

Perpetual Protected Investments – Series 2

Supplementary Product Disclosure Statement Number 1

dated 19 November 2007 for Combined Financial Services Guide and Product Disclosure Statement dated 6 September 2007 Issued by Perpetual Investment Management Limited ABN 18 000 866 535 AFSL 234426

About this Supplementary Product Disclosure Statement

This Supplementary Product Disclosure Statement (SPDS) is to be read in conjunction with Combined Financial Services Guide and Product Disclosure Statement for Perpetual Protected Investments – Series 2 dated 6 September 2007 (Combined FSG & PDS).

From 19 November 2007, the Product Disclosure Statement for Perpetual Protected Investments – Series 2 comprises:

- the Combined FSG and PDS, and
- this SPDS.

Purpose of this SPDS

The purpose of this SPDS is to expand and clarify the section “How do we protect your portfolio?”. It replaces page 4 of the Combined FSG and PDS.

Words in italics (*like this*) are defined in the Glossary on pages 62-63 of the Combined FSG and PDS.

How do we protect your portfolio?

Your *portfolio* will consist of *fund units*, a cash account and possibly *call options*.

Perpetual Protected Investments – Series 2 (*Product*) has been structured with the aim of ensuring that at the end of the *Product*, (the *protection end date* i.e. 30 April 2015) the minimum amount you receive will be your initial investment amount, adjusted upwards for unrealised capital gains (if any) which have been ‘locked in’ during the term of the *Product*. This is your ‘*protected amount*’.

Here we explain how we manage your *portfolio* with the aim of achieving this objective.

Protecting your investment with dynamic management

The amount you invest will initially be 100% invested in *fund units* in the *funds* you select.

PIML (under your *power of attorney*) will then direct us to implement a strategy called *dynamic management* for your *portfolio*.

Dynamic management involves us monitoring the value of your *portfolio* each day during the term of the *Product* and, where necessary, switching your *fund units* in and out of *call options*.

First we calculate your *portfolio protection floor*. This is the hypothetical amount that you would need to invest in fixed interest investments to make sure that the current value of your *portfolio* grows to an amount at least equal to your *protected amount* by the *protection end date*.

We use the *portfolio protection floor* to help us decide how much of your *portfolio* to invest in *fund units* and how much to invest in *call options*.

For example, assuming: (i) your current *protected amount* is \$10,000 (the minimum investment), (ii) it is exactly seven years to the end of the *Product* (*protection end date*), and (iii) an interest rate of 6.0% pa, we calculate that you would need to invest approximately \$6,650 in fixed interest investments today to grow to \$10,000 at the *protection end date*. Therefore, in this example, your *portfolio protection floor* today would be \$6,650.

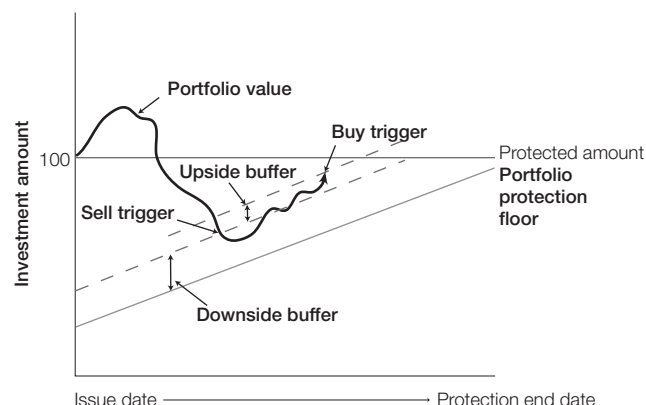
We monitor the value of your *portfolio* and the *portfolio protection floor* daily, as they change with market movements and changes in interest rates.

We keep a ‘downside buffer’ between the *portfolio protection floor* and the value of your *portfolio*. If the value of your *portfolio* falls below this buffer, we will sell some of your *fund units* to buy *call options*. This is called a ‘sell trigger’. Once the value of your *portfolio* rises back above the ‘upside buffer’, we will exercise your *call options* and acquire *fund units*. This is called a ‘buy trigger’ (see Chart 1 over the page).

Lower interest rates will raise the *portfolio protection floor*, resulting in a greater potential for allocation away from *fund units* and into *call options* than when interest rates are higher.

