capital loss equal to the cost base of the *Put Option* at the time of expiry.

Capital losses

Capital losses can only be offset against capital gains assessed under Part 3-1 of the 1997 Act and cannot be offset against other types of income.

CGT discount concessions

If the Investor is an individual the Investor may be able to benefit from CGT discount concessions for capital gains made from CGT assets held for at least 12 months.

The discount for individuals is 50%. If this discount is available, only 50% of any assessable net capital gain will be included

in the assessable income of the Investor. This discount is applied after taking into account any available capital losses.

For capital gains purposes:

- the *call options* and put options are acquired on grant;
- *fund units* acquired as a consequence of the exercise of a *call option* are acquired at the time the *call option* is exercised; and
- *fund units* otherwise held are acquired at the time the acquisition contract is entered into.

Qualifying Securities & Traditional Securities

Qualifying and traditional securities are taxed under specialised taxing regimes in section 26BB, section 70B and Division 16E of the 1936 Act.

The potential application of these rules to a put option, *call option* and unit are discussed below.

Put Options

There is a risk that the Commissioner may argue that cash settled derivative contracts like the *Put Option* are securities and any gain on exercise should be recognised as assessable income under section 26BB.

On balance, the preferred view is that section 26BB should not apply to any gain on exercise of the Put Option. The tax definition of a security should not include contracts where there is a mere contingent right to payment of an amount which, at the time of acquisition, is not expected (which is clearly the case for the Put Option). In any event, as section 26BB is limited to the “disposal” or “redemption” of a security, it is arguable that the “exercise” of a put option is not an event that can be taxed under section 26BB.

If the gain from the exercise of the Put Option is recognised under section 26BB

(contrary to our preferred view), this amount would be effectively excluded from the capital gains regime by section 118-20 of the 1997 Act.

In the unlikely event that the *Put Option* is exercised, this issue should be referred to your tax Adviser.

Call Options

The *call options* are not securities. Although this definition of a security is extremely broad, it is our view that it does not include a contract or option for the acquisition of units in a trust and consequently *call options* should not be taxed under these provisions.

Units

The Units should not be securities for tax purposes. Investors should refer to the tax section in the 'Relevant *funds*' offer document (or page 12 of this PDS for the Perpetual Rubicon International Leaders Fund) or, more generally, paragraphs 34 to 39 of Income Tax Ruling TR96/14 where guidance is provided by the Commissioner.

Ordinary income

On the assumption that the Investors will hold their investment on capital account, the gains (if any) made from selling *Fund Units* or exercising a *call option* or *Put Option* should not be ordinary income.

However, for other types of Investors, this may not be case. For instance, Investors that hold the investment on revenue account or invest in the course of carrying on a business may need to recognise any gains made from the realisation of their investments on revenue account as ordinary income (and not under the capital gains provisions). As discussed on page 18, such Investors are outside the scope of this section 'Tax'.

Overdue amounts

Interest which accrues on overdue amounts should be deductible under section 8-1(1) if (and only if) the underlying debt relates to the acquisition of an income producing asset.

Loan Establishment Fees and Security Registration Fee ("Fees")

These Fees are not required to be capitalised under the capital protected borrowing rules in the Bill. Any Fees paid by an Investor on an Investment Loan should be deductible under section 25-25 of the 1997 Act. On the assumption that the Investment Loan is for seven years, the fee should be deductible:

- (a) over the first five years of the Investment Loan (if the Investment Loan is repaid early, the amount will be deductible over the actual period of the Loan); or
- (b) if the Fees are \$100 or less, they will be deductible in the year they are paid.

Where there is an Early Repayment of the Investment Loan the remaining portion of the Fees should be deductible in the year of the Early Repayment.

Interest Switching Fee and Early Repayment Fees (if any)

Any Interest Switching Fee and Early Repayment Fee should be deductible at the time of payment.

Security Release Fee

The Security Release Fee should be deductible at the time of payment under section 25-30 of the 1997 Act.

Adviser Service Fee

The deductibility of the Adviser Service Fee depends on why the amount was paid. If it is paid for the purpose of drawing up a new investment or financial plan, the amount is not deductible. In contrast, a fee payable for the ongoing management of a Portfolio, which can include the switching of investments, is typically deductible under section 8-1(1). Investors should discuss this with their Adviser.

Other Fees

The deductability of any other fees, such as information retrieval fees, direct debit fees and any other miscellaneous fees, also depends on why the amount was paid. Investors should also discuss the deductibility of any such fees with their own tax adviser.

Part IVA

Part IVA of the 1936 Act is the general anti-avoidance rule. For it to apply to an Investor there must be:

- a "scheme";
- a "tax benefit" obtained by the Investor in connection with that scheme; and
- based on a consideration of the matters set out in section 177D(b) of the 1936 Act, a conclusion formed that, objectively speaking, the dominant purpose of any person who entered into or carried out the scheme was to enable the Investor to obtain that tax benefit.

Investors should discuss Part IVA with their own tax adviser to ensure that it does not apply to the Investor's investment in the Product. These comments are equally applicable to an investment in the Perpetual Rubicon International Leaders Fund discussed below.

Taxation of financial arrangements

The Government has been proposing reform to the taxation of financial arrangements ("**TOFA**") for over ten years. On 3 January 2007, the Government released an Exposure Draft entitled *Tax Laws Amendment (Taxation of Financial Arrangements) Bill 2007* which outlines a new regime for the taxation of "financial arrangements". The Government has announced that this new regime will only apply prospectively to "financial arrangements" that you "start to have" after 1 July 2008 (or possibly 1 July 2007 for taxpayers that elect to bring forward the start date).

As currently drafted, the TOFA provisions should not apply to the Product. If TOFA is enacted within the timetable proposed, Investors "start to have" this financial arrangement by, at the latest 15 June 2007 falling outside the transitional scope of the TOFA provisions.

Until the proposed TOFA rules are enacted as legislation it is not possible to determine the precise scope of these rules.

GST

GST generally applies at the flat rate of 10% to the provision of services by an entity registered or required to be registered for GST. It follows that GST will apply to; administration services, management services including fees based on performance and Advisory services supplied to anyone including Investors.

Some supplies are input taxed, that is, no GST is charged on the supply. The making of a loan (including consideration for a loan such as the Loan Establishment Fee) will not have GST charged on the supply. Fees payable because of alteration of the loan terms will also not have GST charged on the supply e.g. Early Repayment fees and Interest Switching fees. Withdrawal fees payable for Early Termination by the Investor will not be taxable. The supply of options, *fund units* and the earning of income from units will be input taxed, or outside the scope of GST, that is, not taxed at all. The consequence of input taxation for the Investor, even if it is registered, is the inability to obtain input tax credits for GST incurred on the Investor's expenses, relating to the input taxed supply (e.g. administration fees, management fees and Advisers' fees).

Some fees for a specific service e.g. fees for registration of securities are subject to GST (unless the fee is simply reimbursement of an amount incurred as agent for a service supplied directly to the Investor).

Where GST amounts are included in charges to the Investor, it is unlikely that the Investor will recover any of it by way of input tax credit unless, amongst other things, the Investor is registered for GST. Most private Investors will not be able to register.

Payment of the difference between the protected amount and the value of the portfolios as agreed does not trigger a GST liability.

Tax File Numbers

An Investor can not invest in the product without providing their tax file number ("TFN"), Australian Business Number or appropriate information relating to an TFN exemption. As such, TFN withholding (applicable to certain investments where this information is not provided) should not apply.

Tax Consequences for Perpetual Rubicon International Leaders Fund

Perpetual as the responsible entity of the Perpetual Rubicon International Leaders Fund is required to calculate the net income of the Perpetual Rubicon International Leaders Fund as if it were an Australian resident taxpayer. The net income of the Perpetual Rubicon International Leaders Fund may include:

- Interim and Annual Contingent Coupons;
- Quarterly Fees;
- assessable gains arising from Early Withdrawals;
- post *protection end date*, net income from the Rubicon International Leaders Fund ("Rubicon Trust") i.e. when the Perpetual Rubicon International Leaders Fund holds Rubicon Trust Units;
- post *protection end date*, assessable capital gains (or capital losses) from the sale of Rubicon Trust Units.

Generally, no Australian income tax will be payable by the Perpetual Rubicon International Leaders Fund as Investors will be presently entitled to the distributable income of the Perpetual Rubicon International Leaders Fund for each year of income ended 30 June. If for any reason there is net income of the Perpetual Rubicon International Leaders Fund to which no Investor is presently entitled, the Perpetual Rubicon International Leaders Fund will be subject to tax at the highest marginal tax rate (plus Medicare levy).

Annual Distributions and Monthly Distributions

These amounts are recognised by Perpetual Rubicon International Leaders Fund on a receipts basis and represent Australian sourced ordinary income.

Income from investment in Rubicon Units

Post the *protection end date*, the net income of the Perpetual Rubicon International Leaders Fund may include distributions from the Rubicon Trust (i.e. as Perpetual Rubicon International Leaders Fund will be a beneficiary of the Rubicon Trust). Investors should refer to the Rubicon Trust's PDS to obtain general tax information regarding this investment.

Completion of DPA

The deferred purchase agreement is a contract for the acquisition of Rubicon Trust Units.

On *protection end date*, the Perpetual Rubicon International Leaders Fund is entitled to receive Rubicon Trust Units. The transfer of the Rubicon Trust Units by Deutsche Bank to the Perpetual Rubicon International Leaders Fund on *protection end date* involves the satisfaction of the Perpetual Rubicon International Leaders Fund's rights under the deferred purchase agreement. This should not be a CGT event from the perspective of PIML.

There is technically a risk that completion of the deferred purchase agreement is, in itself, a taxable CGT event for the Perpetual Rubicon International Leaders Fund – crystallising an assessable capital gain equal to the market value of the Rubicon Trust Units delivered less the consideration paid under the deferred purchase agreement. However, while the Commissioner's view is currently not clear, the preferred view is that the ATO should not argue this point in the context of this product. Rather, in accordance with its non-binding draft 1998 Discussion Paper, the CGT provisions apply on a "look through" basis to the acquisition of the Rubicon Trust Units in a manner consistent with section 112-25 of the 1997 Act. Any other result would be contrary to the intended operation of the CGT provisions and would tend to make provisions like section 104-510 of the 1997 Act effectively irrelevant.

Sale or redemption of Rubicon Trust Units

The sale or redemption (or other disposition) of the Rubicon Trust Units held by the Perpetual Rubicon International Leaders Fund will be a CGT event.

A capital gain arises for the Perpetual Rubicon International Leaders Fund where the proceeds from the CGT event exceed the cost base of the Rubicon Trust Units sold or redeemed. If the proceeds are less than the reduced cost base of the Rubicon Trust Units, then Perpetual Rubicon International Leaders Fund will make a capital loss.

The proceeds should include the money (or other property) the Perpetual Rubicon International Leaders Fund receives or is entitled to receive in respect of sale of the Rubicon Trust Units.

The cost base of the Rubicon Trust Units held by Perpetual Rubicon International Leaders Fund should include:

- money the Perpetual Rubicon International Leaders Fund pays to acquire the Rubicon Trust Units under the terms of the deferred purchase agreement – which will include both the initial prepayment Amount and the reinvested distributions paid to acquire the Rubicon Trust Units under the deferred purchase agreement;
- incidental costs of acquisition and disposal, which can include costs such as professional advisory fees and stamp duty on transfer (if any); and
- non capital costs of ownership of the Rubicon Trust Units.

The reduced cost base of the Rubicon Trust Units includes the first two bullet points, but not the third.

The Perpetual Rubicon International Leaders Fund may be entitled to CGT discount concessions in relation to capital gains realised from the disposal of Rubicon Trust Units which have been held for at least 12 months. The discount for trusts is 50%. If this discount is available, only 50% of any assessable net capital gain will be included in the net income of the Perpetual Rubicon International Leaders Fund. This discount is applied after taking into account any available capital losses.

For capital gains purposes, the Rubicon Trust Units are acquired at the time the deferred purchase agreement is entered into.

Early Withdrawal

Early Withdrawal by an Investor from the Perpetual Rubicon International Leaders Fund will result in the payment of an Early Withdrawal Amount by Deutsche Bank to the Perpetual Rubicon International Leaders Fund. This amount will be recognised by Perpetual Rubicon International Leaders Fund as assessable income and will not qualify for the CGT discount concessions.

Additional Units in the Perpetual Rubicon International Leaders Fund

Unless an Investor directs otherwise, Perpetual (as responsible entity of the PPI) will on behalf of the Investor apply a portion of the distributions from Perpetual Rubicon International Leaders Fund (after payment of fees) to acquire additional units in Perpetual Rubicon International Leaders Fund. The cost base of the additional units acquired in Perpetual Rubicon International Leaders Fund will be the amount so applied.

United Kingdom Taxation

The following, which applies only to Investors who are the beneficially entitled to payments under a call option, a put option, or deferred purchase agreement (each a “**Transaction**”) owners of the Transactions, is a summary of Perpetual’s understanding of current United Kingdom (UK) tax law and H.M. Revenue & Customs (**HMRC**) practice as at the date of this PDS relating to certain UK aspects of the Transactions. It is not a comprehensive analysis of the UK tax consequences arising in respect of the Transactions and so should be treated with appropriate caution. Prospective Fund Investors who are in any doubt about their UK tax position should seek their own professional advice.

United Kingdom Withholding Tax

Payments made by the London branch of Deutsche Bank AG (“DB London”) in respect of any Transactions may be treated as having a UK source for UK withholding tax purposes. However, provided that any such Transaction qualifies as a “derivative contract” within the meaning of paragraph 2(1) Schedule 26 Finance Act (“FA”) 2002 and the profits and losses arising from such Transaction are recognised by DB London for UK corporation tax purposes, payments by DB London in respect of such Transactions will, by virtue of paragraph 51 Schedule 26 FA 2002, be payable without withholding or deduction for or on account of UK income tax.

In the case of any Transaction which is not a “derivative contract” as described above, UK source payments thereunder by DB London will only be subject to withholding or deduction for or on account of UK income tax if such payments are

treated as “yearly” interest or “annual payments” for UK tax purposes.

Where any payments by DB London in respect of a Transaction are treated as “yearly” interest for UK tax purposes, the relevant Investor will be entitled, under Article 11 of the UK/Australia double tax treaty of 21 August 2003 (Treaty) and subject to meeting the applicable conditions for Treaty relief, to claim a reduced (10%) rate of withholding or deduction for or on account of UK income tax.

Where any payments by DB London in respect of a Transaction are treated as “annual payments” for UK tax purposes, the relevant Investor will be entitled, under Article 20 of the Treaty and subject to meeting the applicable conditions for Treaty relief, to claim exemption from withholding or deduction for or on account of UK income tax.

In either case, the principal applicable conditions for Treaty relief are that (i) the relevant Fund Investor is a tax resident of Australia, (ii) the payments in question are beneficially owned by such Investor and (iii) no such payment is attributable to a business carried on by or on behalf of such Investor through a permanent establishment in the UK.

Stamp Duty and Stamp Duty Reserve Tax

No UK stamp duty reserve tax is payable on the issue or transfer of any securities pursuant to any Transaction which are not “chargeable securities” within the meaning of section 99(3)FA 1986. Broadly, “chargeable securities” do not include securities which are issued or raised by a body corporate not incorporated in the UK, unless they are registered in a register kept in the UK by or on behalf of the body corporate by which they are issued or raised or certain other limited circumstances apply.

No UK stamp duty is payable on any agreement constituting the issue or transfer of any securities pursuant to any Transaction provided that no such agreement or instrument of transfer of any such securities is executed within or brought in the UK.

Additional information

Applying to invest

Processing your application

Your application money is held on trust in a bank account until the application is processed and interests in the *fund* are issued to you. For incomplete applications, application money is held in this account until we receive the required information. We retain any interest earned on this bank account. If we do not receive the required information before 15 June 2007, we will decline your application and return your money to you. We have absolute discretion to accept or reject any application.

Tax File Number/Australian Business Number

In order to participate in the product, we require you to provide your TFN or exemption information (if applicable).

An Australian Business Number (ABN) may be used as an alternative to a TFN if your participation in the product is undertaken in the course of carrying out an enterprise.

We are authorised under taxation laws to collect TFNs and ABNs in connection with your investment in the *Funds*.

Cooling-off rights

As an investor in the Product, you have up to 19 days from the day you invest (cooling-off period) to have your investment repaid. The amount that is repaid will be adjusted taking into account any transaction costs and any increase or decrease in value of your investment. Any taxes paid will be refunded. Investments repaid may create a taxable gain or loss. We recommend that you seek professional advice from your financial and/or tax Adviser. Your right to be repaid during the cooling-off period does not apply if you exercise any of your rights as an investor in the Product or if you are a wholesale client (as defined in the Corporations Act). If you would like your investment to be repaid during this period write to us stating you would like to exercise your cooling-off rights.

Minimum level of applications for an investment strategy

We need a minimum value of applications for each *investment strategy* in the Product to effectively manage the strategy. If we do not receive enough applications in any particular *investment strategy*, we will not be able to offer that strategy as part of the Product.

If this happens, based on your instructions in the application form, we will either allocate the relevant application money across the other *investment strategies* in the Product that you have selected (on a pro rata basis) or contact you for further instructions.

How is my portfolio operated?

Power of attorney

When we accept your application you will be recorded as a *portfolio* holder. You have an absolute and indefeasible interest in possession to all of the assets of your *portfolio* (including income) and no interest in other investors' *portfolios* (see page 4). You grant us a revocable *power of attorney* so we can carry out the *investment strategies* and pay fees and expenses on your behalf. Revoking or varying the *power of attorney* will be treated as a withdrawal from the Product.

Distributions

We will collect distributions on your behalf where the *fund* has *net income* to distribute.

The Perpetual Rubicon International Leaders Fund pays monthly and annual distributions as they are received under the *deferred purchase agreement*. The calculation for monthly distributions under *deferred purchase agreement* is 0.75% per year (pro-rated for the number of days in the month) multiplied by the value of the *reference portfolio*. Monthly distributions are generally paid around the 27th calendar day of the month to your *cash account*. You are required to pay the administration fees for the Product and Perpetual will pay them for you from your *cash account* in accordance with the *power of attorney*.

The Perpetual Rubicon International Leaders Fund may receive an annual distribution under the *deferred purchase agreement* when the value of the *reference portfolio* increases by at least 5% for the year ended 30 June. The amount of the distribution will be 60% of the increase in the value of the *reference portfolio* above 5%. For example, if the value of *reference portfolio* has increased by 8% over the period, the distribution will be 1.8% (being $60\% \times (8\% - 5\%)$) of the net asset value of the *reference portfolio*.

Distributions are paid into the relevant *cash account in your portfolio*. Any balance in a *cash account* may be reinvested in accordance with your power of attorney to increase your direct holding in either the fund and call options. Any remaining balance in your *cash account* will be paid to you as soon as practicable after 30 June each year.

Fees are deducted from your *cash account* in accordance with your *power of attorney*. The balance in your *cash account* will be paid to you as soon as practicable after 30 June each year.

Depending on your circumstances you may have to pay income tax for your distributions regardless of whether you received (all or part of) them in cash or they were reinvested. For more information please see 'Tax' on page 16 of this PDS.

Can I withdraw from, transfer or mortgage my investment?

Withdrawal

You can withdraw all or part of your *portfolio* (or the cash equivalent of all or part of your *portfolio*) from the Product by giving us sufficient notice of your request to enable us to unwind the relevant investment arrangements. To do so, please write to us, noting that you would like to withdraw part of your investment (specified as a percentage of your *portfolio*), on or before the first business day of the last month of a calendar quarter. For example, for the quarter ending 30 June, we would need to receive your notice by 1 June.

For the Perpetual Rubicon International Leaders Fund, your withdrawal will be

processed on the last day of the month following the next calendar quarter (in the above example, on 31 October). For all other *investment strategies* your withdrawal request will be processed on the last day of the calendar quarter (in the above example, on 30 June). If that is not a *business day*, it will be processed on the prior *business day*, using the exit price at the close of that day (the withdrawal date). The withdrawal proceeds will usually be available within 25 *business days* from the day we process your notification.

If you make a withdrawal before the *protection end date*, the *protected amount* will be reduced in proportion to the amount that you withdrew. If you withdraw your entire *portfolio* before the *protection end date*, your *investment amount* will not be protected. Depending on the performance of the *fund* you invested in, the value of your *portfolio* may be less than your *investment amount*.

The withdrawal proceeds will be net of any outstanding fees and charges. We may sell some of the *fund units* to pay any outstanding fees and charges (in accordance with your *power of attorney*). We will endeavour to pay withdrawal proceeds to you as soon as practicable. The maximum time to process your withdrawal is 180 days after the end of that quarter. However, if (in the particular circumstances) it is not practicable for us to process your withdrawal within this time, we must do so as soon as it becomes practicable.

Because you are the owner of the assets in your *portfolio*, you can also request the immediate withdrawal of your *portfolio* assets at any time prior to the *protection end date* and we will transfer them to you. However, you may not be able to receive cash immediately from selling these assets, and the value of the assets will not be capital protected, once withdrawn.

If you want us to sell your assets for you (under the *power of attorney*) we can do so, but you will still be subject to the withdrawal provisions for the *funds*. This means that you may not be able to get cash proceeds immediately. For some *funds*, such as the Perpetual Rubicon International Leaders Fund, withdrawals may only be made quarterly, with notice provisions of up to 5 months. This is because of the liquidity of the underlying assets held by the *fund*.

You should obtain financial advice before requesting an immediate withdrawal of your

assets from your *portfolio* as you are unlikely to be able to obtain cash immediately.

If, at any time prior to the *protection end date*, you want us to transfer just your *call options* or *put options* to you (rather than all or a proportion of your *portfolio*), we will. Deutsche Bank (as issuer of the options) has the right to bring forward the expiration date for the *call options* and cash settlement date for the *put options* to the transfer date. If it does this, we will exercise the options for you (in accordance with your *power of attorney*) and you will receive the relevant *fund units* if the call option is exercised, or cash if the put option is exercised. (This does not apply to the Perpetual Rubicon International Leaders Fund *investment strategy*, as you do not acquire *put* or *call options* under this strategy. (For more detail see the Summary of call and put option agreements on page 28).

Mortgage of units

We may, in our absolute discretion, note certain mortgagee interests over an investment (including any distribution reinvested from that investment).

Transfers

To transfer *fund units* to another person you will need to withdraw them from your *portfolio* (see 'Withdrawal' on page 22) and direct us to transfer them to the other person on your behalf. The portion of your *portfolio* withdrawn will not be capital protected. Transfers to another person will only be possible where permitted by the constitution and PDS for the relevant *fund*.

A transfer of your interest in the Product (that is a transfer of your rights as registered holder of your *portfolio*) will only be accepted in the case of death, incapacity or change of trustee. In these circumstances we require written instruction and any other documents we consider appropriate. Nominal stamp duty will apply.

A transfer of *fund units* or of your interest in the Product may have tax implications (see 'Tax' on pages 16 – 21).

What happens at the protection end date?

At the *protection end date* we will transfer custody of your *fund units* to you or to an IDPS platform nominated by you. We can only transfer custody to you if you meet the requirements of the *fund* for minimum investment amounts or if the responsible

entity of the *fund* agrees to waive them for you.

The value of your *fund units* at the *protection end date* will be net of outstanding fees and charges. If there is insufficient cash in your *cash account* at the *protection end date*, we will sell some of the *fund units* to pay outstanding fees and charges (in accordance with the *power of attorney*) before transferring custody of the units according to your instructions. Your *fund units* will not be capital protected after the *protection end date* and their value may fall.

Where can I get information about my account?

Online Account Access

You can access information about your *portfolio* online, including:

- a list of your accounts
- your *portfolio* asset allocation
- a list of investments in each of your accounts
- a summary of transactions
- a detailed list of transactions.

You can also download this information in a format that may be accessed by many other applications, for example accounting software or a spreadsheet. To register for Online Account Access please complete the relevant section on the application form.

Please refer to the Online Account conditions of use on page 25.

Continuous Disclosure Documents

The Product may be subject to certain regular reporting and disclosure obligations. Copies of the documents lodged with ASIC in relation to the Product may be obtained from an ASIC office.

As an investor in the Product you have the right to the following documents from us:

- the annual financial report (including financial statements) we lodged with ASIC for the Product
- any half-year financial report (including financial statements) lodged with ASIC for the Product
- any continuous disclosure notices provided by us in respect of the Product after lodgement of the above

mentioned annual financial report and before the date of this PDS

Reports

We will send you:

- an investment confirmation, confirming your investment in the product
- an initial investment statement showing your *fund units* and the *protected amount* this equates to
- a distribution statement detailing any distribution from your *fund units*
- an annual financial report for each financial year ending 30 June (including financial statements) sent within three months of year end (optional)
- an annual tax statement for each financial year ending 30 June, generally sent by the end of August, detailing income and capital gains information for your tax return, including realised capital gains and losses on disposal of assets in your *portfolio*
- periodic statement at least yearly or when you exit the Product
- a Withdrawal Statement for any withdrawal(s) you make from the Product

These reports will also be sent to your *Adviser*.

What do you do with my personal information?

Privacy

Privacy laws apply to the way we and the Lender handle your personal information. We and the Lender collect information about you from your application form to establish and support the administration of your *portfolio* and to advise you of new developments. By applying to invest in the Product and to borrow to invest, you agree with this usage. We and the Lender can't process your application or administer your *portfolio* if you don't provide your personal information. The Corporations Law requires us to collect some personal information from you before we issue your interest in the Product. You will be entitled to access all your personal information that we and the Lender hold about you (subject to limited exceptions) and can ask us to correct information that is wrong. If you would like access to your personal details or have any questions, please contact us.

Disclosure

We maintain a record of the information required to establish your account. This may include some of your personal information that is provided to us. We may disclose your personal information to:

- external parties that provide services to us in relation to the Product (eg providers of printing or postal services)
- other members of the Perpetual Group for the purposes described under 'Your privacy' above.

We also disclose information about your investments to your *Adviser*. We will not disclose your personal information to any other parties unless required by law.

Our privacy policy is at www.perpetual.com.au.

Enquiries and complaints

If you have an enquiry, you can either call Perpetual's Investor Services Centre toll free on 1800 002 513 during business hours (Sydney time) or write to Reply Paid 5126 Perpetual Protected Investments, GPO Box 5126, Sydney 2001. We will endeavour to respond to your enquiry within 30 days.

If you are not completely satisfied with the service you have received please contact us and we will respond within five business days, making every effort to resolve your issue within 30 days of us being notified.

If your complaint remains unresolved after 45 days and the disputed amount is less than \$100,000, you may refer it to the Financial Industry Complaints Service (FICS) on 1300 780 808. We are a member of FICS, an external dispute resolution service that helps resolve issues with financial service providers. FICS's address is PO Box 579, Collins Street West, Melbourne, Victoria 8007 and the phone number is 1300 780 808. FICS's website is www.fics.asn.au.

Consents

All companies mentioned in this PDS have consented to the statements made by them and in the context in which appear.

The investment managers have prepared and consented to the statements about them in this PDS. The companies that have consented have not withdrawn their consent before the issue date of this PDS

and have not authorised or caused the issue of this PDS.

Constitution

This Product is a managed investment scheme governed by its constitution (**Constitution**) and regulated under Chapter 5C of the *Corporations Act 2001* (**Corporations Act**). Perpetual is the responsible entity of the Product. The Constitution is executed by Perpetual for the benefit of the investor and each investor is entitled to enforce the constitution. The terms of your *portfolio* (other than your instructions which appear in the *power of attorney*) are detailed in the Constitution. The following summary lists other important terms of the Constitution.

Product property held on trust

We hold each *portfolio* on a separate trust for the relevant investor and may appoint a custodian to hold the assets of the *portfolios*.

Commencement, duration and winding-up

The Product starts when we first receive application monies for the Product. We may end the Product by giving at least a month's notice to investors. The Product will end just before the 80th anniversary of the date of the Constitution, if it is not wound up before then.

When the Product ends, we must (unless assets are transferred to investors) realise the assets and distribute the net proceeds (after paying fees and liabilities) to the investors. Following distribution, we are discharged from further obligations.

Issue of interests in the Product

We can set minimum levels for applications and *portfolio values*, restrict when applications can be made, and reject an application without giving reasons.

An interest in the Product is issued on receipt of application monies and approval of the application. No rights accrue to an investor until their name is entered in the register. No certificates will be issued unless we decide to do so.

Our investment powers

We must invest the assets of a *portfolio* as instructed by the Investor. Subject to this restriction we have the power in relation to the Product that is legally possible for a natural person, trustee, or corporation

to have, including to deal in any property (including any financial product).

Our rights and liabilities

We are entitled to fees (see 'What are the fees and other costs' on page 10). We and our associates may:

- deal with our associates, the Product, any investors and ourselves in relation to the Product and we may be acting in different capacities
- be interested in any contract or transaction with our associates, the Product or any investor and retain for our own benefit any associated profits or benefits
- act as responsible entity, trustee, investment manager or similar capacity for any other scheme, subject to acting in accordance with our duties under the Corporations Act.

To the extent permitted by the Corporations Act and any indemnity allowed by the Corporations Act, we are entitled to be indemnified from your *cash account* for any liability incurred by us in the proper performance of our duties or powers in relation to the Product.

Subject to the Corporations Act, we are not liable to the investors in contract, tort or otherwise for loss suffered in relation to the Product except if the loss is caused by our fraud, negligence or breach of trust.

Subject to the Corporations Act, our liability to any person (including an investor) in respect of the Product is limited to the extent to which we are indemnified out of the assets for that liability.

We are not required to do anything:

- unless we are satisfied that our liability is satisfactorily limited; or
- for which we do not have full indemnity of the assets available for that purpose and in respect of which there are sufficient assets to fully discharge any such liability we consider.

We may retire when we want to and may appoint another company to be the new responsible entity, subject to the Corporations Act.

Rights and liabilities of Investors

The liability of an Investor with respect to the product is limited to the value of their *portfolio*.

We may convene a meeting of Investors at any time as prescribed by the Corporations Act and must do so on receipt of a Investors' request made in accordance with the Corporations Act. A dissatisfied Investor is entitled to complain to us in accordance with the procedure defined in the Constitution.

Changing the Constitution

We may change the Constitution, subject to the Corporations Act.

Corporations Act requirements

Subject to any relief we may obtain, the terms of the Constitution are subject to the requirements of the Corporations Act. This means we must do certain things, including:

- hold application money in a complying account until the interest in the Product is issued or the money is repaid. We will retain any interest on this money.
- repay the amount required by the Corporations Act if an investor exercises their cooling-off rights
- value assets in accordance with the compliance plan and when required by the Corporations Act
- prepare accounts of the Product (or cause them to be prepared) in accordance with generally accepted accounting principles as they apply to managed investment schemes, ensuring that the accounts are maintained, audited and reported on as prescribed by the Corporations Act
- appoint an independent registered company auditor to audit the accounts of the Product.

Online Account Access

If you choose to have Online Account Access (see page 23), we'll post your login ID and password separately (for security purposes), and instructions on how to activate your login details online to your postal address.

Conditions of use

The following conditions of use apply:

- You will be able to access information with a Login ID or Adviser ID and internet Online Account Access password. You may also be asked for a secret question and secret answer. You remain responsible for keeping all of these confidential.
- We will give access to your information to any person who uses your Login ID or Adviser ID and internet Online Account password or who you appoint as your online representative or who complies with any other security procedure that we may use from time to time. Any action by that person will be taken to be by you.
- If you would like to appoint another person as your online representative you can choose not to disclose your unique ID to your nominated representative. In this case you will be given a separate ID for that person to use in their capacity as your online representative.
- You must tell us immediately if you suspect that any unauthorised person has gained access to your Login ID or Adviser ID or internet Online Account Access password.
- There may be times when we cannot provide access to Online Account Access although we will use all reasonable efforts to enable you to have access.
- We can only take responsibility for the reliability of data and information that is within our control. We are not responsible for transmissions of any computer virus or other unwanted programs or information resulting from or associated with your use of our Online Account Access. We are not responsible for the accuracy or content of information or material which we provide to you and which you edit, amend, alter and then provide to any third party or provide such information in a different form from that which was provided by 'Online Account Access'.
- We may suspend or cancel your access to Online Account Access but if possible, we will give you notice before we do so.
- We may vary these conditions from the time that you are notified.

- We may give you notices in relation to your use of Online Account Access by email or other forms of electronic communication.
- We will securely hold, maintain and store your personal information and will ensure that appropriate security measures are in place to maintain the personal information that you have given us, prevent unauthorised access and ensure correct use of information.
- You authorise Perpetual and any other company within the Perpetual Group and any agents it may appoint to use your personal information for the delivery of the Online Account Access service.
- You acknowledge that anything associated with or available through Online Account Access belongs to Perpetual or other third parties and is protected by intellectual property rights.
- You agree that you will not interfere with or damage (or attempt to interfere or damage) any code, data or software associated with Online Account Access.
- You release, discharge and indemnify Perpetual from and against liabilities suffered or incurred by you or by Perpetual or any other company of the Perpetual Group (including, but not limited to, its directors, officers, employees) as a result of our use of our Online Account Access service.

Direct Debit Request Service Agreement

This agreement must be read prior to completing the Direct Debit Authorisation.

Definitions:

- **Account** means the account held at your financial institution from which we are authorised to arrange for funds to be debited.
- **Agreement** means this Direct Debit Request Service Agreement between you and us.
- **Business Day** means a day other than a Saturday, Sunday or a bank or public holiday in NSW.
- **Debit day** means the day that payment by you to us is due.
- **Debit payment** means a particular transaction where a debit is made.

- **Direct debit request** means the Direct Debit Request between us and you.
- **Us or we** means Perpetual Investment Management Limited and the Lender, which you have authorised by signing a direct debit request.
- **You** means the customer who signed the direct debit request.
- **Your financial institution** is the financial institution where you hold the account from which you have authorised us to arrange a debit.
- **Your financial institution** is the financial institution where you hold the account from which you have authorised us to arrange a debit.

1. Debiting your account

- 1.1 By signing a **direct debit request**, you have authorised **us** to arrange for **funds** to be debited from your **account**. **You** should refer to the **direct debit request** and this **agreement** for the terms of the arrangement between **us** and **you**.
- 1.2 **We** will only arrange for **funds** to be debited from your **account** as authorised in the **direct debit request**.
- 1.3 If the **debit day** falls on a day that is not a **Business Day**, **we** may direct **your financial institution** to debit your **account** on the following **Business Day**. If **you** are unsure about which day your **account** has or will be debited **you** should ask **your financial institution**.

2. Changes by us

- 2.1 **We** may vary any details of this **agreement** or a **direct debit request** at any time by giving **you** at least fourteen (14) days written notice.

3. Changes by you

- 3.1 **You** may change the arrangements under a **direct debit request** by contacting **us** on **1800 002 513** during business hours (Sydney time).
- 3.2 If **you** wish to stop or defer a **debit payment**, **you** must either contact **us** on **1800 002 513** or notify us in writing, in both cases, at least five **Business Days** before the next **debit day**. This notice should be given to us in the first instance.
- 3.3 **You** may also cancel your authority for **us** to debit your account at any time by contacting us on **1800 002 513** or

notifying us in writing, in both cases, at least five **Business Days** before the next **debit day**. This notice should be given to **us** in the first instance.

4. Your obligations

- 4.1 It is your responsibility to ensure that there are sufficient clear **funds** available in your account to allow a debit payment to be made in accordance with the direct debit request.
- 4.2 If there are insufficient clear **funds** in your account to meet a debit payment:
 - (a) **you** may be charged a fee and/or interest by **your financial institution**
 - (b) **you** may also incur fees or charges imposed on incurred by **us** and
 - (c) **you** must arrange for the **debit payment** to be made by another method or arrange for sufficient clear **funds** to be in your **account** by an agreed time so that **we** can process the **debit payment**.
- 4.3 **You** should check your **account** statement to verify that the amounts debited from your **account** are correct.
- 4.4 If we are liable to pay goods and services tax (GST) on a supply made in connection with this **agreement**, then **you** agree to pay us on demand an amount equal to the consideration payable for the supply multiplied by the prevailing GST rate.