While our main aim is to protect your capital, we also look to maximise your exposure to *fund units* in the *funds* you have chosen, as this is where there is the greatest potential for capital growth.

Chart 1 – Buy and sell triggers



Source: Perpetual.

A buy trigger means *call options* will be exercised so you receive *fund units* in your chosen *funds*. A sell trigger means some of your *fund units* will be sold to buy *call options*.

Gains 'lock-in'

Assuming the right conditions are met, we will 'lock-in' a portion of any unrealised capital gains for all *funds* offered within the *Product*.

This can happen when the value of your *portfolio* reaches 180% of the *portfolio protection floor*, at which time your *protected amount* will be increased by 50% of the difference between the value of your *portfolio* and your current *protected amount*.

For example – let's say your original *protected amount* was \$10,000 and your *current portfolio protection floor* is \$8,500 and your *portfolio* has performed well and is now worth \$15,300, which is 180% of the *portfolio protection floor* (i.e. \$8,500 x 180% = \$15,300). This means your *protected amount* can now be increased from \$10,000 to \$12,650 locking in unrealised capital gains of \$2,650.

We calculate the new *protected amount* as follows:

New protected amount:

$$\begin{aligned}
 &= \text{Original protected amount} + [50\% \times (\text{current portfolio value} - \text{original protection amount})] \\
 &= \$10,000 + [50\% \times (\$15,300 - \$10,000)] \\
 &= \$12,650.
 \end{aligned}$$

What you need to know about dynamic management

As *dynamic management* is an investment strategy in its own right, you need to consider the risks associated with using it to protect your initial investment in the *Product*. Please refer to the 'Risks' section on page 5 of the Combined FSG and PDS.

Changes to dynamic management

In certain circumstances (such as where there is a significant change in the way a *fund* is being managed), a new *fund* may be substituted for the *fund* you chose, or the terms of the *dynamic management* changed. If this happens, your exposure will be to the new *fund*, instead of the *fund* you originally selected.

At the protection end date

At the *protection end date* we will exercise any *call options* in your *portfolio* 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, if you borrow to invest, the Lender will enter into a swap agreement with Deutsche Bank in respect of your *portfolio* so that it can offer you an Investment Loan on a limited recourse basis (see page 15 of the Combined FSG and PDS).

If you do not borrow to invest, you will not receive the benefit of the swap agreement.

Important Notice

This SPDS has been prepared by Perpetual Investment Management Limited (PIML) ABN 18 000 866 535, AFSL 234426. It is general information only and is not intended to provide you with financial advice and does not take into account your objectives, financial situation or needs. You should consider, with a financial and/or tax adviser, whether the *Product* is suitable for your circumstances. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information.

A Combined PDS and FSG (PDS) has been issued by PIML for the *Product* and should be considered before deciding whether to acquire an interest in the *Product*. The PDS can be obtained by contacting your adviser or by calling Perpetual on 1800 002 513. No company in the Perpetual Group ('Perpetual Group' means Perpetual Limited ABN 86 000 431 827 and its subsidiaries) guarantees the performance of any fund, or the return of an investor's capital.

Further information

Adviser Services 1800 062 725

Investor Services 1800 022 033

Email investments@perpetual.com.au

www.perpetual.com.au



Perpetual Protected Investments – Series 2

Perpetual Protected Investments – Series 2 Product Disclosure Statement



For reference only

Application form has been removed
Offer closed 28 November 2007

Combined Financial Services Guide and
Product Disclosure Statement
Dated 6 September 2007
Issued by Perpetual Investment
Management Limited
ABN 18 000 866 535
AFSL 234426
www.perpetual.com.au

Combined Financial Services Guide and Product Disclosure Statement

This document contains:

- a Product Disclosure Statement (PDS) for the Perpetual Protected Investments – Series 2 (pages 1 to 27 and 30 to 64; and
- a Financial Services Guide (FSG) for the *dynamic management* services provided to *Investors* in the Perpetual Protected Investments – Series 2 (pages 28 to 29).

The PDS is issued by Perpetual Investment Management Limited as responsible entity of Perpetual Protected Investments – Series 2. The FSG is issued by Perpetual Investment Management Limited in its personal capacity.

Important Notice

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. You should obtain independent financial or tax advice to help you with this.