5. Dispute

- 5.1 If **you** believe that there has been an error in debiting your **account**, **you** should notify **us** directly on **1800 002 513** during business hours (Sydney time) and confirm notice in writing with us as soon as possible so that **we** can resolve your query more quickly.
- 5.2 If **we** conclude as a result of our investigations that your **account** has been incorrectly debited **we** will respond to your query by arranging for **your financial institution** to adjust your **account** (including interest and charges) accordingly. **We** will also notify **you** in writing of the amount by which your **account** has been adjusted.
- 5.3 If **we** conclude as a result of our investigations that your **account** has not been incorrectly debited **we** will respond to your query by providing

you with reasons and any evidence of this finding.

5.4 Any queries **you** may have about an error made in debiting your **account** should be directed to **us** in the first instance so that **we** can attempt to resolve the matter between **us** and **you**. If **we** cannot resolve the matter **you** can still refer it to **your financial institution** which will obtain details from **you** of the disputed transaction and may lodge a claim on your behalf.

6. Accounts

You should check:

- (a) with **your financial institution** whether direct debiting is available from your **account** as direct debiting is not available on all accounts offered by financial institutions.
- (b) Whether your **account** details that **you** have provided to **us** are correct

by checking them against a recent account statement and

- (c) With your **financial institution** before completing the **direct debit request** if **you** have any queries about how to complete the **direct debit request**.

7. Confidentiality

7.1 **We** will keep any information (including your account details) in your **direct debit request** confidential. **We** will make reasonable efforts to keep any such information that **we** have about **you** secure and ensure that any of our employees or agents who have access to this information about **you** do not make any unauthorised use, modification, reproduction or disclosure about that information.

7.2 **We** will only disclose information that we have about you:

- (b) to the extent specifically required by law or
- (c) for the purposes of this agreement (including disclosing information in connection with any query or claim).

8. Notice

8.1 If **you** wish to notify **us** in writing about anything in relation to this agreement, **you** should write to:

Reply Paid 5126
Perpetual Protected Investments
GPO Box 5126
Sydney NSW 2001

8.2 **We** will notify **you** by sending a notice in the ordinary post to the address **you** have given us in the **application form**.

8.3 Any notice will be deemed to have been received two **Business Days** after it is posted.

Contacts

Mail	Phone	Fax	Online
Reply Paid 5126 Perpetual Protected Investments GPO Box 5126 Sydney NSW 2001 Australia No stamp required if posted in Australia	Investors 1800 002 513 Advisers 1800 002 513 Business hours (AEST)	02 8256 1416	Account Access Online www.perpetual.com.au Email ppi@perpetual.com.au

Transactions/changes	Mail	Fax	Phone	Online	What do I do?
Make an investment	✓				– Read the current PDS and send us the completed 'Application for investment' form with your cheque.
Make a partial or complete withdrawal	✓				Before the cut-off date for each quarterly withdrawal date: – send us a withdrawal form – write or fax us with your investor ID and <i>account ID</i> , the percentage you would like to withdraw from a particular investment strategy or strategies, or from your <i>portfolio</i> as a whole (across all your strategies) investment.
Change my contact details	✓	✓	✓	✓	– Phone us with your new contact details. You'll be asked some security questions and your investor and <i>account ID</i> . – Write or fax us stating your name, investor and <i>account ID</i> , your old address and your new address. Please sign and date this document. – Change online at www.perpetual.com.au

Latest Information	Mail	Fax	Phone	Online	What do I do?
Portfolio values	✓	✓	✓	✓	– Visit us at www.perpetual.com.au – Phone, write, fax or email us
Portfolio composition	✓	✓	✓	✓	– Visit us at www.perpetual.com.au to access your latest available <i>portfolio value</i> – Phone, write, fax or email us and ask for your latest available <i>portfolio</i> composition
Stay informed	✓				– Read the Annual Report and statements that we send you.

Summary of call and put option agreements

The Call Options will be issued by Deutsche Bank AG London Branch to Perpetual under a Master Call Option Agreement. Deutsche Bank AG London Branch will also issue a Master Gap Risk Put Option to Perpetual (the Call Options and the Gap Risk Put Option are called **the Options**). A separate Call Option Confirmation and Gap Risk Put Option Confirmation will be entered into with respect to each Portfolio Fund, and each related Master Call Option Agreement and Master Gap Risk Put Option Agreement will be transactions governed by a separate 2002 ISDA Master Agreement between Perpetual and Deutsche Bank AG London Branch (each a **Master Agreement**) – this document is a standard form for documentation of derivatives transactions published by the International Swaps and Derivatives Association, Inc.

The Options will be held by Perpetual (as Responsible Entity) on behalf of the Investors of the Product. The beneficial interest in the Call Options will be allocated (proportionately) to each Investor and held in their portfolio until they expire or are exercised. These individual beneficial interests are called **Investor Call Options** in this summary. The beneficial interest in the Gap Risk Put Option will be allocated (proportionately) to each Investor and held in their portfolio until they expire or are exercised. No amount is payable under the Gap Risk Put Option unless a Reference Fund Suspension Date occurs.

If you so instruct, (see 'Additional information' on page 22) any of your Investor Call Options which are open when you withdraw from the Product and your beneficial interest in the Gap Risk Put Option will be transferred to you. Deutsche Bank may require that the expiration date of the Investor Call Options transferred to you be brought forward to the date that the transfer becomes effective, on which date those Investor Call Options will be exercised or expire. If the Investor Call Options are exercised, you will receive Units rather than a Call Option. Deutsche Bank may also require that the cash settlement date under the interest in Gap Risk Put Option transferred to you

be brought forward to the transfer date when you will receive payment of the Cash Settlement Amount (if a Reference Fund Suspension Date has previously occurred).

The following is a summary of the material terms on which the Options will be issued (Terms). The Investor Call Options have corresponding terms to the Call Options, on a proportionate basis where applicable. Investor Call Options may be fractional, calculated up to 5 decimal places.

In this summary

The Issuer refers to Deutsche Bank AG [London Branch]; and

Perpetual, us, we, our refers to Perpetual as responsible entity of the Product.

Words that are capitalised (Like This) are in the Call and Put Option Agreements Glossary on page 30.

Terms

- 1 If a Sell Trigger occurs on any Reference Fund Business Day before the Final Valuation Date, Perpetual will redeem a number of Units determined by the Issuer in accordance with the Terms and purchase Call Options (to acquire the Deliverable Obligations) from the Issuer for the Call Option Premium determined by the Issuer (see 'Payoff at Exercise' on page 34).
- 2 If a Reference Fund Suspension Date occurs on any Reference Fund Business Day before the Final Valuation Date, Perpetual will redeem all the Units in the Portfolio Fund allocated to your portfolio and purchase Call Options (to acquire the Deliverable Obligations) from the Issuer for the Call Option Premium determined by the Issuer (see 'Payoff at Exercise' on page 34).
- 3 To determine whether a Sell Trigger or a Reference Fund Suspension Date has occurred during a Blackout Period, the value of a Unit will be calculated using the last available value for the Unit before the Blackout Period adjusted for the performance of a benchmark.

4 The particulars of a Call Option will be specified in the transaction supplement for the Call Option (Call Option Confirmation).

5 The obligations of the Issuer under the Terms do not apply if there is an Early Termination Event and an Early Termination Date occurs.

6 Under each Call Option, the Issuer will grant to Perpetual a specified number of options to acquire a number of Units on the Exercise Date. The number of options acquired will be equal to the Premium for the Call Option divided by the Zero Coupon Bond Price (see Payoff at Exercise Formula). The number of Units to be acquired on exercise of a Call Option will be determined using the Payoff at Exercise Formula.

Transfer

7 Your Investor Call Options and your interest in or under the Gap Risk Put Option (or a portion of them) will be transferred to you when you withdraw from the Product.

Exercise

- 8 If a Buy Trigger occurs Perpetual will exercise a number of Call Options determined by the Issuer in accordance with the Terms (unless a Reference Fund Suspension Date has already occurred).
- 9 On receipt of the exercise notice, the Issuer must deliver to Perpetual Units for the Call Option. The Units to be delivered are called the Deliverable Obligations.
- 10 Where Investor Call Options are transferred to you, the Issuer may change the Expiration Date to the transfer date.
- 11 All unexercised Call Options will be deemed to be exercised on the Expiration Date. On exercise the Issuer must make delivery of Units or payment to Perpetual.

Delivery

- 12 The Issuer will arrange delivery of the Deliverable Obligations to Perpetual 4 Business Days after the Exercise Date (unless there is a Blackout Period).
- 13 If delivery or acceptance of the Deliverable Obligations is impossible or illegal, the Issuer must instead pay the relevant Cash Equivalent Amount.
- 14 Upon delivery or payment the Issuer's obligations are fully discharged.
- 15 The Issuer will not transfer fractional Units. The Issuer will pay an amount equal to the value of any fractional Unit not transferred but only if more than \$1.00.
- 16 The Issuer's obligations under the Terms are unsecured obligations and rank equally with the Issuer's unsecured debt.
- 17 The Terms do not give Perpetual any right or interest in any rights, accretions and entitlements attaching to a Unit after the Option is acquired (including voting rights or rights to receive distributions or units).

The Gap Risk Put Option

- 18 The Gap Risk Put Option starts on the Effective Date. A premium (Gap Risk Premium) is payable by Perpetual to the Issuer and is calculated by the Issuer at a rate of 0.65% p.a. of the Notional Amount times the Protected NAV Level and accrues daily. The premium for the Gap Risk Put Option is payable quarterly in arrears.
- 19 If a Reference Fund Suspension Date occurs and Perpetual exercises the Gap Risk Put Option, the Issuer must pay the Cash Settlement Amount to Perpetual.
- 20 The Gap Risk Put Option will be deemed to be exercised on the Expiration Date.
- 21 Payment of the Cash Settlement Amount will be made on the applicable Cash Settlement Payment Date.
- 22 The Cash Settlement Amount will be paid to Perpetual, and each investor's proportionate entitlement will be paid to the investors cash account.
- 23 The Issuer will adjust the Reference Fund Value as required from time to time to reflect changes to Investor

Portfolios – for example, the payment of fees and variations between the exit prices for Units in the Portfolio Fund and the net asset value per unit of the Portfolio Fund.

- 24 To determine the Cash Settlement Amount, the Issuer will adjust the Reference Fund Value calculated for the Final Valuation Date by an amount calculated by it (in its discretion) to take account of any differential arising from the net asset value per unit of the Portfolio Fund and the actual value that would be realised by an actual investor at the relevant time if they effected a redemption of Units in the Portfolio Fund at that time (Adjustment Factor). If a Settlement Disruption Event occurs this adjustment may be delayed.
- 25 The Gap Risk Put Option is not a contract of insurance. Payments are made independently of either party sustaining or being exposed to risk or loss.

Adjustments

- 26 If the Issuer determines that a material Adjustment Event occurs or has occurred on or before the Expiration Date it may, (in its discretion) do any or all of the following:
- (a) make adjustments to any variable, method of calculation, valuation or any other terms applicable in respect of the Reference Fund (including, without limitation, the Weight of the Portfolio Fund or any other component thereof) as it thinks appropriate (acting in good faith and in a commercially reasonable manner) to take account of the Adjustment Event;
 - (b) subject to certain conditions and criteria, deem the notional replacement of (all or part of) the Portfolio Fund (the **Affected Fund**) with a new fund (Substituted Fund) (see paragraph [xx] below); and/or
 - (c) adjust or amend the number of Call Options, any variable, method of calculation, valuation or any other terms applicable to the Call Options as set out or used in the Terms or Confirmation; and/or
 - (d) adjust, amend or substitute the definition of Portfolio Fund or Deliverable Obligations.
- 27 The Issuer must notify Perpetual of any proposed adjustment.

- 28 Perpetual may recommend to the Issuer a fund that satisfies the Qualification Criteria to be the Substituted Fund after the Issuer determines the material Adjustment Event has occurred. The Issuer must determine whether it agrees that the fund recommended by Perpetual is acceptable to it, such consent not to be unreasonably withheld, within [5] Reference Fund Business Days of receipt of Perpetual's recommendation. If the Issuer agrees with Perpetual's recommendation, the fund recommended by Perpetual will become the Substituted Fund.
- 29 If the Issuer does not agree that the fund recommended by Perpetual will be the Substituted Fund, it must select another fund to be the Substituted Fund (after consultation with Perpetual).
- 30 The Substituted Fund must:
- (a) issue units which can be bought or sold in AUD and for which a net asset value is available in AUD;
 - (b) satisfy the Qualification Criteria; and
 - (c) have the same or a similar strategy, objectives, guidelines and investment policies (as determined by the Issuer) as the Affected Fund
- 31 For a Substituted Fund, the Issuer must
- (a) determine the Weight of the Active Portfolio and the RFV by making any relevant adjustments to any variable, method of calculation, valuation or any other terms applicable in respect of the Reference Fund that the Issuer (in its discretion) thinks appropriate to take account of the substitution or replacement; and
 - (b) determine the effect on the RFV.
- 32 When an Affected Fund is to be replaced by a Substituted Fund, the Issuer may require that Perpetual redeem all the Units in the Affected Fund and purchase Call Options (to acquire the Deliverable Obligations) from the Issuer for the Premium determined by the Issuer. Once the Substituted Fund replaces the Affected Fund, those Call Options will be exercised and the proceeds will be used to acquire Units in the Substituted Fund.



Early Termination Events

33 Following an Event of Default with respect to the Issuer or Perpetual (the Defaulting Party), the other party (the Non-defaulting Party) may nominate a date (**Early Termination Date**) for all outstanding Call Option Confirmations and Gap Risk Put Option Confirmations to terminate.

34 No further payments or deliveries for terminated Confirmations will be required after the Early Termination Date.

35 An Early Termination Amount will be calculated and paid (either by the Defaulting Party or the Non-defaulting Party) in accordance with the terms of the 2002 ISDA Master Agreement. The amount may be payable by either the Defaulting Party or the Non-defaulting Party.

36 The parties may nominate an Early Termination Date for all outstanding Call Option Confirmations and Gap Risk Put Option Confirmations upon the occurrence of certain Termination Events specified in the 2002 ISDA Master Agreement.

Calculations

37 All calculations under the Terms will be made with respect to a hypothetical investment fund (the Reference Fund) located in Australia holding Units of the Portfolio Fund, Call Options and a Cash Account.

Issuer's discretion

38 All calculations and determinations will be made by the Issuer in its sole and absolute discretion, but it must make them in good faith and in a commercially reasonable manner.

39 The Issuer is not responsible for good faith errors or omissions in respect of any calculations or determinations under the Terms, and they will (in the absence of manifest error) be final,

conclusive and binding on Perpetual and the Issuer.

40 The Issuer does not act as a fiduciary for (or as an Adviser to) Perpetual or the Investors in respect of its duties as the calculation agent under the Terms.

Amendment of the Terms

41 The Issuer and Perpetual may amend the Terms by agreement.

Perpetual's limitation of liability

42 Perpetual acquires the Options as responsible entity of the Product and its obligations and liabilities under the Terms are limited to the value of the assets of the Product.

Put and Call Option Agreements Glossary

Active Portfolio – see definition of Reference Fund.

Active Portfolio Value or **APV** means at any time:

- (a) NAV multiplied by the number of Units notionally held by the Reference Fund at that time (excluding those for which orders have been notionally submitted as a result of a change of the Weight of the Active Portfolio but which have not yet been settled); plus
- (b) the net increase or decrease to the APV resulting from orders to change the Weight of the Active Portfolio in the Reference Fund or as a result of the Cash Sweep which would have been notionally submitted in accordance with the Gap Risk Put Option but which would not have settled;

as determined by the Issuer in AUD as at the Reference Fund Valuation Time on each Valuation Date provided that if a Fund Distribution Amount is declared or announced in respect of any Units notionally held by the Reference Fund, APV shall include the expected aggregate

Fund Distribution Amount in respect of the number of Units notionally held by the Reference Fund on the day prior to the Ex-Distribution Date for the duration of the Distribution Period.

Adjustment Event means for a Reference Fund any of the following events:

- (a) the Issuer (in its discretion) considers the strategy, guidelines, investment policies or objectives of the Portfolio Fund to have changed, or the Portfolio Fund's benchmark is altered by its manager;
- (b) a change in the Portfolio Fund's currency of denomination after the Effective Date;
- (c) the Portfolio Fund (or its manager) fails for reasons (other than of a technical nature) to calculate the net asset value of the Portfolio Fund for five consecutive Reference Fund Business Days, except for any such failure commencing on any day during the month of July in any year, when the failure must persist for at least fifteen consecutive Reference Fund Business Days, or there is any default, negligence or misconduct, including misreporting of values (such misreporting having a material impact on the calculation of the RFV) by the Portfolio Fund or any administrator, manager or agent thereof in the Active Portfolio or the Passive Portfolio;
- (d) the Portfolio Fund (or its manager) are under investigation by a governmental, legal, supervisory or regulatory body involving the alleged violation of applicable law for any activities relating to or resulting from the operation of the Portfolio Fund (or its manager) or has its registration or approval cancelled or suspended;
- (e) there is a change in tax treatment which would adversely affect Perpetual, as a direct or indirect holder of Portfolio Fund units;

- (f) the Portfolio Fund merges (or is scheduled to merge) with another fund if that causes (or would cause) the Portfolio Fund to infringe any regulatory requirement;
- (g) the insolvency, liquidation (whether voluntary or involuntary), bankruptcy of, or any similar proceedings affecting the Portfolio Fund (or its manager);
- (h) the aggregate net assets of the Portfolio Fund are below \$50 million at any time and the Issuer and Perpetual agree to treat that as an Adjustment Event;
- (i) the Portfolio Fund (or its manager) or any other relevant party materially increases the level of any commission, fees or other charges for the purchase, subscription, sale or redemption of units in connection with any hedging activities of Perpetual or its affiliates in relation to the Gap Risk Put Option Transaction;
- (j) the spread between the bid price and the offer price for the net asset value per unit of the Portfolio Fund in the Active Portfolio on any Valuation Date as reported by Bloomberg is greater than 1.5 per cent;
- (k) any legal or regulatory change or directive after the Effective Date (**Change**) which (in the Issuer's opinion) may result in a cost, tax, liability, expense, withholding or deduction being incurred by the Issuer, Perpetual or any of their affiliates in purchasing, holding or selling (either directly or indirectly) any units in the Portfolio Fund or obliging them to hedge their position in relation to the Gap Risk Put Option Transaction;
- (l) as a result of a Change, it would be or would become unlawful or impractical for Perpetual or any of its affiliates to, directly or indirectly, hold, purchase or sell units in the Portfolio Fund;
- (m) any event that would:
 - (i) impose (or adversely change) any reserve, deposit (or similar requirement) imposed on Perpetual (or its affiliates) in connection with hedging or trading activities relating to the Reference Fund;
 - (ii) affect the amount of regulatory capital in respect of any Portfolio Funds that would have to be maintained by Perpetual (or its

affiliates) if they held units in the Portfolio Funds; or

- (iii) subject Perpetual (or its affiliates) to any loss as a result of holding units in the Portfolio Fund;
- (n) the Portfolio Fund ceases to trade and/or its manager ceases its activity as manager;
- (o) a redemption (or proposed redemption) of units in the Portfolio Fund as a distribution of non-cash assets;
- (p) a payment of any extraordinary or bonus Distribution or an event that may have (in the Issuer's opinion) a dilutive, concentrative, or other effect on the theoretical value of the Portfolio Fund or its net asset value;
- (q) a publication (in any form) of any information which results in adverse publicity for the Portfolio Fund sufficient to cause an Investor not to purchase (or to sell) units in the Portfolio Fund;
- (r) any event making the determination of the RFV impossible or impracticable;
- (s) the Portfolio Fund ceases to satisfy one or more of the Qualification Criteria;
- (t) the value of the deemed investment of the Reference Fund in the Portfolio Fund is more than 35 percent of the net asset value of the Portfolio Fund and the Issuer and Perpetual agree to treat that as an Adjustment Event; or
- (u) the Portfolio Fund (or its manager) fails to redeem units in the Portfolio Fund within 10 Reference Fund Business Days of a request for redemption.

Adjustment Factor Calculation Date

means the third Reference Fund Business Day following the Final Valuation Date, or, if a Reference Fund Suspension Date occurs, following the Reference Fund Suspension Date.

AUD and **\$** means Australian Dollars.

Blackout Period means the period from 1 July of each year to the fifteenth Reference Fund Business Day after (and excluding) such date.

Bond Floor means in relation to the Reference Fund Valuation Time on any Reference Fund Business Day, the present value (expressed as a percentage of the Maturity Redemption Amount of the Discount Bond) of present and future payments under the Discount Bond as

of such Reference Fund Business Day calculated by the Issuer in its sole and absolute discretion by reference to the then applicable AUD BBR BBSW rate minus the Spread.

Buy Trigger means on any Weight Adjustment Day, the Reset Ratio for the Reference Fund is greater than the 23.5%, except for the Macquarie International Infrastructure Securities Fund where the Reset Ratio is 26.11%.

Business Day means a day (other than a Saturday or a Sunday):

- (a) on which commercial banks and foreign exchange markets settle payments in Sydney and London; and
- (b) that is a TARGET Settlement Day.

Call Option means an American style call option which may be exercised on one or more days during the Exercise Period by which the Issuer grants to Perpetual the right, but not the obligation, to buy Deliverable Obligations.

Call Option Premium is specified for each Call Option in the relevant Call Option Confirmation.

Cash means the amount of cash notionally credited to the Cash Account from time to time.

Cash Account means a notional *cash* account deemed to be maintained by the Reference Fund in which all Fund Distribution Amounts are deemed to be deposited on the Fund Distribution Payment Date and from which withdrawals are deemed to be made for the purposes of Fee Adjustments and Reinvestment Amount.

Cash Equivalent Amount means in respect of any Exercise Date for a Call Option, the amount determined in accordance with the Payoff at Exercise Formula for that Exercise Date.

Cash Settlement Amount means an amount in AUD equal to:

- (a) if a Reference Fund Suspension Date has not occurred, zero or
- (b) if a Reference Fund Suspension Date has occurred and the Exercise Date is the Expiration Date of the Gap Risk Put Option:

$$N \times \frac{\text{Max}[0, BF - \text{NAV}\%_{RF}]}{DF}$$

where:

N: AUD \$1.00

BF: is the Bond Floor on the Reference Fund Suspension Date

DF: the relevant discount factor from the Reference Fund Suspension Date until the Final Valuation Date as determined by the Issuer with reference to the relevant "AUD swap curve"

NAV%_{RF}: is the Reference Fund Value on the Reference Fund Suspension Date (taking into account the Adjustment Factor, if any) expressed as a percentage of the Notional Amount.

(c) if a Reference Fund Suspension Date has occurred and the Exercise Date is a Notional Amount Reduction Date: the amount calculated in paragraph (b) above multiplied by DF.

where:

DF: the relevant discount factor from the Notional Amount Reduction Date until the Final Valuation Date as determined by the Issuer with reference to the relevant "AUD swap curve"]

Cash Settlement Payment Date means:

- (a) where no Reference Fund Suspension Date has occurred, the Adjustment Factor Calculation Date; or
- (b) where the Reference Fund Suspension Date has occurred, and the Exercise Date is the Expiration Date for the Gap Risk Put Option, three Reference Fund Suspension Days after the Expiration Date; or
- (c) where the Reference Fund Suspension Date has occurred, and the Exercise Date is a Notional Amount Reduction Date, three days Reference Fund Business Days after the Notional Amount Reduction Date.

Confirmations means, in respect of a Portfolio Fund, the Call Option Confirmations and the Gap Risk Put Option Confirmations that are entered into between the Issuer and Perpetual in respect of that Portfolio Fund.

Deliverable Obligations means a number of Units in the Portfolio Fund equal to the Cash Equivalent Amount divided by the Fund Unit Price.

Fund Unit Price means the unit price per Unit of the Portfolio Fund paid by the Issuer between the Exercise Date of a Call Option and the Physical Settlement Date of the Call Option.

Delivery Costs and Taxes means any incidental costs or expenses incurred by the Issuer to any Deliverable Obligations to or for the benefit of Perpetual following settlement of a Call Option (including Transfer Taxes and brokerage).

Distribution Period means the period from the Ex-Distribution Date to the Fund Distribution Payment Date. If the latter is delayed by more than 2 Reference Fund Business Days, then the Distribution Period ends 2 Reference Fund Business Days after the expected Fund Distribution Payment Date.

Discount Bond means a hypothetical bond with the following characteristics:

- (a) a maturity date of the Final Valuation Date;
- (b) an issue date of the Effective Date;
- (c) a notional amount (**Discount Bond Notional Amount**) of AUD 1.00;
- (d) a coupon equal to 1.40%] per annum payable quarterly in arrear (**Discount Bond Coupon**) on the last day of each quarter from and including 30 September 2007 to and including the maturity date on an Actual/365 day basis; and
- (e) a maturity redemption amount (**Maturity Redemption Amount**) of such Discount Bond Notional Amount equal to the product of (x) PL and (y) (1+Portfolio Fund offer spread)

where:

$$PL = PL(t-1) + \text{Lock-in Percentage}$$

Lock-in Percentage means in relation to a Lock-in Calculation Date:

- (i) if NAV%_{RF} is equal to or greater than the product of 1.8 and Bond Floor(t), then the Lock-in Percentage for that Lock-in Calculation Date shall be:

$$50\% \times \text{Max}[0\%, \text{NAV}\%_{RF} - PL(t-1)]$$

as determined by Issuer on such Lock-in Calculation Date with such determination being made immediately after the deduction for any Fees; or

- (ii) otherwise – zero.

Lock-in Calculation Date means every Reference Fund Business Day

PL(t-1) means the Protected Level on the previous Lock-in Calculation Date or, if none, 100% plus the Portfolio Fund Bid-Offer Spread.

Protected Level means, in respect of any Lock-in Calculation Date, (i) the Lock-in Percentage on the Lock-in Calculation Date plus (ii) PL(t-1).

Bond Floor(t) = the Bond Floor on the relevant Lock-in Calculation Date

Portfolio Fund Offer Spread means in respect of a Reference Fund Business Day, the difference between the offer price and the mid price (expressed as a percentage) of the net asset value per unit of the Portfolio Fund, in each case as calculated by the calculation agent, in its sole and absolute discretion by reference to the latest net asset value per unit of the Portfolio Fund as published on Bloomberg

BUT the Maturity Redemption Amount will not change from and including the Reference Fund Suspension Date.

Discount Bond Coupon – see the definition of Discount Bond.

Discount Bond Coupon Date – see the definition of Discount Bond.

Discount Bond Notional Amount – see the definition of Discount Bond.

Distance means on any Reference Fund Business Day, a percentage determined by the Issuer equal to $(A - B) / A$, where A is the NAV%_{RF} as of such Reference Fund Business Day and B is the Bond Floor as of such Reference Fund Business Day.

Early Termination Event means an End of Default or a Termination Event.

Effective Date means:

- (a) for the Gap Risk Put Option, the Reference Fund Business Day after (a) 1 July 2007 and (b) the date notified by the Issuer to Perpetual as the first Reference Fund Business Day on which the value of units in the Portfolio Fund [or the aggregate net asset value of the Portfolio Fund or aggregate net asset value, of all other portfolio funds agreed by the Issuer and Perpetual in writing to be all the portfolio funds comprising the Perpetual Protected Investments product] (the "PPI Funds") are reported by, or published on behalf of, all of the PPI Funds by Bloomberg;



(b) for a Call Option, the date specified as such in the relevant **Call Option Confirmation**.

Event of Default in respect of a party means:

- (a) failure to pay or deliver as required by the Terms (unless remedied within 1 Business Day of notice of the failure);
- (b) failure to discharge any other obligation under the Terms (unless remedied within 30 days after it is given notice of the failure) or the party disaffirms, disclaims, repudiates or rejects the validity of the Master Agreement or any **Confirmation**;
- (c) any representation made is materially incorrect or misleading;
- (d) certain defaults on repayment of borrowings;
- (e) an Insolvency Event; or
- (f) a change in the entity where the changed entity fails to assume all of its obligations under the Master Agreement.

Ex-Distribution Date means, for any proposed Fund Distribution Amount, the first date that the proposed Fund Distribution Amount is excluded from the NAV of the Portfolio Fund.

Exercise Date means the date an Option is exercised or deemed to be exercised.

Exercise Period means, for a Call Options, all days which are exercise business days from and including the Weight Adjustment Date of the Call Option to and including the Expiration Date.

Expiration Date means:

- (a) for the Call Options:
- (i) for Investor Call Options that have been transferred to the Investor (if the Issuer elects) - the transfer date; or

(ii) otherwise - the Final Valuation Date;

subject to adjustment if there is a Settlement Disruption Event.

(b) for the Gap Risk Put Option, the Final Valuation Date.

Fee Adjustments means [adjustments of Fees made in accordance with the Gap Risk Put Option].

Fees means the Reference Fund Administration Fee and the Reference Fund Premium Fee.

Fee Calculation Date means two Reference Fund Business Day after the final day of a Premium Payment Period.

Final Valuation Date means the tenth Reference Fund Business Day prior to the Termination Date of the Gap Risk Put Option, subject to postponement, on the occurrence of a Settlement Disruption Event, until such Settlement Disruption Event is no longer continuing.

Fund Distribution Amount means, for any period, an AUD amount paid by the Portfolio Fund during that period to a generic Investor holding a number of units of the Portfolio Fund equal to the Weight of the Active Portfolio over that period.

Fund Distribution Payment Date means a day a Fund Distribution Amount is paid.

Fund Investor means, from time to time, an investor in the Series at that time.

Gap Risk Put Option means an American style option which gives the holder the right, on exercise and if a Reference Fund Suspension Date has occurred, to receive payment of an amount determined by reference to the difference between the NAV%_{RF} and the Bond Floor at the Reference Fund Suspension Date taking into account the Adjustment Factor, if any.

Gap Risk Put Option Confirmation means, for a Portfolio Fund, the Confirmation between the Issuer and

Perpetual in respect of the Gap Risk Put Option for that Portfolio Fund.

Insolvency Event includes certain specified insolvency events such as winding up the company, making arrangements with creditors or regulatory intervention.

Master Call Option Agreement means, in respect of a Portfolio Fund, the Master Call Option Confirmation Agreement between the Issuer and Perpetual in respect of that Portfolio Fund.

Maturity Redemption Amount – see definition of Discount Bond.

NAV means the exit price net asset value per unit of the Portfolio Fund in the Active Portfolio on the relevant Valuation Date.

NAV%_{RF} means in respect of any Reference Fund Business Day:

RFV / Notional Amount (expressed as a percentage of the Notional Amount)

Notional Amount means, in respect of a Portfolio Fund, the amount specified in the applicable Gap Risk Put Option Confirmation (which may be reduced once each calendar quarter by notice from Perpetual.

Notional Amount Reduction Amount means the amount specified in a Notional Amount Reduction Notice by Perpetual.

Notional Amount Reduction Date means date specified by Perpetual in a Notional Amount Reduction Notice.

Notional Amount Reduction Notice means a notice given by Perpetual to the Issuer under the Gap Risk Put Option Confirmation requesting a reduction in the Notional Amount.

Passive Portfolio means all the Call Options and a Cash Account issued under the Terms.

Passive Portfolio Value or **PPV** means the sum of:

(a) $W \times P$; and

(b) the net increase or decrease to the PPV resulting from orders to change the Weight of Call Options in the Passive Portfolio; and

(c) the Cash Account.

as determined by the Issuer in AUD as of the Reference Fund Valuation Time on a Valuation Date where

W is the number of Options in the Passive Portfolio on the relevant Valuation Date; and

P is the value of one Option on the relevant Valuation Date.

Payoff at Exercise Formula is:

Discount Bond Notional Amount x Options Exercised x Max [Zero and (Discount Bond Price – Strike)]

Where:

Options Exercised means the number of Call Options being exercised on that Exercise Date

Discount Bond Price means on any day the present value (as a percentage of the Discount Bond Notional Amount plus 1%) of present and future payments under the Discount Bond as at the close of business in Sydney on that day calculated by the Issuer (in its discretion) by reference to the then applicable AUD BBR BBSW rate.

Discount Bond means a hypothetical bond with:

(a) a maturity date of the Final Valuation Date;

(b) an issue date of the Effective Date in respect of the Transaction;

(c) a notional amount (Discount Bond Notional Amount) of AUD [1.00];

(d) no coupon.

Strike means 1%

Physical Settlement Date means – 4 Reference Fund Business Days following the Exercise Date.

Portfolio Fund is the fund specified in the relevant Gap Risk Put Option Confirmation or such other Substituted Fund as is determined from time to time in accordance with the relevant Gap Risk Put Option Confirmation.

Premium Payment Period means each calendar quarter, including the first day and excluding the last. The first Premium Payment Period will start on the Effective Date of the Gap Risk Put Option and end on 30 September 2007. The final Premium Payment Period will end on the Final Valuation Date.

Protected NAV Level means the prevailing Maturity Redemption Amount of the Discount Bond (expressed as a percentage of its Notional Amount) on the Reference Fund Business Day of the calculation, the Final Valuation Date or the Reference Fund Suspension Date, as applicable.

Qualification Criteria means that the Substituted Fund must:

(a) be an Australian registered mutual fund domiciled in Australia.

(b) have a unit price published daily and offer daily liquidity for subscriptions and redemptions at its net asset value; and

(c) offer payment of redemption proceeds no more than 14 Business Days after redemption.

Reference Fund means each hypothetical investment fund holding:

(a) units of the relevant Portfolio Fund (**Active Portfolio**); and

(b) the Passive Portfolio; and

(c) Cash;

in proportions that vary over time.

Reference Fund Administration Fee means, for the relevant Fee Calculation Period, the product, calculated as accruing on a daily basis for each day in the Fee Calculation Period, of (a) the Reference Fund Value as at that date (b) 0.75% per annum divided by 365.

Reference Fund Business Day means a day (other than a Saturday or Sunday):

(a) when commercial banks and foreign exchange markets settle payments in London and Sydney; and

(b) that is a Trans-European Automated Real-Time Gross Settlement Express Transfer System (TARGET) Settlement Day; and

(c) on which the Portfolio Fund is open for business.

Reference Fund Premium Fee means for the relevant Fee Calculation Period, an amount equal to the Gap Risk Premium.

Reference Fund Suspension Date

means any Reference Fund Business Day prior to the Final Valuation Date on which the Issuer determines that:

$RFV < = (\text{Bond Floor} + [1.5\%]) \times \text{Notional Amount}$

Reference Fund Value or **RFV** means the APV plus the PPV (as determined by the Issuer) as at the Reference Fund Valuation Time on each Valuation Date (subject to adjustments and deductions as specified in the Gap Risk Put Option Confirmation). During the Distribution Period, RFV shall include 100% of the gross cash Distributions declared by the Portfolio Fund for Units notionally held by the Reference Fund [(excluding those for which orders have been notionally submitted as a result of a change of the Weight of the Active Portfolio but which have not yet been settled)] at the relevant time.

If requested by Perpetual, the Issuer will adjust the Weights and/or the Call Options credited to the Reference Fund on the last Reference Fund Business Day falling in each month to reflect differences between the Reference Fund Value determined by the Issuer and the amount that would be the Reference Fund Value were it to be determined on the same basis as the value of all Investor Portfolios.

Reference Fund Valuation Time means approximately 5:00pm (Greenwich mean time).

Reset Ratio means on any Reference Fund Business Day, a percentage (determined by the Issuer) equal to:

$(A - B) / (A \times C)$

Where:

A is the NAV%RF as of such Reference Fund Business Day;

B is the Bond Floor as of such Reference Fund Business Day;

C is APV divided by RFV expressed as a percentage, subject to a maximum of 100%

Sell Trigger means on any Weight Adjustment Day, the Reset Ratio for the Reference Fund is less than 16.5%, except for the Macquarie International Infrastructure Securities Fund where the Reset Ratio is 18.33%.