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

Perpetual Protected Investments – Series 2 is a managed investment scheme. Perpetual has lodged the scheme documents with AS/C 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 <i>Product</i> . Perpetual is a wholly owned subsidiary of Perpetual Limited (ABN 86 000 431 827). Perpetual is the issuer of the PDS.
PIML	References in the PDS to 'PIML' are to Perpetual Investment Management Limited (ABN 18 000 866 535) in its personal capacity. PIML provides <i>dynamic management</i> services to <i>Investors</i> .
Lender	References to 'Lender' are to Perpetual Loan Company Limited (ABN 32 088 016 577) as lender under the Loan and Security Agreement.
Perpetual Group	'Perpetual Group' means Perpetual Limited and its subsidiaries.
Investor, you, your, applicant	<i>Investors</i> that complete and lodge an application form to participate in the <i>Product</i> (and, where the context requires, prospective <i>Investors</i>).
Borrower, you, your	Borrowers that complete and lodge an application form for a loan (and, where the context requires, prospective borrowers).
Australian offer	<p>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 <i>Product</i>. You must not be carrying on a business in the UK.</p> <p>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.</p>
Changes to <i>Product</i> information	<p>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.</p> <p>If there is an increase in the fees and costs (other than federal government fees and charges and charges or fees of the <i>funds</i> included in the <i>Product</i>) we will give you 30 days' written notice.</p>
Terms in the PDS	There is a glossary on page 62 that explains the terms in italics (<i>like this</i>) used in the PDS and application form. Any capitalised words (Like This) in 'Borrowing to invest' and the application form are defined in the <i>Loan and Security Agreement</i> .
Capital protected	Your capital is protected on the terms set out in this PDS. Protection occurs by using a <i>dynamic management</i> strategy to ensure that the value of your <i>portfolio</i> at the <i>protection end date</i> is at least equal to the value of your <i>protected amount</i> .
Repayment of capital and returns are not guaranteed	<p>Neither the capital protection nor the <i>dynamic management</i> strategy is guaranteed. There is a risk that your <i>portfolio</i> may be less than the value of your <i>protected amount</i> at the <i>protection end date</i>.</p> <p>Deutsche Bank AG, Perpetual and their associates do not guarantee the performance of the <i>Product</i>, the payment of any distributions, the repayment of capital invested or any particular rate of overall return. Participation in the <i>Product</i> does not represent a deposit or any other liability of Perpetual or Deutsche Bank AG or any associates of Perpetual or Deutsche Bank AG. <i>Investors</i> have no recourse to or rights against Deutsche Bank AG or any of their related associates. The participation in the <i>Product</i> 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 Option and Dynamic Management Services Agreements'.</p>
Limited recourse loan	If you maintain your loan until the <i>maturity date</i> , the Lender's security in relation to the loan principal is limited to the value of your <i>portfolio</i> , subject to the Lender's hedging arrangements with Deutsche Bank AG.
Changes to the offer period	We may vary the dates and times of the offer for the <i>Product</i> . If this occurs we may also extend any of the other key dates relevant to the <i>Product</i> .

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Why invest?

Gearing with capital protection

Perpetual Protected Investments – Series 2 offers gearing with capital protection which aims to accelerate your wealth potential in positive markets while safeguarding your capital in any downturns.

1. Borrow up to 100%¹ of your *investment amount* and one year's interest.

You can borrow up to 100% of the *investment amount* and in June 2008, you may also borrow one year's interest. There are a number of interest options to choose from.

2. Safeguard capital

PIML provides *dynamic management* services which aim to ensure that the value of your *portfolio* is at least equal to your *protected amount* at the *protection end date* (30 April 2015).

3. Diversify your investment using a choice of *investment strategies*

You can tailor your *portfolio* by choosing from a range of *investment strategies* to provide capital protected 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. Because choice and diversification are important, there is a selection of asset classes and investment managers.²

4. Manage cash flow

During the *protection period*, you are required to pay the *dynamic management* and administration fees. You don't have to pay fees from other sources as Perpetual will pay them for you from your *cash account*.

If you borrow to invest, you will have to pay the interest from other sources.

5. 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 decide to hold your *fund units*. After the period, the value of your *fund units* will not be capital protected.

¹ Loans offered are subject to credit approval.

² We did not consider labour standards, environmental, social or ethical implications when we chose the *funds* or made other decisions concerning *investment strategies*, except as to whether these factors could materially affect the outcomes of those investment decisions.

Snapshot

Investment strategies		See Page(s)
Funds You can determine your exposure ¹ to each of these <i>funds</i> through your choice of <i>investment strategies</i> .	Australian equities Ausbil Australian Active Equity Fund Ausbil Australian Emerging Leaders Fund Perpetual's Wholesale Australian Fund Schroder Wholesale Australian Equity Fund Global equities AXA Wholesale Global Equity Value Fund GVI Global Industrial Share Fund Perpetual's Wholesale International Share Fund T Rowe Price Global Equity Fund Specialist Asset Classes Aberdeen Asian Opportunities Fund Colonial First State Wholesale Global Resources Fund IOOF/Perennial Global Property Trust Macquarie International Infrastructure Securities Fund	6 to 9
Key dates ²		
Offer opens	29 October 2007	
Offer closes	28 November 2007	
Offer period	From and including the date the offer opens, to and including the date the offer closes.	
Protection start date	21 December 2007	
Investment date	On or as soon as practicable after 21 December 2007 when unit prices are published for all the <i>funds</i> .	We will send you a letter advising of the investment date
Protection end date	30 April 2015	
Protection period	From the <i>protection start date</i> to the <i>protection end date</i> .	
Investment Loan drawdown date	On or as soon as practicable after 13 December 2007	
Investment Loan	21 November 2007	
Final Interest rate set date		
Maturity date (for loans)	30 April 2015	
Interest Loan drawdown date	On or as soon as practicable after 25 June 2008	
Minimum amounts		
Minimum investment amount 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 Product ³		
Establishment fee	Nil	10
Withdrawal fee	Nil	10
Administration fee for custodial, accounting and tax reporting	0.75% pa on the value of your <i>portfolio</i> .	10
Dynamic management fee	0.65% pa on your <i>protected amount</i>	10
Ongoing fees on the <i>funds</i> (management fees & cost recoveries)	0.85% to 1.30% pa on the value of the relevant <i>fund</i> . Some <i>funds</i> have additional performance fees.	7 to 9

1 The addition of capital protection through *dynamic management* means your exposure to the *funds* through the *Product* is different to investing directly in the *funds*. Your *portfolio* will include *fund units* and a *cash account* and possibly *call options*. See 'Performance of your *portfolio* and the *funds*' on page 6.

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

3 These are not the total fees and costs that you may incur. Please refer to Table 1 'Fees and other cost' on page 10 of this PDS for details. If you borrow to invest, you will pay additional fees and costs for the loan. See table 2 'Loan fees and charges' on page 16.

How do we protect your portfolio?

Your portfolio

Your *portfolio* will consist of *fund units*, a cash account and possibly *call options*.

Dynamic management

Dynamic management is applied throughout the *protection period* 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* at the *protection end date*. 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.

On the investment date, you'll be 100% invested in the *funds* you selected. The maximum exposure you can have to a fund is 100%. PIML (under your *power of attorney*) will direct us to implement the *dynamic management* for your *portfolio*. (PIML receives advice on *dynamic management* under a *Services Agreement* which it has with Deutsche Bank). If the *fund* is declining in value PIML may instruct us to sell some of your holding in the *fund* to buy *call options*. When the *fund* is performing well, PIML may instruct us 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, if you borrow to invest, the Lender will enter into a swap agreement with Deutsche Bank in respect of your *portfolio* so that it can offer you an Investment Loan on a limited recourse basis (see page 15).

If you do not borrow to invest, you will not receive the benefit of the swap agreement.

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 \$8,500 and the value of your *portfolio* is \$15,300, we will increase your *protected amount* from \$10,000 to \$12,650.

Changes to dynamic management

In certain circumstances (such as where there is a significant change in the way the *fund* is being managed), a new *fund* may be substituted or the terms of the *dynamic management* changed. If this happens, your exposure will be to the new *fund*, instead of the *fund* originally selected.

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 ability to obtain cash proceeds immediately will depend on the withdrawal provisions for the *funds* (Refer to relevant fund PDS).
- 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* 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 *fund units* into *call options*. This affects your ability to participate in future gains through exposure to the *fund*. If the fall is significant enough, you may have no allocation to the *fund*.