Series means Perpetual Protected Investments.

Settlement Disruption Event means (on a Reference Fund Business Day) any suspension of trading in units (as determined by the Issuer) of a Portfolio Fund or anything else (other than the routine failure to publish the net asset value per unit of the Portfolio Fund during the Blackout Period) that prevents the Issuer determining the Reference Fund Value. If a Settlement Disruption Event occurs, that Reference Fund Business Day will not be a Valuation Date and the Valuation Date will be postponed until the next Reference Fund for which the Reference Fund Value can be determined – but no later than the 5th next Reference Fund Business Day (other than for the Final Valuation Date, where the Adjustment Factor calculation provisions will apply). If it is still not possible to determine the Reference Fund Value, the Issuer must do so (in its discretion but acting in good faith and in a commercially reasonable manner) until there is no Settlement Disruption Event.).

Spread means 0.1% for the 12 month period from the Effective Date of the Gap Risk Put Option to but excluding the first anniversary of that Effective Date and for each 12 month period thereafter to the Final Valuation Date shall be determined through the use of straight-line interpolation to reduce to zero on the Final Valuation Date provided that the Spread shall not be decreased from and including the Reference Fund Suspension Date.

Termination Date means, for the Gap Risk Put Option, 13 June 2014 subject to adjustment in the event of a Settlement Disruption Event affecting the Adjustment Factor Calculation Date.

Termination Event means:

- (a) it becomes unlawful for a party to perform any of its obligations under the Terms (including accepting payment or delivery) or comply with any material provision of the Terms;
- (b) if, because of something beyond their control, a party is prevented from performing an obligation under the Terms; or
- (c) if, due to any legal or regulatory change or directive after the Effective Date, or following an amalgamation or merger or similar event in respect of a party, a party is required to pay additional amounts to the other party in respect

of any deduction or withholding or on account of tax, or will receive a payment from which an amount has been deducted or withheld for or on account of tax and in respect of which no additional amount is required to be paid by the other party; or

(d) if Perpetual ceases to be the responsible entity of the Perpetual Protected Investments.

Transfer Taxes means any income tax, capital gains tax, value added tax, goods and services tax (**GST**), withholding tax, stamp, financial institutions, registration and other duties, bank accounts debits tax and other related taxes, levies, imposts, deductions, interest, penalties and charges payable by any person on, as a consequence of, or in connection with, the grant or exercise of a Call Option or the purchase, sale or transfer of, or the completion of the purchase and sale of the Deliverable Obligations.

Units means units in the Portfolio Fund.

Valuation Date means each Reference Fund Business Day that is free of any Settlement Disruption Event.

Weight of the Active Portfolio means (at anytime) [the number of units in Portfolio Fund held by the Reference Fund]. With effect from and including the Reference Fund Suspension Date, the Weight of the Active Portfolio will be deemed to be zero.

Weight Adjustment Day means any Reference Fund Business Day falling before the Final Valuation Date on which the Issuer determines that the Reset Ratio is greater than the Buy Trigger or the Reset Ratio is less than the Sell Trigger.

Loan and security agreement

Words that are capitalised (Like This) are in the Loan and Security Glossary on page 47.

Terms

1. The Facilities

1.1 This agreement, as supplemented by further agreement between the Lender and the Borrower (including any relevant Confirmation) sets out the terms on which the Lender agrees to provide the following financial accommodation to the Borrower:

- (a) an Investment Loan Facility, to be used by the Borrower to acquire particular Units;
- (b) a Gains Loan Facility, in relation to the unrealised gains on Units purchased under an Investment Loan to be used by the Borrower wholly or predominantly for investment purposes;
- (c) an Interest Loan Facility, to be used by the Borrower to pay the first interest prepayment in respect of an Investment Loan. The Interest Loan Facility is only available if the Borrower has elected to prepay the interest on the Investment Loan.

1.2 The details of each Facility will be confirmed in a Confirmation provided by the Lender. When it provides the first Confirmation in relation to an Application, the Lender acknowledges that it has accepted that Application.

1.3 The maximum total amount of financial accommodation available to the Borrower under the Facilities is:

- (a) in respect of an Investment Loan, the Investment Loan Limit;
- (b) in respect of a Gains Loan, the amount specified by the Lender under clause 1.8(b); and
- (c) in respect of an Interest Loan, the Interest Loan Limit.

1.4 If the Borrower wishes to use the Facility, it may only do so by:

- (a) drawing down an Investment Loan (if any) by a single drawdown on the Drawdown Date for an amount which shall be no less than the Minimum

Investment Loan Amount and shall be a multiple of \$5,000 (or such other amount as specified by the Lender);

- (b) drawing down a Gains Loan (if any) by a single drawdown for an amount which shall be no less than the Minimum Gains Loan Amount. A Gains Loan may only be drawn down on the Drawdown Date for that Loan immediately following the Lender's notice under clause 1.8(b);
- (c) drawing down an Interest Loan (if any) by a single drawdown on the Drawdown Date for an amount equal to the Interest Loan Limit.

1.5 If the Borrower draws:

- (a) an Investment Loan, the Borrower irrevocably authorises and directs the Lender to apply the proceeds of the drawdown to acquire Units for the Borrower pursuant to the Application;
- (b) a Gains Loan, the Borrower represents and warrants to the Lender that it will use the proceeds of that Loan wholly or predominantly for investment purposes; and
- (c) an Interest Loan, the Borrower irrevocably authorises and directs the Lender to apply the proceeds of the drawdown in payment of the first interest prepayment in respect of an Investment Loan for the Borrower.

1.6 Each:

- (a) Investment Loan (if any) will relate to the particular Units acquired with that Investment Loan and the particular Secured Property relating to those Units;
- (b) Gains Loan will relate to the Investment Loan which was used to acquire the particular Units whose value, together with the value of the particular Secured Property relating to those Units, has increased giving rise to the availability of the Gains Loan under clause 1.8, the particular Units acquired with that Investment Loan and the particular Secured Property relating to those Units; and
- (c) Interest Loan is applied in payment of the first interest prepayment in respect of an Investment Loan and will relate to that Investment Loan, the particular

Units acquired with that Investment Loan and the particular Secured Property relating to those Units.

1.7 The Lender will maintain accounts recording the balance of each Investment Loan, Gains Loan and Interest Loan from time to time and the particular Units acquired with each Investment Loan and the particular Secured Property relating to those Units.

1.8 A Gains Loan will only be available for drawdown if:

- (a) the value of the particular Secured Property which relates to a particular Investment Loan exceeds the value of that Investment Loan by a margin which in the Lender's opinion is sufficient for the Lender to make a Gains Loan available to the Borrower;
- (b) the Lender gives notice to the Borrower stating that a Gains Loan is available for drawdown for a specified amount which the Borrower may drawdown under that Gains Loan on a specified date;
- (c) the Borrower gives notice to the Lender stating that it wishes to drawdown a Gains Loan;
- (d) the Borrower satisfies the Lender's credit approval process; and
- (e) the Borrower enters into any other agreements specified by the Lender in relation to the Gains Loan.

2. Conditions precedent

2.1 The Lender is not obliged to provide any financial accommodation under any Facility to the Borrower unless:

- (a) where the Borrower makes an Application in its capacity as a trustee of a trust, the Lender has received a certificate from the Borrower's solicitor in a form and substance acceptable to the Lender and the relevant sections of the Application has been completed (where applicable) to the satisfaction of the Lender;
- (b) where the Borrower is a company (acting in its own capacity or as trustee of a trust), a guarantee in the form set out in this agreement has been provided by a director of the company

and the relevant sections of the Application has been completed to the satisfaction of the Lender;

- (c) the Lender is satisfied that the representations and warranties in clause 8 are correct and not misleading as at the Drawdown Date;
- (d) the Lender is satisfied that no Event of Default has occurred and is continuing or would result from the accommodation to be provided;
- (e) the Lender has received to its full satisfaction the details of the Borrower's nominated account from which all payments due to the Lender under this agreement are to be direct debited, together with evidence of any authority required to give effect to that direct debit arrangement;
- (f) where the Facility is an Interest Loan, the Borrower has elected to prepay the interest on the Investment Loan to which the Interest Loan relates; and
- (g) the Lender has received all amounts and such other documents or information that it requires.

3. Interest

Investment Loan

3.1 The Borrower must pay interest on an Investment Loan at the Interest Rate in accordance with this agreement.

3.2 If the Lender offers, the Borrower may elect to:

- (a) prepay interest on an Investment Loan at a rate that is fixed for the term of that Loan; or
- (b) prepay interest on an Investment Loan at a rate that is fixed each year, provided that (unless the Lender agrees otherwise) if the Borrower elects to prepay interest in accordance with this clause and the Maturity Date (as specified in the first Confirmation) is extended by the Lender at anytime (New Maturity Date) and the New Maturity Date falls after the end of the Interest Period current at the time of the extension (Fixed Rate End Date), interest shall be payable at a variable interest rate in accordance with clause 3.6 from the Fixed Rate End Date.

3.3 If the Borrower does not elect to prepay interest (or does not make any election) the Borrower must pay the interest monthly in arrears.

3.4 Interest which is prepaid:

- (a) is calculated in advance and based on a year of 365 days (and 366 days in a leap year);
- (b) is to be prepaid for each Interest Period in respect of the Investment Loan;
- (c) must be paid on the relevant Prepaid Interest Payment Date; and
- (d) once paid is not refundable (including if part or all of any Loan is repaid, unless pursuant to clause 11.1) except at the discretion of the Lender.

3.5 If, in accordance with clause 3.2, the Borrower must pay interest in arrears, the Borrower must pay the Lender a variable interest at the Interest Rate for the relevant Interest Period.

3.6 Interest which is paid in arrears:

- (a) accrues daily from the first day to the last day (inclusive) of an Interest Period in respect of the Investment Loan;
- (b) is calculated on the balance of the relevant Loan at the end of each day, on actual days elapsed and based on a year of 365 days (and 366 days in a leap year); and
- (c) is payable on each Interest Payment Date.

3.7 The Borrower may, if the Lender has consented and subject to clause 3.8, elect to change its interest payment obligations in respect of an Investment Loan as follows:

- (a) from prepaying interest at a rate that is fixed for the term of the Loan to:
 - (i) prepaying interest at a rate that is fixed for one year (or is fixed until the Maturity Date if that one year period would end after the Maturity Date); or
 - (ii) paying interest in arrears at a rate that is variable each month;
- (b) from prepaying interest at a rate that is fixed each year to paying interest in arrears at a rate that is variable each month; or
- (c) from paying interest in arrears at a rate that is variable each month to prepaying interest at a rate that is fixed each year (or is fixed until the Maturity Date if that one year period would end after the Maturity Date).

3.8 If the Borrower wishes to change their interest payment obligations in accordance with clause 3.7, it may apply to do so by written notice to the Lender at least 10 Business Days prior to the next anniversary of the Drawdown Date. If the Lender accepts the Borrower's application to change its interest payment obligations and if the Borrower has paid all fees required by the Lender under clause 6.2 in relation to the change, the change shall take effect from the next anniversary of the Drawdown Date. The Borrower may not change its interest payment obligations in respect of an Investment Loan other than as set out clause 3.7.

Gains Loan

3.9 The Borrower must pay interest on each Gains Loan at the Interest Rate for the relevant Interest Period for the Investment Loan.

3.10 Interest which is prepaid:

- (a) is calculated in advance and based on a year of 365 days (and 366 days in a leap year);
- (b) is to be prepaid for each Interest Period in respect of the Gains Loan;
- (c) must be paid on the relevant Prepaid Interest Payment Date; and
- (d) once paid is not refundable (including if part or all of any Loan is repaid, unless pursuant to clause 11.1 except at the discretion of the Lender).

3.11 Interest which is paid in arrears:

- (a) accrues daily from the first day to the last day (inclusive) of an Interest Period in respect of the Gains Loan;
- (b) is calculated on the balance of the Gains Loan at the end of each day, on actual days elapsed and based on a year of 365 days (and 366 days in a leap year); and
- (c) is payable on each Interest Payment Date.

3.12 If the Borrower changes its interest payment options under clause 3.7, its interest payment obligations under the relevant Gains Loan must be changed accordingly.

Interest Loan

3.13 The Borrower must pay interest on each Interest Loan at the Interest Rate for the relevant Interest Period for the Investment Loan.

3.14 Interest on each Interest Loan:

- (a) is calculated in advance and based on a year of 365 days (and 366 days in a leap year);
- (b) must be prepaid for each Interest Period in respect of the Interest Loan;
- (c) is payable on the relevant Prepaid Interest Payment Date; and
- (d) once paid is not refundable (including if part or all of any Loan is repaid, unless pursuant to clause 11.1) except at the discretion of the Lender.

3.15 If the Borrower changes its interest payment options under clause 3.7, its interest payment obligations under the relevant Interest Loan must be changed accordingly. However, if the Borrower changes from prepaying interest annually to paying interest monthly in arrears, the Interest Loan must be repaid in full at the time of the switch.

Interest Periods

3.16 In relation to an Investment Loan:

- (a) the first Interest Period begins on the Drawdown Date and ends, subject to clause 3.19:
- (i) where interest is prepaid annually, on the day before the first anniversary of the Drawdown Date;
- (ii) where interest is paid in arrears, on the last day of the month of drawdown; and
- (b) each subsequent Interest Period:
- (i) where interest is prepaid annually, begins on the day after the last day of the previous Interest Period and, subject to clauses 3.19 and 3.20, ends on the day before the next anniversary of the Drawdown Date; and
- (ii) where interest is paid in arrears, begins on the day immediately following the last day of the preceding Interest Period and, subject to clauses 3.19 and 3.20, ends on the last day of the subsequent month.

3.17 In relation to a Gains Loan, the first Interest Period begins on the Drawdown Date and ends on the day before the first anniversary of the

Drawdown Date. Each subsequent Interest Period begins on the day after the last day of the preceding Interest Period ends and, subject to clause 3.19, ends on the day before the next anniversary of the Drawdown Date.

3.18 In relation to an Interest Loan, the first Interest Period begins on the Drawdown Date and ends on the day before the first anniversary of the Drawdown Date. Each subsequent Interest Period begins on the day after the last day of the preceding Interest Period ends and, subject to clause 3.19, ends on the day before the next anniversary of the Drawdown Date.

3.19 An Interest Period which would otherwise end on or after the Maturity Date ends on the day before the Maturity Date.

3.20 If interest is paid monthly in arrears the Interest Period for the month of June will, notwithstanding the provisions of clauses 3.16(a)(ii) and 3.16(b)(ii), end on 29 June.

Extension of Maturity Date

3.21 If the Lender and the Borrower agree that the Maturity Date of a Loan will be a date later than the date specified as the Maturity Date in the first Confirmation for that Loan (the "Original Maturity Date"), then for the avoidance of doubt, the terms of this agreement will continue to apply after the Original Maturity Date.

3.22 The Borrower must, on the Maturity Date, pay interest on the balance of that Loan at the rate and on the terms specified by the Lender for the period from and including the Original Maturity Date to but excluding the Maturity Date. The Lender may not specify an interest rate under this clause that exceeds the Default Rate.

4. Repayment and early repayment

Repayment

4.1 Subject to this clause 4, the Borrower shall repay the total of an Investment Loan to the Lender in one amount on the earlier of:

- (a) the Maturity Date for the relevant Loan;
- (b) the date any Loan becomes repayable under clause 5;

(c) the date the Borrower ceases to hold any PPI Property relating to that Investment Loan;

(d) the date the balance owing under the Investment Loan falls below the Minimum Investment Loan Amount, whether as a result of an early repayment under clause 4.6 or otherwise;

(e) the date that any Loan becomes repayable following demand by the Lender or an Event of Default under clause 11.

4.2 Subject to this clause 4, the Borrower shall repay the total of a Gains Loan to the Lender in one amount on the day that the Investment Loan to which that Gains Loan relates becomes repayable under clause 4.1.

4.3 Subject to this clause 4, the Borrower shall repay the total of an Interest Loan to the Lender in one amount on the earlier of:

- (a) the date that the Investment Loan to which the Interest Loan relates becomes repayable under clause 4.1; and
- (b) if the Borrower notifies the Lender of its election to change from prepaying interest to paying interest in arrears in respect of the Investment Loan to which that Interest Loan relates in accordance with clause 3.7, the next Prepaid Interest Payment Date on which the Borrower would have prepaid interest on that Investment Loan but for that change.

4.4 If a proportion of the Units comprised in the Secured Property are redeemed or disposed of (other than under any written arrangement between the Borrower (or on its behalf) and the Lender or any of its related bodies corporate or in accordance with a *Dynamic Management* Strategy approved by the Lender) before the Maturity Date, the Borrower shall repay the same proportion of the Investment Loan, any Gains Loan and any Interest Loan to which those Units and that Secured Property relate to the Lender in one amount on the date of that redemption (for example, if Units which represent 60% of the value of the Secured Property are redeemed, the Borrower must repay 60% of the Investment Loan (if any) which relates to those Units and that Secured

Property, 60% of the Gains Loan (if any) which relates to those Units and that Secured Property and 60% of any Interest Loan that relates to that Investment Loan).

- 4.5 If all or part of a Loan becomes repayable before the Maturity Date, the Borrower shall pay to the Lender an Early Repayment Fee on the date on which the Loan becomes repayable.

Early repayment

- 4.6 The Borrower may repay to the Lender all or any part of an Investment Loan on any day before the relevant Maturity Date if:

- (a) the Lender has provided its prior written consent to the early repayment (which consent may be withheld at the Lender's absolute discretion);
- (b) all interest, fees and other moneys then accrued or due under this agreement to the date of early repayment (whether or not yet payable) have been paid (including without limitation any Early Repayment Fee and any amount payable under clause 14; and
- (c) the Borrower also repays early the same proportion of any Gains Loan and any Interest Loan that relates to that Investment Loan (for example, if the Borrower repays early 60% of an Investment Loan, the Borrower must also repay early 60% of any Gains Loan and 60% of any Interest Loan that relates to that Investment Loan).