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

There is no guarantee that the *dynamic management* strategy will achieve its aim. The value of your *portfolio* may be less than the *protected amount* at the *protection end date*.

3. Volatility

Investment strategies which invest in *funds* with higher *volatility* have a higher risk of selling *fund units* and buying *call options* under the *dynamic management* strategy.

4. Borrowing to invest

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

If you withdraw before the *protection end date*, you lose the benefit of the capital protection and you will have to repay all outstanding loan amounts in full (which may be more than the value of your *portfolio*).

Even if you stay in the *Product* until the *protection end date*, you will have to repay all outstanding Interest Loan amounts and, in certain circumstances your liability under your Investment Loan (and any Gains Loan) may not be limited to the value of your *portfolio*.

(Please refer to 'Borrowing to invest' section on pages 13 to 15)

5. Counterparty risk

This is the risk that Deutsche Bank or one of the Perpetual entities defaults under the Deutsche Bank Agreements. For example, the risk that Deutsche Bank fails to pay the difference between the *protected amount* and the value of your *portfolio* under the Lender's swap agreement – so that your liability under your Investment Loan may not be limited to the value of your *portfolio*.

We may recover your share of any liabilities under the *Deutsche Bank Agreements* in accordance with your *power of attorney*.

6. Market risk

This is 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.

7. 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 on the *funds*, please see the relevant Product Disclosure Statement (PDS) for the relevant *fund* available from the responsible entity for that *fund*.

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 Act*.

Investment aims of the *fund*

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.

Performance of your *portfolio* and the *funds*

The addition of capital protection through *dynamic management* means the performance of your *portfolio* will be different to the performance of the *funds* for the *investment strategies* you choose. This is because you will not have 100% exposure to the fund to the extent that your *portfolio* holds *call options* at any time. In addition 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*.

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
Perpetual's Wholesale Australian Fund	091 189 132	7
Schroder Wholesale Australian Equity Fund	100 857 823	7
Global equities		
AXA Wholesale Global Equity Value Fund	098 445 464	8
GVI Global Industrial Share Fund	112 369 552	8
Perpetual's Wholesale International Share Fund	091 186 837	8
T. Rowe Price Global Equity Fund	121 250 691	8
Specialist asset classes		
Aberdeen Asian Opportunities Fund	106 201 236	9
Colonial First State Wholesale Global Resources Fund	087 561 500	9
IOOF/Perennial Global Property Trust	118 190 542	9
Macquarie International Infrastructure Securities Fund	115 990 611	9

	AUSTRALIAN EQUITIES											
<i>Fund</i>	Ausbil Australian Active Equity Fund			Ausbil Australian Emerging Leaders Fund			Perpetual's Wholesale Australian Fund			Schroder Wholesale Australian Equity Fund		
Investment manager¹	Ausbil Dexia Limited			Ausbil Dexia Limited			Perpetual Investment Management Limited			Schroder Investment Management Australia Limited		
Investment aim	The aim of the <i>fund</i> is to outperform the S&P/ASX 300 Accumulation Index over the medium to long term with moderate tax effective income. The <i>fund</i> invests in a <i>portfolio</i> of listed Australian equities that are generally chosen from the S&P/ASX 300 Index.			The aim of the <i>fund</i> is to outperform the benchmark over the medium to long term. The performance benchmark for the <i>fund</i> consists of 70% S&P/ASX Midcap 50 Accumulation Index and 30% S&P/ASX Small Ordinaries Accumulation Index. The <i>fund</i> invests in both mid and small cap stocks which possess potential for superior growth.			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.			The objective of the <i>fund</i> is to out perform the S&P/ASX 200 Accumulation <i>Index</i> over the medium to long term. The <i>fund</i> offers <i>Investors</i> access to a professionally managed <i>portfolio</i> of predominantly Australian and New Zealand equity securities.		
Investment approach	Rather than focusing only on growth or value investing, Ausbil's investment processes allow them to exploit the inefficiencies across the entire market, at all stages of the cycle and across all market conditions. The basic premise of Ausbil's philosophy is that stock prices ultimately follow earnings and earnings revisions. Ausbil's process seeks to identify earnings and earnings revisions at an early stage, and hence to pre-empt stock price movements.			Ausbil invests in emerging leaders/mid cap shares that are greater than \$250 million in market capitalization, 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 capitalization holdings while avoiding potential liquidity problems that many small capitalization companies present.			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: <ul style="list-style-type: none"> – conservative debt levels – sound management – quality business and – in the case of industrial shares, recurring earnings. 			At the heart of the investment philosophy for the <i>fund</i> is a belief that firms reinvesting in their businesses at higher than average rates of return will be rewarded with better than average long term share price performance. Schroder believes that market research is too short-term focussed and neglects industry analysis which can be used to identify the attributes likely to drive firms that generate superior return profiles over time. Effectively the <i>fund</i> is aiming to identify companies with quality growth business models with a long term sustainable competitive advantage in their industry.		
Annual returns² (pa) as at 30 June 2007	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	24.82	29.65	21.92	28.44	32.99	27.86	23.04	25.46	20.59	27.17	26.81	N/A
Distribution	7.76	6.01	4.96	12.23	11.20	9.83	13.45	11.34	8.16	21.29	15.62	N/A
Growth	17.06	23.64	16.96	16.21	21.79	18.03	9.59	14.12	12.43	5.88	11.19	N/A
Past returns are not an indication of future returns												
Management fees (pa)	0.90%			0.85%			0.99%			0.87%		
Performance fees (estimate)³	Not applicable			0.30% (assuming performance of 2% above the benchmark)			Not applicable			Not applicable		
How calculated	Not applicable			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%			0.40% / nil			0.30% / 0.30%		
Cost recoveries (pa) (estimate)⁴	Not applicable			Not applicable			Not applicable			0.05%		
For PDS for more information	www.ausbil.com.au			www.ausbil.com.au			www.perpetual.com.au			www.schroders.com.au		