- 4.7 The Borrower may only repay early all or any part of a Gains Loan or Interest Loan as contemplated by clause 4.6(a).

- 4.8 If the Borrower wishes to repay early under clause 4.6, the Borrower shall pay to the Lender an Early Repayment Fee on or before the date of early repayment.

- 4.9 If the Borrower makes an optional early repayment pursuant to clause 4.6, upon payment of all amounts then accrued and due under this agreement in relation to the amount to be prepaid, the Lender must release from the charge in clause 10.1 the same proportion of the Units and other Secured Property which relate to the Loans that have been repaid early as the proportion of the Loans that have been repaid early to all Loans (for example, if the Borrower repays 60% of an Investment Loan early (and therefore 60% of any Gains Loan and

60% of any Interest Loan which relates to that Investment Loan), the Lender must release from the charge in clause 10.1 Units and other Secured Property which are valued at 60% of the Secured Property that relates to that Investment Loan and Gains Loan).

- 4.10 Amounts repaid early may not be re-borrowed under this agreement.

5. Change of law or circumstances

- 5.1 If there occurs any change in law or interpretation which makes it unlawful for the Lender to give effect to any provision of this agreement, the Lender may notify the Borrower and thereupon the Lender's obligation to make, fund or maintain the Facility or give effect to the relevant provision shall cease. The Borrower must, subject to clause 14, immediately repay each Loan in full together with all interest accrued thereon to the date of repayment and any other moneys then accrued or due (whether or not yet payable) under this agreement.

6. Fees and expenses

- 6.1 Upon demand from the Lender, the Borrower must, whether or not any Loan is made, pay or reimburse the Lender for all costs, charges and expenses (including without limitation stamp duty, any tax on goods and services, value added tax and legal fees, information retrieval costs, direct debit dishonour fees and additional statement copying costs, if any) incurred or payable by the Lender in connection with or arising out of this agreement and related documentation, the arrangement and administration of the Facility, any action required to be taken by the Lender under this agreement and the contemplated or actual enforcement of, or preservation of rights under, this agreement.

- 6.2 If the Lender requests, the Borrower shall pay to the Lender:

- (a) a Loan Establishment Fee;
- (b) any fees incurred for the registration or discharge of the charge granted to the Lender under clause 10.1 of this agreement from time to time;
- (c) an Early Repayment Fee under clause 4;
- (d) an Interest Switching Fee

- 6.3 The Lender may, at its discretion, add the fees set out in clause 6.2 to the Secured Moneys.

- 6.4 The Lender may at any time and from time to time impose new fees and charges and vary any of these fees or the manner in which they are calculated. The Lender must give the Borrower 30 days notice of any such new fees or variations taking effect.

7. Payments

- 7.1 All moneys payable by the Borrower under this agreement must be paid in full without set off or counterclaim of any kind and free and clear of, and without any, deduction or withholding of any kind, unless required by law. If such a deduction or withholding is required by law, the Borrower must make an additional payment to the Lender sufficient to ensure that the Lender receives the amount it would have received had such deduction or withholding not been made.

- 7.2 If any amount would otherwise become due for payment on a day which is not a Business Day, that amount shall become due on the immediately preceding Business Day.

- 7.3 A certificate signed by the Lender stating any amount or rate for the purpose of this agreement shall, in the absence of manifest error, be binding on the Borrower.

- 7.4 Unless the Lender agrees otherwise, all payments due to the Lender under this agreement, including without limitation payments on account of principal, interest, fees and expenses, shall be effected by way of a direct debit from a nominated account of the Borrower at a bank or financial institution acceptable to the Lender. The Borrower must give the Lender 14 days notice of any change in its direct debit details.

8. Representations and warranties

- 8.1 Each of the Borrower and the Guarantor represents and warrants to the Lender on the date of this agreement, on the Drawdown Date and on each day during the term of the Facility that:

- (a) the financial accommodation provided by the Lender under this agreement will be applied wholly or predominantly for investment purposes;

- (b) on issue of Units to the Borrower, the Borrower will be the beneficial owner of, and have good title to, those Units free from any Security Interest (other than any security given under this agreement);
- (c) the fixed charge granted in favour of the Lender over the Secured Property pursuant to clause 10.1 is a first ranking fixed charge over the Secured Property and the obligations of the Borrower under this agreement rank ahead of all its other obligations (other than those which on its winding-up, liquidation, dissolution or similar process must be preferred by operation of law) except to the extent provided in this agreement;
- (d) on issue of Units to the Borrower, those Units form part of the Secured Property over which the Lender has a fixed charge under clause 10.1;
- (e) each of the Borrower and the Guarantor obtains various benefits by entering into, exercising its rights and performing its obligations under, this agreement;
- (f) each of the Borrower and the Guarantor is able to pay its debts as and when they become due and payable;
- (g) each of the Borrower's and the Guarantor's obligations under this agreement are valid and binding and are enforceable against the Borrower and the Guarantor in accordance with their terms;
- (h) no Event of Default continues unremedied;
- (i) unless stated in the Application, neither the Borrower nor the Guarantor enters into this agreement as a trustee of a trust;
- (j) in the case of an Borrower who is a body corporate:
- (i) the Borrower has been incorporated in accordance with the laws of its place of incorporation, is validly existing under those laws and has power and authority to carry on its business as it is now being conducted;
- (ii) the Borrower has power to enter into this agreement and comply with its obligations under it;
- (iii) this agreement does not contravene the Borrower's constitution or any law or obligation by which it is bound or to which any of its assets are subject or cause a limitation on its powers or the powers of its directors to be exceeded;
- (iv) the Borrower has in full force and effect the authorisations necessary for it to enter into this agreement, to comply with its obligations and exercise its rights under it and to allow it to be enforced;
- (v) no person has contravened or will contravene section 208 or section 209 of the Corporations Act by entering into this agreement or participating in any transaction in connection with this agreement;
- (vi) there is no pending or threatened proceeding affecting the Borrower or any of its related bodies corporate or any of their assets before a court, governmental agency, commission or arbitrator except those in which a decision against the Borrower or the related body corporate (either alone or together with other decisions) would be insignificant;
- (vii) neither the Borrower nor any of its related bodies corporate is in breach of a law or obligation affecting any of them or their assets in away which is likely to be a Material Adverse Change; and
- (viii) neither the Borrower nor any of its related bodies corporate has immunity from the jurisdiction of a court or from legal process; and
- (k) in the case of a Borrower who makes an Application in its capacity as a trustee of a trust:
- (i) it is the sole trustee of the trust;
- (ii) no action has been made to remove the trustee as the sole trustee of the trust;
- (iii) the trustee is not in breach of trust;
- (iv) the trustee has the right to be fully indemnified out of the trust assets for obligations incurred under this agreement before the claims of beneficiaries;
- (v) this agreement is for the benefit of the beneficiaries of the trust; and
- (vi) the trust is not a regulated superannuation fund (as defined in the *Superannuation Industry (Supervision) Act 1993 (Cth)*).
- and on time which without limitation includes the obligation to pay the Secured Money to the Lender in accordance with this agreement.
- 9.2 The Borrower and the Guarantor shall supply to the Lender when requested to do so:
- (a) where the Borrower and/or Guarantor is a company, copies of any Financial Statements for the Borrower and/or the Guarantor for each financial year; and
- (b) such additional financial or other information relating to the Borrower and the Guarantor as the Lender may from time to time request.
- 9.3 Unless the Lender otherwise agrees in writing, the Borrower undertakes:
- (a) whether or not the Lender has taken possession of any part of the Secured Property, to pay all taxes for the Secured Property in full and on time and on demand provide the Lender with copies of all notices received for those taxes and copies of receipts for all payments;
- (b) to ensure that its obligations under this agreement at all times rank ahead of all its other obligations (other than those which on its winding-up, liquidation, dissolution or similar process must be preferred by operation of law) except to the extent provided in this agreement;
- (c) not to create, agree or attempt to create or allow to exist, any Security Interest over or in respect of any Secured Property other than the fixed charge taken by the Lender under clause 10.1;
- (d) not to sell, redeem, dispose of, or otherwise deal with, any of the Secured Property or any interest therein other than pursuant to any other written arrangement between the Borrower (or made on its behalf) and the Lender or any of its related bodies corporate;
- (e) to notify the Lender of any breach of any representation or warranty made by the Borrower or the Guarantor in connection with this agreement;
- (f) to do everything necessary to ensure that no Event of Default occurs;
- (g) if an Event of Default occurs, to notify the Lender giving full details of the event and any step taken or proposed to be taken to remedy it;

9. Undertakings

9.1 The Borrower must perform its obligations under this agreement in full

- (h) to do all things that the Lender considers necessary or desirable to assist it in registering the charge to be taken by the Lender under clause 10.1 with the Australian Securities and Investment Commission or any other government agency, including obtaining all necessary consents and making payment to the Lender of any associated fees and expenses; and
- (i) not to do anything which:
- (i) effects or facilitates the retirement, removal or replacement of the responsible entity of any relevant Fund;
- (ii) could restrict the responsible entity of any relevant Fund in complying with its obligations under the constitution of that Fund; or
- (iii) effects or facilitates the termination, variation or resettlement of any relevant Fund.

10. Security

10.1 The Borrower charges to the Lender all of its present and future right, title and interest in and to:

- (a) the PPI Property;
- (b) all rights, entitlements and all monies received by or on behalf of the Borrower under any other arrangement entered into by the Borrower or on its behalf in connection with the Units; and
- (c) any other property accepted from time to time by the Lender as security for the obligations of the Borrower under this agreement,

by way of a first ranking fixed charge as security for the due and punctual payment and satisfaction of the Secured Moneys.

10.2 The Borrower shall, upon request by the Lender after issue of the Units acquired under clause 1.5(a), deposit with the Lender (or its nominee) all documents of title relating to the Secured Property (if any) and thereafter any other documents the Lender requests relating to the Secured Property.

10.3 The Lender may register the charge in clause 10.1 with the Australian Securities and Investment Commission at the Borrower's expense.

10.4 Without limiting any rights, powers or remedies conferred upon the Lender by this agreement or by law, at any

time, whether before or after the occurrence of an Event of Default, the Lender may:

- (a) insert the name of the Lender or its nominee (or, but only after an Event of Default has occurred, the name of any purchaser pursuant to a power of sale conferred by law or the power of sale referred to in clause 11) in all or any transfer document ("Transfers") (and other relevant documents, if any) relating to the Secured Property;
- (b) in the name of the Borrower sign, seal and deliver all or any Transfers (and those other relevant documents);
- (c) cause all or any Transfers to be registered; and
- (d) deliver the certificates (if any) deposited with the Lender in respect of the Secured Property to any such nominee (or any such purchaser).

10.5 If the Lender is satisfied that:

- (a) all of the Secured Money is paid, discharged or performed in full;
- (b) no money, obligation or liability is likely to become Secured Money within a reasonable time; and
- (c) there is no reasonable possibility that:
 - (i) any money received or recovered by the Lender and applied in payment of the Secured Money; or
 - (ii) any settlement, conveyance, transfer or other transaction made in satisfaction of or in connection with the Secured Money;

must be repaid or may be avoided under any law, including a law relating to preferences, bankruptcy, insolvency, administration or the winding-up of companies;

the Lender will discharge the charge taken by it under clause 10.1, at the request and cost of the Borrower.

10.6 The Lender may release any part of the Secured Property from the charge taken by it under clause 10.1 at any time, provided that a release of part of the Secured Property does not adversely affect the charge taken by it under clause 10.1 over any other Secured Property.

10.7 If:

- (a) any payment, settlement, conveyance, transfer or other transaction made in satisfaction of or in connection with the Secured Money is void or voidable under any law; or
- (b) any claim is made that any payment, settlement, conveyance, transfer or other transaction made in satisfaction of or in connection with the Secured Money is void or voidable under any law and the claim is upheld, conceded or compromised;

the Lender is immediately entitled to the same rights, powers and remedies against the Borrower and the Secured Property as it would have had if the relevant payment, settlement, conveyance, transfer or transaction had never been made or taken place. If required by the Lender, the Borrower must, at its own expense, sign all documents and do all acts necessary to restore to the Lender the charge granted to it under clause 10.1 and any other security to which the Borrower was a party and held by the Lender immediately before the payment, settlement, conveyance, transfer or transaction.

10.8 Clause 10.7 survives the discharge of the charge granted to the Lender under clause 10.1.

10.9 This agreement is a continuing security and shall remain in full force and effect until the whole of the Secured Moneys have been paid or satisfied in full.

10.10 The Borrower authorises the Lender to notify the responsible entity of any relevant Fund of the details of the charge taken by the Lender under clause 10.1.

10.11 For the purposes of fixing priorities between the charge created under clause 10.1 and any subsequent charge registered under the Corporations Act and for no other purposes, the charge secures a prospective liability (being the liability to pay and perform the Secured Moneys) up to a maximum amount being the amount specified as the Maximum Prospective Liability in the Confirmation. The charge may also secure prospective liabilities in excess of this specified maximum amount.

11. Demand by the Lender and events of default

11.1 The Lender may, at any time, by notice to the Borrower:

- (a) declare all or part of each Loan and all other sums which are accrued or due hereunder (whether or not presently payable) to be, whereupon they shall become, due and payable in 2 Business Days without further demand, notice or other legal formality of any kind; and/or
- (b) declare the Facility terminated on any date not earlier than 2 Business Days after the date of such declaration, whereupon the obligations of the Lender hereunder shall immediately cease.

11.2 If the Lender makes demand under clause 11.1, it must refund to the Borrower any interest which the Borrower has prepaid for the period from and including the date of repayment to but excluding the next Interest Payment Date.

11.3 Each of the following events shall be an Event of Default:

- (a) the Borrower fails to repay any Loan, interest or any other moneys when due in accordance with this agreement;
- (b) the Borrower or the Guarantor fails to duly and punctually perform or comply with any of their obligations under this agreement;
- (c) any representation or warranty made by the Borrower or the Guarantor in connection with this agreement is incorrect;
- (d) the Borrower fails to pay any amount required to be paid by the Borrower to the Lender under any other arrangement entered into by the Borrower or on its behalf in connection with the Units;
- (e) the Borrower fails to pay any amount required to be paid by the Borrower to the responsible entity of a relevant Fund under the Constitution of that Fund;
- (f) where the Borrower or the Guarantor is a body corporate:
- (g) an application is made for an order, a meeting is convened to consider a resolution, a resolution is passed or an order is made that the Borrower or the Guarantor be wound up or otherwise dissolved and/or that an administrator,

liquidator or provisional liquidator of the Borrower or the Guarantor be appointed; or

- (h) a receiver, receiver and manager, administrator, controller, trustee or similar officer is appointed in respect of all or any part of the business, assets or revenues of the Borrower or the Guarantor;
- (i) the Borrower or the Guarantor dies, becomes insolvent or is subject to any arrangement, assignment or composition, or protected from any creditors or otherwise unable to pay their respective debts when they fall due;
- (j) any government, governmental agency, department, commission, or other instrumentality seizes, confiscates, or compulsorily acquires (whether permanently or temporarily and whether with payment of compensation or not) any of the Secured Property;
- (k) any litigation, administrative proceedings or other procedure for the resolution of disputes is commenced in which the title of the Borrower to any of the Secured Property will or might be impeached or the Borrower's enjoyment of, or the Lender's rights hereunder to, any of the Secured Property will or might be restrained or otherwise hindered;
- (l) the Lender receives any notice from a credit reporting agency or any other credit provider to the Borrower or the Guarantor, which indicates that the Borrower or the Guarantor is in default under any other financial, payment or performance obligation with any other party or that any of the events specified in the foregoing paragraphs of this clause 11.3 have occurred;
- (m) there occurs an event which is, or in the Lender's opinion may lead to, a Material Adverse Change; and
- (n) in the case of an Borrower who makes an Application in its capacity as a trustee of a trust:
 - (i) the Borrower ceases to be the trustee of the trust or any step is taken to appoint another trustee of the trust, in either case without the Lender's consent; or
 - (ii) an application or order is sought or made in any court for:
 - (A) removal of the Borrower as trustee of the trust; or

(B) property of the trust to be brought into court or administered by the court or under its control; or

- (iii) a notice is given or meeting summoned for the removal of the Borrower as trustee of the trust or for the appointment of another person (who has not signed the Application) as trustee jointly with the Borrower.

11.4 If an Event of Default occurs the Lender may, without being obliged to do so and notwithstanding any waiver of any previous default, and in addition to any other rights or remedies conferred by this agreement or by law:

- (a) declare each Loan and all other sums which are accrued or due hereunder (whether or not presently payable) to be, whereupon they shall become, immediately due and payable without further demand, notice or other legal formality of any kind; and/or
- (b) declare the Facility terminated whereupon the obligations of the Lender hereunder shall immediately cease; and/or
- (c) do all acts and things and exercise all rights, powers and remedies that the Borrower could do or exercise in relation to the Secured Property including, without limitation, the power to:
 - (i) take possession and assume control of the Secured Property;
 - (ii) receive all money or other distributions (whether monetary or otherwise) made or to be made in respect of the Secured Property;
 - (iii) sell, redeem, dispose of or otherwise deal with the Secured Property or agree to do the same (whether or not the Lender has taken possession) on such terms as the Lender thinks fit in its absolute discretion;
 - (iv) employ solicitors, agents, accountants, auctioneers and consultants on such terms as the Lender thinks fit;
 - (v) carry out and enforce, or refrain from carrying out or enforcing, rights and obligations of the Borrower which may arise in connection with the

Secured Property or obtained or incurred in the exercise of the rights, powers and remedies of the Lender;

- (vi) institute, conduct, defend, settle, arrange, compromise and submit to arbitration any claims, questions or disputes whatsoever which may arise in connection with the Secured Property or in any way relating to this agreement, and to execute releases or other discharges in relation thereto; and

- (vii) execute documents on behalf of the Borrower under seal or under hand,

and any moneys which the Lender pays or becomes liable to pay by reason of doing any of the above shall form part of the Secured Moneys.

11.5 If insufficient moneys are available to meet all payment obligations then due in full, amounts received by the Lender will be appropriated as between principal, interest and other amounts then payable, and as between the Loans, in each case as the Lender determines. This appropriation will override any appropriation made by the Borrower.

12. Appointment of receiver

12.1 Immediately upon or at anytime after the occurrence of an Event of Default, the Lender may appoint in writing any person to be a receiver or receiver and manager (the "Receiver") of any Secured Property and:

- (a) the Receiver may be appointed by the Lender on such terms as the Lender thinks fit;
- (b) the Lender may remove a Receiver and may appoint another in their place;
- (c) the Lender may from time to time determine the remuneration of the Receiver; and
- (d) if two or more persons are appointed as Receiver they may be appointed jointly and/or severally and may be appointed in respect of different parts of the Secured Property.

12.2 Unless and until the Lender by notice in writing to the Borrower and to the Receiver requires that the Receiver act as agent of the Lender, the Receiver shall be the agent of the

Borrower, and the Borrower alone shall be responsible for the acts and defaults of the Receiver, but in exercising any powers of the Lender, the Receiver shall have the authority of both the Borrower and the Lender.

12.3 Subject to any specific limitations placed upon the Receiver by the terms of its appointment, the Receiver may, in addition to any right, power or remedy conferred upon it by law, do any act, matter or thing and exercise any right, power or remedy that may be done or exercised by the Lender in relation to the Secured Property.

13. Interest on overdue amounts

13.1 If the Borrower does not pay any amount under this agreement on the due date for payment, the Borrower agrees to pay interest on that amount at the Default Rate. The interest accrues daily from (and including) the date which is 1 day after the due date to (but excluding) the date of actual payment and is calculated on actual days elapsed and a year of 365 days (and 366 days in a leap year). The Borrower agrees to pay interest under this clause 13.1 on demand from the Lender.

13.2 Interest payable under clause 13.1 which is not paid on the due date for payment may be added to the overdue amount by the Lender at intervals which the Lender determines from time to time or, if no determination is made, every 30 days. Interest is payable on the increased overdue amount at the Default Rate in the manner set out in clause 13.1.

13.3 If a liability becomes merged in a judgment, the Borrower agrees to pay interest on the amount of that liability as an independent obligation. This interest:

- (a) accrues daily from (and including) the date the liability becomes due for payment both before and after the judgment up to (but excluding) the date the liability is paid; and
- (b) is calculated at the judgment rate or the Default Rate (whichever is higher).

13.4 The Borrower agrees to pay interest under this clause on demand from the Lender.

14. Indemnities, early unwind and other costs

14.1 The Borrower indemnifies the Lender from and against all actions, suits, claims, demands, losses, liabilities, damages, costs and expenses (including, without limitation, any legal costs and expenses) which may be made or brought against or suffered or incurred by the Lender arising out of or in connection with:

- (a) any Event of Default;
- (b) the exercise or non-exercise of any right, power or remedy contained, referred to or implied in this agreement;
- (c) any early repayment or other repayment prior to the Maturity Date or any Loan becoming due for repayment prior to the Maturity Date (whether pursuant to clause 4 or otherwise), including, without limitation, any loss or expense incurred in respect of:
 - (i) any cost associated with the Lender obtaining an appropriate form of risk management agreement (or instrument of similar effect) with respect to this agreement or the funding of any Loan; or
 - (ii) the exercise or non-exercise by, or the prevention or inability of, the Lender to exercise any rights under any risk management agreement; or
 - (iii) the liquidation or redeployment of *funds* acquired from third parties to make or maintain any Loan; or
 - (iv) the termination or reversal of any arrangements (including without limitation any fixed rate contracts) entered into in connection with the funding of any Loan; or
 - (v) any loss of profits that the Lender may suffer by reason of the early liquidation or redeployment of such *funds* or the termination or reversal of such arrangements.

14.2 The Borrower agrees to 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 Facility; or
- (b) reduces any amount received or receivable by the Lender, or its effective return, in connection with the Facility; or
- (c) reduces the Lender's return on capital allocated to the Facility, or its overall return on capital.

14.3 The Lender shall not be responsible for any losses of any kind whatsoever (including, without limitation, the negligence, default or dishonestly of any servant, agent or auctioneer employed by the Lender, any attorney of the Lender or the Receiver) suffered by the Borrower or the Guarantor as a result of:

- (a) the exercise, attempted exercise or non-exercise of any of the rights, powers or remedies of the Lender under this agreement or of any attorney appointed by the Borrower in relation to any Loan; or
- (b) any action, delay or failure to act by the responsible entity of a relevant Fund.

14.4 The amounts payable under this clause 14 may be added by the Lender to the Secured Moneys and shall be payable on demand.

15. Guarantee, indemnity & third party provisions

15.1 The Guarantor is liable for all the obligations of the Borrower under this agreement.

15.2 The Guarantor acknowledges that it is responsible for making itself aware of the financial position of the Borrower and any other person who guarantees payment of the Secured Moneys, and seeking appropriate legal advice relating to the Guarantor's obligations under this agreement.

15.3 The Guarantor acknowledges incurring obligations and giving rights under this agreement for valuable consideration received from the Lender.

15.4 The Guarantor unconditionally and irrevocably guarantees to the Lender the due and punctual payment and satisfaction of the Secured Moneys by the Borrower. The amount of the Guarantor's liability as guarantor under this clause 15 is limited to the Secured Moneys.

15.5 The Guarantor unconditionally and irrevocably indemnifies the Lender from all losses and claims arising under this agreement. This indemnity extends to cover 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 Secured Moneys:

- (a) are irrecoverable or have never been recoverable by the Lender from the Borrower; or
- (b) cannot be enforced against the Borrower; or
- (c) are not paid to the Lender for any other reason whatsoever including, without limitation, by reason of:
 - (i) any legal limitation, disability, incapacity, lack of any power or lack of authority of or affecting any person;
 - (ii) any of the transactions relating to the Secured Moneys being void, voidable or unenforceable (whether or not the matters or facts relating there to have been or ought to have been within the knowledge of the Lender); or
- (d) any other fact, matter or thing whatsoever.

15.6 If the Borrower defaults in the due and punctual payment or satisfaction of any of the Secured Moneys, the Guarantor shall pay the whole amount of the Secured Moneys to the Lender immediately upon demand. The Lender may make such a demand on the Guarantor from time to time and whether or not demand has been made on the Borrower.

15.7 The Guarantor shall pay to the Lender immediately upon demand an amount equal to the amount of the actions, suits, claims, demands, obligations, liabilities, losses, damages, costs and expenses referred to in clause

15.5. The Lender may make such a demand from time to time and whether or not demand has been made on the Borrower.

15.8 The Guarantor agrees that the liability under clause 15.5 is that of principal debtor.

15.9 The Guarantor's obligations under this agreement shall be absolute and unconditional in any and all circumstances and shall not be prejudiced, released or otherwise affected by anyone or more of the following (occurring with or without the consent of or notice to any person):

- (a) any release, failure or agreement not to sue, discharge, termination, relinquishment, compromise, waiver, concession, indulgence, replacement, amendment, variation, increase, decrease or compounding of the obligations of the Borrower or of any other person under this agreement or of any of the Secured Moneys;
- (b) any of the obligations of the Borrower or any other person under this agreement being or becoming wholly or partially illegal, void, voidable or unenforceable, whether by reason of any law or for any reason whatsoever;
- (c) any delay, laches, acquiescence, mistake, act, omission or negligence on the part of the Lender or any other person;
- (d) any defences being available to the Borrower under this agreement (that is, the Guarantor cannot benefit from any defences available to the Borrower);
- (e) any part of the moneys forming part of the Secured Moneys being or becoming irrecoverable or never having been recoverable or any part of the obligations forming part of the Secured Moneys being or becoming unenforceable or never having been enforceable;
- (f) any non-compliance by the Lender or any other person with the provisions of any law or with any provision of this agreement;
- (g) any law or judgment staying or suspending all or any of the rights of the Lender against the Borrower, or any other person (by operation of law or otherwise);

- (h) any person becoming or not becoming a guarantor of the Secured Moneys or any part thereof or any discharge or release of any such person;
- (i) the insolvency, bankruptcy, winding up, receivership or administration of the Borrower or any other person;
- (j) any setting aside or avoidance of any payment by the Borrower of any other person;
- (k) any failure of the Lender to enforce the Secured Property, or alteration or variation to this agreement;
- (l) the full or partial release of any Security Interest (including the charge in clause 10.1) which secures all or part of the Secured Money; or
- (m) any other fact, matter, circumstance or thing whatsoever which, but for this provision, could or might operate to prejudice, release, discharge or otherwise affect the Borrower's obligations under this agreement.

15.10 The Lender shall not be required to proceed against the Borrower or exhaust any remedies it may have against the Borrower or enforce this agreement, but shall be entitled to demand and receive payment from the Guarantor when any payment is due under this agreement and/or to proceed directly against the Secured Property.

15.11 Unless and until the whole of the Secured Moneys have been paid or satisfied in full, the Guarantor shall not make any claim for any sum paid under this agreement or enforce any rights which it may have (whether by way of defence, indemnity, set-off, counterclaim, contribution, subrogation or otherwise) against the Borrower or its property.

16. Setoff

16.1 The Lender may (in addition to any generator banker's lien, right of set off, right to combine accounts or any other right to which it may be entitled), without notice to the Borrower or any other person, setoff and apply against the Secured Moneys any amount due by the Lender to the Borrower under any agreement between the Lender and the Borrower or any credit balance (or

any part thereof in such amounts as the Lender may elect) on any account (whether such account is subject to notice or not and whether matured or not) of the Borrower with the Lender and any other moneys owing by the Lender to the Borrower.

16.2 The Lender may (in addition to any banker's lien, right of set off, right to combine accounts or any other right to which it may be entitled), without notice to the Guarantor or any other person, set off and apply against any monies owing by the Guarantor to the Lender under this agreement any credit balance (or any part thereof in such amounts as the Lender may elect) on any account (whether such account is subject to notice or not and whether matured or not) of the Guarantor with the Lender and any other moneys owing by the Lender to the Guarantor.

17. Notices

17.1 All notices and other communications required by this agreement to be in writing shall be given by the relevant party and shall be sent to the recipient by hand, prepaid post (airmail if outside Australia) or facsimile.

17.2 A notice or other communication shall be deemed to be duly received:

- (a) if sent by hand, when left at the address of the recipient;
- (b) if sent by prepaid post, 3 days after the date of posting; or
- (c) if sent by facsimile, upon receipt by the sender of an acknowledgement or transmission report generated by the machine from which the facsimile was sent indicating that the facsimile was sent in its entirety to the recipient's facsimile number.

17.3 All notices and other communications shall be sent to the addresses of the respective parties as set out in the Application (in relation to the Borrower and Guarantor) or page [xx] of this document (in relation to the Lender) or as a party may notify to the other party in writing.

17.4 The Lender is authorised to act upon instructions sent by any means (including electronically and orally) which purport to be from the Borrower, or any person authorised by the Borrower to issue instructions

to the Lender, in respect of any transactions contemplated by this agreement. Where the Borrower comprises two persons, if any of those persons does anything in relation to this agreement or any Secured Property, both persons will be responsible for all transactions that result even if those transactions are not authorised by both persons.

18. Assignment

18.1 Neither the Borrower nor the Guarantor may assign or otherwise transfer the benefit of this agreement or any of their respective rights, remedies, powers, duties or obligations under this agreement without the prior written consent of the Lender.

18.2 The Lender may assign, transfer and otherwise grant participations or sub-participations in all or any part of the benefit of this agreement and any of its rights, remedies, powers, duties and obligations under this agreement without the consent of the Borrower or the Guarantor.

18.3 The Lender may disclose to a potential assignee, transferee, participant or sub-participant such information about the Borrower, the Guarantor and this agreement as the Lender considers appropriate.

18.4 Without limiting the previous provisions of this clause 18, the Lender and/or its assignee or transferee is entitled to assign its rights and novate its obligations under this agreement, or any part of this agreement, to any trustee or manager of a securitisation programme.

19. Miscellaneous

19.1 The Borrower hereby consents to the Lender disclosing to the Guarantor and to any other guarantor of the obligations of the Borrower the following information:

- (a) a copy or summary of this agreement and related material evidencing the obligations of the Borrower to be guaranteed;
- (b) a copy of any formal demand that may be sent from time to time by the Lender to the Borrower; and
- (c) on request by the Guarantor or any other guarantor, a copy of the latest

- relevant statements of account (if any) relating to the Facility.
- 19.2 The Borrower and the Guarantor acknowledge that conversations between themselves and any officer of the Lender may be tape-recorded and consent to that recording being made and its use (or any transcript of the recording) in any proceedings which may be commenced in connection with this agreement.
- 19.3 The Borrower for valuable consideration irrevocably appoints the Lender and each executive director, division director and associate director of the Lender for the time being, severally, the attorneys of the Borrower to do (either in the name of the Borrower or the attorney) all acts and things that the Borrower is obliged to do under this agreement or which, in the opinion of the Lender, are necessary or desirable in connection with the Secured Property or the protection or perfection of the Lender's interests or the exercise of the rights, powers and remedies of the Lender.
- 19.4 The failure or delay of the Lender to exercise any right or remedy under this agreement will not operate as a waiver of any right or remedy. The exercise of a single right or remedy by the Lender under this agreement will not prevent the Lender from exercising any other right or remedy. The rights and remedies of the Lender under this agreement are cumulative and are not exclusive of any other rights and remedies provided by law.
- 19.5 A waiver by the Lender shall only be effective if it is in writing and it is signed by at least two officers of the Lender.
- 19.6 Any provision of this agreement which is or becomes prohibited or unenforceable in any jurisdiction shall be severed from this agreement only in respect of that jurisdiction.
- 19.7 The indemnities contained in this agreement are continuing obligations of the Borrower and the Guarantor, separate and independent from their other obligations and shall survive the termination of this agreement.
- 19.8 Any consent requested of, or determination by, the Lender may be given or withheld by the Lender in its absolute discretion and conditionally or unconditionally except where this agreement otherwise expressly provides.
- 19.9 If the performance by the Lender of any of its obligations under this agreement or related arrangements is prevented or delayed in whole or in part due to any circumstance which the Lender is unable to control, this agreement will nevertheless continue and remain in full force and effect but the Lender will not be in default under this agreement or otherwise liable for any loss, cost, expense or damage suffered by the Borrower or the Guarantor for that reason only and the Lender will be granted a reasonable extension of time to complete performance of its affected obligations.
- 19.10 Without limiting clause 14, the Lender shall not be responsible for any loss, cost, expense or damage suffered by the Borrower as a result of the Lender acting in accordance with any request or direction from the Borrower (including in relation to any sale of the Secured Property) or of not acting, or of not acting promptly, in accordance with any such request or direction.
- 19.11 This agreement shall be governed by and construed in accordance with the laws of New South Wales. The parties irrevocably and unconditionally submit to the nonexclusive jurisdiction of the courts of New South Wales.
- 19.12 Time shall be of the essence in respect of each and all of the respective obligations of the Borrower and the Guarantor hereunder.
- 19.13 The parties hereby irrevocably authorise the Lender, and each of its officers, agents, employees and solicitors to complete any details and fill in any blanks in this agreement.
- 19.14 This agreement shall bind the Borrower and the Guarantor, and the persons comprising them, jointly and severally.
- 19.15 The Borrower consents to the Lender using information about the Borrower (including, where the Borrower is an individual, Personal Information about the Borrower) for the purpose of the Lender forwarding marketing or promotional material to the Borrower from time to time, unless the Borrower has informed the Lender that the Borrower does not want to receive the marketing or promotional material. The Borrower also consents to the Lender disclosing information about the Borrower (including, where the Borrower is an individual, Personal Information about the Borrower) to the Lender's related entities for the purpose of those related entities forwarding marketing or promotional material to the Borrower from time to time, unless the Borrower has informed the Lender or the related entity that the Borrower does not want to receive the marketing or promotional material. In this clause 19.15, "Personal Information" means information or an opinion, whether true or not, and whether recorded in a material form or not, about an individual whose identity is apparent, or can reasonably be ascertained from the information or opinion.
- 19.16 The Lender may at anytime vary any of the terms and conditions of this agreement by disclosure on www.perpetual.com.au or by notice in writing to the Borrower.

Loan and Security Glossary

Application means the PPI Application Form attached to, or provided with, the product disclosure statement for the relevant PPI completed by a proposed *Borrower* and accepted by the Lender (in its absolute discretion) under clause 1.1;

Borrower means the person or entity identified as the applicant in the *Application*;

Business Day means a day on which banks are open for business in Sydney other than a Saturday, a Sunday or a public holiday;

Confirmation means each confirmation issued by the Lender to the *Borrower* from time to time which sets out the terms of the *Facility*, including the *Drawdown Date(s)*, the *Maturity Date*, the *Interest Rate(s)* for an *Interest Period*, the *Investment Loan Limit(s)*, the *Interest Loan Limit(s)* (if applicable) and the *Maximum Prospective Liability*;

Corporations Act means the *Corporations Act 2001 (Cth)*;

Default Rate means the prevailing *Interest Rate* for the *Investment and/or Gains Loan(s)* plus 4% per annum;

dollar or **\$** means the lawful currency of Australia;

Drawdown Date means, in respect of a *Facility*, the date upon which that *Facility* is or is to be drawdown as confirmed in the *Confirmation* relating to that *Facility*;

Dynamic Management Strategy means a capital protection strategy effected by the acquisition and disposal of Units (including *call options*) and approved by the Lender;

Early Repayment Fee means a fee set by the Lender from time to time which reflects any costs the Lender may incur as a result of the *Borrower* repaying the *Loan* early.