See page 9 for footnotes 1,2,3 & 4.

GLOBAL EQUITIES												
Fund	Wholesale AXA Global Equity Value Fund			GVI Global Industrial Share Fund			Perpetual's Wholesale International Share Fund			T. Rowe Price Global Equity Fund		
Investment manager ¹	Bernstein Value Equities (a unit of Alliance Bernstein Australia Limited)			Global Value Investors Limited			PI Investment Management Limited			T. Rowe Price Global Investment Services Limited		
Investment aim	To provide <i>Investors</i> with long-term capital growth and to outperform its benchmark the MSCI World ex Australia Index net dividends reinvested in Australian dollars after cost and over rolling five-year periods.			To provide long-term capital growth and income to generate a rate of return (after fees and expenses and before taxes) which exceeds the return of the benchmark of the <i>fund</i> , the MSCI World Index (AUD) hedged over rolling three-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 Index in AUD over rolling three-year periods.			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 <i>fund</i> is the MSCI All Country World Index (unhedged).		
Investment approach	The Bernstein belief is that when faced with uncertainty, <i>Investors</i> 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.			GVI has a strong preference for quality dividend-paying companies that exhibit recurring earnings, a strong balance sheet, a competitive advantage and healthy cashflows at attractive valuations. GVI focuses on securities that it believes have strong value and quality characteristics. GVI believes that this approach allows it to identify securities that have been overlooked, misunderstood or mis-priced by the market. GVI prudently manages clients' money using a conservative, disciplined and value based approach to investing.			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.			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 <i>portfolio</i> manager is actively involved in the idea generation and refinement process. The <i>portfolio</i> typically holds 60-100 shares and up to 20% of the <i>fund</i> may be invested in emerging market		
Annual returns ² as (pa) as at 30 June 2007	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	16.6	16.5	10.7	22.04	N/A	N/A	5.20	7.91	3.47	N/A	N/A	N/A
Distribution	8.4	4.7	3.5	5.45	N/A	N/A	0.59	1.02	1.02	N/A	N/A	N/A
Growth	8.2	11.8	7.2	16.59	N/A	N/A	4.61	6.89	2.45	N/A	N/A	N/A
Past returns are not an indication of future returns												
Management fees (pa)	0.97%			1.23%			1.226%			1.16%		
Performance fees (estimate) ³	Not applicable			Not applicable			Not applicable			Not applicable		
How calculated	Not applicable			Not applicable			Not applicable			Not applicable		
Buy/sell spread	0.2% / 0.2%			0.4% / 0.4%			0.50% / nil			0.30% / 0.30%		
Cost recoveries (pa) (estimate) ⁴	0.03%			Not applicable			Not applicable			0.14%		
For PDS for more Information	www.axa.com.au			www.gvi.com.au			www.perpetual.com.au			www.troweprice.com/institutional		

See page 9 for footnotes 1,2,3 & 4.

SPECIALIST ASSET CLASSES												
Fund	Aberdeen Asian Opportunities Fund			Colonial First State Wholesale Global Resources Fund			IOOF/Perennial Global Property Trust			Macquarie International Infrastructure Securities Fund		
Investment manager ¹	Aberdeen Asset Management Limited			Colonial First State Investments Limited			Perennial Real Estate Investments Pty Ltd			Macquarie Investment Management Limited		
Investment aim	To provide <i>Investors</i> with high capital growth over the medium to long-term (minimum between 3 to 5 years) by seeking exposure to the Asian markets, excluding Japan. In seeking to achieve the <i>fund's</i> objective, Aberdeen may invest in securities which are not contained in the <i>index</i> used as the <i>fund's</i> performance benchmark, MSCI All Countries Asia (Free) ex Japan Index (AUD unhedged).			To provide long-term growth by predominantly investing in resource companies around the world.			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 invest in a <i>portfolio</i> 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.		
Investment approach	Aberdeen is a truly active manager and believes, given the inefficiency of markets, superior long-term returns are achieved by identifying good quality stocks at a reasonable price and holding for the long term. Sound fundamentals drive stock prices over time. We identify good companies from first-hand research, and add value from active management, which constitutes intensive and ongoing scrutiny at the company level. Aberdeen utilises the resources of its Singapore, Thailand, Hong Kong and Malaysia based equity investment teams to undertake stock selection.			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 and low-cost production.			The <i>Trust</i> 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 <i>portfolio</i> generally holds between 40 and 50 securities, with a minimum of 25 stocks and a maximum of 75 stocks. The <i>Trust</i> must have exposure to property securities in at least three countries at any one time, although normally this figure would be considerably higher.			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.		
Annual returns ² as (pa) as at 30 June 2007	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	20.90	20.95	N/A	24.67	34.23	24.89	22.11	N/A	N/A	38.89	N/A	N/A
Distribution	4.24	2.55	N/A	11.09	13.14	11.94	10.22	N/A	N/A	10.26	N/A	N/A
Growth	16.66	18.39	N/A	13.58	21.09	12.95	11.89	N/A	N/A	28.63	N/A	N/A
Past returns are not an indication of future returns												
Management fees (pa)	1.1811%			1.16%			1.05%			1.00%		
Performance fees (estimate) ³	Not applicable			Not applicable			Not applicable			0.20% pa (assuming performance of 2% above the benchmark)		
How calculated	Not applicable			Not applicable			Not applicable			Performance fee is 10% of return of the <i>fund</i> above the Macquarie Global Infrastructure Total Return Index, subject to a <i>high watermark</i> . *It is applicable after the management fees and expenses.		
Buy/sell spread	0.55% / 0.55%			0.30% / 0.30%			0.35% / 0.35%			0.38% / 0.25%		
Cost recoveries (pa) (estimate) ⁴	Not applicable			Not applicable			Not applicable			0.08%		
For PDS for more Information	www.aberdeen-asset.com.au			www.colonialfirststate.com.au			www.perennial.net.au			www.macquarie.com.au/mfm.		

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

2 Performance figures have been obtained directly from the responsible entity and/or the investment manager for the relevant *fund*. Past performance is no indication of future performance and the performance of your *portfolio* will be different to the performance of the *funds* you choose due to the *dynamic management strategy*. Please refer to 'Performance of your *portfolio* and the *funds*' on page 6.

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

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

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 (for example, reduce it from \$100,000 to \$80,000).

You should also consider whether features such as superior investment performance or the provision of 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 help you check out 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 *portfolio cash account*, from the returns on your investment or paid by selling your *fund units*.

For additional explanation and an example of fees and costs for the *Product*, please refer to pages 11 to 12 of the PDS. Costs of borrowing are set out on page 16 to 17.