Event of Default means any event specified as such in clause 11.3;

Facility means any or all of the *Loan* facilities available under this agreement, as the context requires;

Financial Statements means:

- (a) a statement of financial position;
- (b) a statement of financial performance; and
- (c) a statement of cash flows;

Fund means each fund selected by the *Borrower* in their application for an interest in the PPI;

Gains Loan means the amount (if any) advanced by the Lender to the *Borrower* under clause 1.4(b);

Guarantor means the person identified as such in the *Application*;

Interest Loan means the amount (if any) advanced by the Lender to the *Borrower* under clause 1.4(c);

Interest Loan Limit means, in respect of an *Interest Loan*, the amount set out as the *Interest Loan Limit* in the *Confirmation* relating to that *Interest Loan*;

Interest Payment Date means, in respect of an *Interest Period*, the first day of the following *Interest Period* and if that day is not a *Business Day*, then the next *Business Day* or, in respect of an *Interest Period* ending on a 29 June which is not a *Business Day*, the preceding *Business Day*;

Interest Period means, in respect of a *Loan*, each period determined in accordance with clauses 3.16 – 3.20 for that *Loan*;

Interest Rate means, in respect of a *Loan* and an *Interest Period*, the *Interest Rate* determined by the Lender in its absolute discretion from time to time and subsequently confirmed in the *Confirmation* applicable to that *Loan* for that *Interest Period* as varied in accordance with this agreement;

Interest Switching Fee means the fee for switching between interest rate options when the *Borrower* has changed its interest payment obligations pursuant to clause 3.7 of this agreement which reflects any cost the Lender may incur as a result of the *Borrower* changing its interest payment obligations;

Investment Loan means the amount (if any) advanced by the Lender to the *Borrower* under clause 1.4(a);

Investment Loan Limit means, in respect of an *Investment Loan*, the amount set out as the *Investment Loan Limit* in the *Confirmation* relating to that *Investment Loan*;

Lender means Perpetual Loan Company Limited;

Loan means one or more of an *Investment Loan*, *Gains Loan* and *Interest Loan*, as the context requires;

Loan Establishment Fee means a loan establishment fee of 1.0% on each *Investment Loan* and *Gains Loan*;

Material Adverse Change means a change which, in the Lender's opinion, has a material adverse effect on either the *Borrower's* or *Guarantor's* assets, revenue or financial condition, or either of their ability to perform their respective obligations under this agreement;

Maturity Date means the earlier of:

- (a) the *Maturity Date* specified in the first *Confirmation* as may be extended by the Lender by notice to the *Borrower*; and
- (b) the date on which each *Loan* becomes due and payable and/or the *Facility* terminated under clause 11.1;

Maximum Prospective Liability means the amount specified as such for the purposes of clause 10.7;

Minimum Gains Loan Amount means \$5,000 (or such other amount as specified by the Lender on the *Drawdown Date* in respect of that *Gains Loan*);

Minimum Investment Loan Amount means:

- (a) an *Investment Loan* for an amount of \$50,000 (or such other amount as specified by the Lender on the *Drawdown Date* for that *Investment Loan*); and
- (b) if the *Borrower* draws an *Investment Loan* and wishes to apply that *Investment Loan* to the purchase of Units in more than one Fund, they shall only do so if they apply a minimum amount of \$10,000 per Fund (or such other amount as specified by the Lender on the *Drawdown Date* for that *Investment Loan*);

PPI means [Perpetual's Protect Investments] managed investments scheme.

PPI Property means the *Borrower's* beneficial interest in:

- (a) the *Units*;
- (b) the following rights:

- (i) the right, title and interest of the *Borrower* in all money, distributions, interest, allotments, offers, benefits, privileges, rights, bonuses, *Units*, debentures, distributions or rights to take up property;
- (ii) the rights of the *Borrower* consequent on any conversion, redemption, cancellation, reclassification, forfeiture, consolidation or subdivision; and
- (iii) the rights of the *Borrower* under any other arrangement entered into by the *Borrower* or on its behalf,

in connection with any *Units* acquired pursuant to clause 1.5(a) (including without limitation any money payable to the *Borrower* upon exercise of the right under section 1019B of the *Corporations Act* in respect of the *Units*); and

- (c) any *cash account* held by the *Lender* or any of its related bodies corporate for or on behalf of the *Borrower* in connection with this agreement or any other arrangements entered into by the *Borrower* or on its behalf in connection with the *Units*;

Prepaid Interest Payment Date means the first day of an *Interest Period* and if that day is not a *Business Day*, then the preceding *Business Day*;

Secured Moneys means all moneys, obligations and liabilities of any nature whatsoever that may now be, or might at any time in the future become or remain, due, owing or payable, whether actually or contingently, by the *Borrower* to the *Lender* on any account or for any reason whatsoever under the provisions of this agreement;

Secured Property means the property charged under clause 10.1;

Security Interest includes any mortgage, charge, bill of sale, pledge, deposit, lien, encumbrance, hypothecation, arrangement for the retention of title and any other right, interest, power or arrangement of any nature whatsoever having the purpose or effect of providing security for, or otherwise protecting against default in respect of, the obligations of any person;

Transfers is defined in clause 10.4(a);

Units means:

- (a) units in a *Fund* approved by the *Lender* (or any of its related bodies corporate);
- (b) *call options* in respect of such units; and
- (c) put options in respect of such units

acquired by the *Borrower* with the proceeds of an Investment Loan or in accordance with a *Dynamic Management Strategy* in respect of such units;

Interpretation

In this agreement, unless the context otherwise requires:

- (a) words importing the singular include the plural and vice versa;
- (b) references to a person includes any type of entity or body of persons whether or not it is incorporated or has a separate legal entity;
- (c) references to any document (including this agreement) include any variation or replacement to that document;
- (d) references to any party to this agreement include references to its respective successors and permitted assigns;
- (e) each *Gains Loan* “relates” to the *Investment Loan* in respect of which that *Gains Loan* has been applied for under clause 1.8; and
- (f) each *Interest Loan* “relates” to the *Investment Loan* in respect of which the *Interest Loan* has been used to pay the first interest prepayment.

Who can apply

To invest you must be:

- over 18 years-of-age and not under a legal disability;
- an Australian resident for tax purposes. This applies to individuals, corporates, trusts and guarantors; and
- an eligible investor as shown in the following table.

Investor	Eligible to invest	Eligible for a loan
Individual	yes	yes
Corporate	yes	yes
Individual trustee	yes	yes
Corporate trustee	yes	yes
Superannuation fund trustee	yes	no
Joint investors	no	no
Partnership	no	no
Non-individual entity (eg unincorporated association, club, charity)	no	no

We have discretion to accept or reject applications.

How to apply

To invest please complete the application form and return it to us with the supporting documents and your investment cheque (if applicable). If you have any questions please phone us on 1800 002 513.

Which sections are applicable to you?

The table below shows you which sections to complete.

Investor	Mandatory for all applicants	Additional for applicants applying for loan
Individual	1, 2, 3, 4a, 6	4b, 4c, and 5
Corporate ¹	1, 2, 3, 4a, 6	4b, 4c, and 5
Individual trustee	1, 2, 3, 4a, 6	4b, 4c, 5 and 7
Corporate trustee ¹	1, 2, 3, 4a, 6	4b, 4c, 5 and 7
Superannuation fund trustee	1, 2, 3, 4a, 6	Not eligible

¹ If applying for a loan, the director (as guarantor of the corporate or corporate trustee investor) must complete sections 1a (Individual) and 5 (Loan application) in their own name and sign all the appropriate boxes in section 6 (Signatures).

Additional documents required from investors applying for a loan

If you are applying for a loan please provide the following information with your application:

(for corporate & corporate trustee investors – in this section “you” and “your” means the director acting as guarantor).

Loans between \$50,000 and \$300,000

You don't need to provide additional documentation with the application, but we will contact credit reporting agencies and other parties (such as your employer) to help verify your suitability for the loan as the applicant or as guarantor.

Loans for more than \$300,000

Please provide verification of your income by providing us with one of the following:

- your last three pay slips
- a letter from your employer confirming the length of your employment, your base income and any regular overtime, bonuses or allowances
- last year's tax return or group certificate and your employer's contact details (if still employed by same organisation)
- an accountant's certificate, confirming that your income level is currently at the level stated.

Loans for more than \$600,000

Please provide the income verification details required for Loans for more than \$300,000 (see above) plus documents to verify ownership of your assets by providing:

- for cash: your latest bank statement(s)
- for property: your certificate of title or latest council rates notice
- for shares: your latest holding statement

Interest Loans

Please provide us with:

- proof of your income (use the income verification details required for Loans for more than \$300,000 (see above); and
- a copy of your photo identification that includes your signature, such as your drivers licence or passport.

Corporate and trustee investors applying for a loan

Please provide a copy of the company and/or trust's balance sheet and profit and loss statements showing the last two years' results, signed by an authorised officer, and confirmation of income for directors. For corporate and corporate trustee investors, the director providing the guarantee must provide their own personal details in sections 1a (Individual) and 5 (Loan application).

Attorneys

If the application is signed under a power of attorney (and the attorney certifies that their power has not been revoked), please send the power of attorney or a certified copy to us with your application. If signed under power of attorney, the attorney certifies that he or she has not received notice of revocation of the power of attorney.

Company signatories

If we don't receive additional information the directors, company secretary or attorney signing the application will be the only authorised signatories for the company's investment. You can add authorised signatories by informing us in writing. Requests must be signed by all new authorised signatories so that we have their signature on record.

How to pay

If you are investing using your own funds, please include your cheque, made payable to **PIML – PPI [investor name]**, with your application. Cash amounts are not accepted. If you are applying for a loan, loan payments will be direct debited from your nominated bank account.

How to submit your application

Please send us your application form, supporting documents (and cheque if applicable) to one of the addresses listed below. We must receive your original application (not a photocopy or fax) before 5pm (AEST), 15 June 2007.

By mail (no stamp required if posted in Australia)

Reply Paid 5126
Perpetual Protected Investments
GPO Box 5126
Sydney NSW 2001

In person

Perpetual Protected Investments
Level 12
Angel Place
123 Pitt Street
Sydney NSW 2001

What happens after your application has been submitted

We will send you a notification confirming receipt of your application and notify you or your financial adviser if your application is approved and any conditions of approval. If you choose to have Online Access to view your portfolio, you will also receive your login details within a month of the protection start date.

Glossary

absolute return fund	Aim to produce returns in both rising and falling markets. The underlying investments may include shares, bonds, currencies, options, futures, commodities, real estate securities and other financial instruments.
adviser	Your financial <i>adviser</i> that prepared the Financial Services Guide (FSG) and Statement of Advice (SOA) for your investment in the Product.
Applicant	A person who completes and signs the application form.
AFSL	Australian Financial Services Licence.
ASIC	Australian Securities and Investment Commission.
BBSW	Bank Bill Swap Reference Rate published by Reuters Information Service.
break costs	Costs to unwind a hedging arrangement
business day	A day that banks are open in Sydney and London.
call option premium	The amount to be paid for the purchase of a <i>call option</i> as calculated by Deutsche Bank.
call option(s)	A <i>call option</i> gives the holder the right but not the obligation to purchase units in the relevant <i>fund(s)</i> at a predetermined price on exercise of the <i>call option</i> . The responsible entity will acquire <i>call options</i> from Deutsche Bank on behalf of investors.
cash account	The cash account set up for each <i>investment strategy</i> that forms part of your <i>portfolio</i> . See page 2 for further details.
cash unit	A hypothetical investment calculated equal to the amount you would need to invest in fixed interest (at the relevant date) to grow to an amount equal the <i>protected amount</i> by the <i>protection end date</i> .
Corporations Law	<i>The Corporations Act 2001 (Cth) and the Corporations Regulations 2001 (Cth).</i>
deferred purchase agreement	A purchase agreement under which the delivery of <i>fund units</i> bought for your <i>portfolio</i> on the <i>investment date</i> is deferred until the <i>protection end date</i> . The value of the <i>fund units</i> delivered will depend on the value of the <i>reference portfolio</i> at the protection end date.
delivery asset	The asset delivered to you under a <i>deferred purchase agreement</i> .
dynamic management	A formula-based technique that seeks to safeguard your <i>protected amount</i> on the protection end date. It allocates the assets in your portfolio between <i>Fund units/reference assets</i> and cash and call options (see page 4).
dynamic management leverage amount	The notional amount of borrowing by us as part of <i>leveraged dynamic management</i> .
fund	A managed investment scheme that is registered with ASIC
fund units	Units in a <i>fund</i>
Gains Lock-in	An increase in your protected amount when certain conditions are satisfied (See page 4).
GST Act	<i>A New Tax System (Goods and Products Tax) Act 1999</i> and associated regulations.
Guarantor	the highest previous fund value – sometimes used to determine performance fees.
high water mark	The manager will only receive performance fees when the fund value is greater than its previous value.
IDPS	Investor Directed Portfolio Service
Income Tax Assessment Act	<i>The Income Tax Assessment Act 1936 or Income Tax Assessment Act 1997</i> as applicable.
Indemnity	A promise from one party to another to reimburse or cover costs or liabilities incurred by another.
Index	A measure of a change in value of specified underlying securities.
investment amount	The amount you invested in the Product.
investment strategy	The strategy you choose to invest in to obtain capital protected exposure to the <i>reference asset</i> .
Investor	The registered holder of an interest in the Product.
investor ID	Identification number to be used each time you contact Perpetual either by telephone or writing. This number is also the registration number to enter the secure area of the website (if registered for Perpetual's website). An investor will be issued one Investor ID for this Product.
leverage units	The notional amount of borrowing by Perpetual as the responsible entity of the Perpetual Rubicon International Leaders Fund as part of leveraged dynamic management is divided into leverage units.
leveraged dynamic management	A form of <i>dynamic management</i> which involves borrowing so that there is the potential for greater than 100% exposure to the <i>Perpetual Rubicon International Leaders Fund</i> .

Loan and Security Agreement	The Agreement between the Borrower, the Guarantor (if applicable) and the Lender.
market risk	The risk that specific events have a negative effect on the price of investments in a particular market (such as the stock market for shares). These events may include changes in economic, social, technological, political, legal or accounting conditions, and investor confidence. These factors can affect both Australian and international markets and, in particular, less developed international financial markets.
maturity date	The date your loan is repayable.
portfolio	Your portfolio comprises the investment strategies you selected. Depending on your <i>investment strategy</i> , your <i>portfolio</i> may invest in <i>fund units</i> , <i>put options</i> and <i>call options</i> (except in the case of the Perpetual Rubicon International Leaders Fund, where no <i>put</i> or <i>call options</i> will be issued). You will always have a <i>cash account</i> for each <i>investment strategy</i> .
portfolio protection floor	A hypothetical value used to determine how much of your <i>portfolio</i> may be invested in a <i>fund</i> . It is equal to the amount you would need to invest in fixed interest investments (at the relevant date) to grow to an amount equal the <i>protected amount</i> by the <i>protection end date</i> . (See page 4).
portfolio value	The redemption price of your <i>fund units</i> , the dollar amount of your cash account and the market value of your <i>call options</i> (if any) and <i>Put Options</i> (if any) in your <i>portfolio</i> .
power of attorney	An agreement whereby you appoint a person (attorney) to carry out actions on your behalf.
protected amount	Your <i>investment amount</i> and any proportion of unrealised gains (<i>gains lock-in</i>) which are protected during the <i>protection period</i> . If you withdraw any amounts prior to the <i>protection end date</i> , the <i>protected amount</i> will be reduced in proportion with your withdrawal.
protection end date	The date the capital protection under the Product ends – 31 May 2014.
protection period	The period during which the capital protection under the Product applies – from the <i>protection start date</i> to the <i>protection end date</i> .
protection start date	The date the capital protection under the Product starts.
put option	<p>A <i>put option</i> gives the holder the right but not the obligation to sell units in the relevant fund at a predetermined price on exercise of the <i>put option</i>.</p> <p>Perpetual will acquire a put option from Deutsche Bank on behalf of investors to cover the risk that the <i>portfolio value</i> is less than the <i>protected amount</i> at the <i>protection end date</i>.</p>
put option premium	The amount to be paid for the purchase of the <i>put option</i> as calculated by Deutsche Bank.
reference asset	The fund you gain exposure to as part of the <i>investment strategy</i>
reference portfolio	The notional portfolio used in a deferred <i>purchase agreement</i> to determine the value of <i>units delivered</i> . The notional <i>portfolio</i> comprises the Perpetual Rubicon International Leaders Fund, rolling monthly foreign exchange contracts <i>leverage units</i> and <i>cash units</i> .
volatility	The extent of fluctuation in an asset's price. The higher the <i>volatility</i> , the less certain an investor is of return, and therefore <i>volatility</i> is one measure of risk.

1 Dates and times are indicative only and subject to change.

2 These are not the total fees and costs that you may incur. Please refer to table 1 'Fees and other costs' on page 10 of this PDS for details. If you borrow to invest, you will pay additional fees and costs for the loan. (See 'Can I borrow to invest' – pages 13 to 15)

3 The protection fee for the Perpetual's Wholesale Rubicon Trust is a fee charged by Deutsche Bank to the fund. It is paid from the assets of this fund and is not a cost of the Product. Please refer to 'Additional explanation of fees and costs' – page 11.

Contact details

For further information, or a copy of any of our Product Disclosure Statements, please contact Perpetual:

Website

www.perpetual.com.au

Email

ppi@perpetual.com.au

Telephone

During business hours (Sydney time):

Investor Service Centre

1800 002 513

Adviser Service Centre

1800 002 513

Fax

Investors and advisers
02 8256 1416

Postal address

No stamp required if posted in Australia
Reply Paid 5126
Perpetual Protected Investments
GPO Box 5126
Sydney NSW 2001

Australian Capital Territory

Level 4
10 Rudd Street
Canberra ACT 2601
Tel (02) 6248 7977

New South Wales

Level 12
Angel Place
123 Pitt Street
Sydney NSW 2000
Tel (02) 9229 9000

Queensland

Level 6
260 Queen Street
Brisbane QLD 4000
Tel (07) 3834 5656

South Australia

Level 8
115 Grenfell Street
Adelaide SA 5000
Tel (08) 8418 5656

Victoria

Level 28
360 Collins Street
Melbourne VIC 3000
Tel (03) 8628 0400

Western Australia

Level 29
Exchange Plaza
2 The Esplanade
Perth WA 6000
Tel (08) 9224 4400

Website

www.perpetual.com.au



Experience. The difference.