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

Table 1 – Perpetual Protected Investments – Series 2 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 <i>Product</i>		
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	nil	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 ³	Calculated daily on the value of your <i>portfolio</i> and deducted from it quarterly in arrears, on withdrawal from the <i>Product</i> and on the <i>protection end date</i> .
Dynamic management fee	0.65% pa of your <i>protected amounts</i> ³	Calculated daily on your <i>protected amount</i> and deducted from your <i>portfolio</i> quarterly in arrears, on withdrawal from the <i>Product</i> and on the <i>protection end date</i> .
Underlying management costs The amount you pay for specific <i>funds</i> is set out on pages 7 to 9.	Management fees 0.85 – 1.226% pa ⁴ Cost recoveries nil – 0.14% Performance fees nil – 0.3% (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> .
Service fee		
Investment switching fee The fee for changing <i>investment strategies</i>	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 24, as your withdrawal proceeds may also be affected by the amount of notice you provide us for withdrawal.

3 Inclusive of 10% GST. If you are registered for GST you may be able to claim a credit for some or all of the GST paid.

4 Inclusive of 10% GST less any RITCs available to the funds.

5 Only some *funds* have performance fees – see the *fund* profiles pages of pages 7 to 10. The performance fees shown are estimates only – the actual fees may be more.

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 — GVI Global Industrial Share Fund	Balance of \$50,000 ¹
Contribution Fees nil	You can't make additional contributions to this <i>Product</i> .
PLUS Management costs 2.63% pa ¹	For every \$50,000 you have in the <i>investment strategy</i> , you will be charged \$1,315 each year.
EQUALS Cost of <i>Product</i> ²	If you had an investment of \$50,000 at the beginning of the year, you will be charged fees of \$1,315. What it costs you will depend on the <i>investment strategy</i> 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 management costs represents the 0.75% per annum administration fee for the *Product*, the *dynamic management* fee of 0.65% per annum and the indirect cost of the 1.23% 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 for the *Product*' below.

Additional explanation of fees and costs for the *Product*

Payment of fees and charges

The administration fee and *dynamic management* fee will be deducted from your *portfolio cash account* quarterly and are not payments you need to make from other sources. If there is insufficient money in your *portfolio cash account*, the amount in your *portfolio cash account* may be increased by the sale of *fund units*. This may have capital gains tax implications, which are explained on page 18 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.

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 relevant *fund* PDS. You should contact your *Adviser* or the responsible entity of 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.

Buy/sell spread of funds

Estimated transaction costs are allocated when an *Investor* buys or sell units in a *fund* by incorporating a buy/sell spread in the relevant entry and/or exit unit prices. This aims to ensure that other *Investors* do not pay the transaction costs associated with a particular *Investor* buying or selling units in a *fund*.

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* as at the issue date of this PDS are set out in the tables on pages 7 to 9.

The buy/sell spreads may be updated from time to time. The buy/sell spread for each *fund* is available from www.perpetual.com.au or by phoning us. For investments made under this PDS, the total buy/sell spreads will not exceed 1.25 per cent.

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.

The buy/sell spreads will impact the return on your investment. As they are built into the fund's unit prices, they will not be recorded separately on your *Investor* statements.

The buy/sell spreads are not fees paid to us. They are retained in a *fund* to cover its transaction costs.

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% p.a. The maximum cost recovery permitted in respect of your *portfolio's* investment in the *fund* would be $0.10\% \times \$50,000 = \50 for the year.

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 our 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 relevant *fund* PDS for maximum fees and details of how fees may change.

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 monies invested via the dealer group.

Investment manager payments to us

We may receive payments from certain investment managers for the *funds*. 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 monies invested with the investment manager (inclusive of 10% of GST if applicable).

Borrowing to invest

The Loans

Perpetual Loan Company is offering:

- an **Investment Loan** to borrow up to 100% of your *investment amount* in the *Product*, and
- an **Interest Loan** so you can prepay the interest for the first full financial year of your Investment Loan (25 June 2008 to 24 June 2009). In order to qualify for an Interest Loan you must choose a fixed rate Investment Loan.

Loan applications must be submitted at the same time as your initial application for the *Product*.

During the term of the *Product* the Lender may also offer you additional funds to increase your investment capital under a **Gains Loan** if the value of your *portfolio* has increased above a certain level, resulting in a *gains lock-in*.

The Investment Loan and any Gains Loan are interest-only loans, with the principal outstanding repayable in full on the *maturity date*. Repayment of the principal under the Investment Loan and any Gains Loan is a limited-recourse obligation (limited to the value of your *portfolio*) at the *maturity date*. Repayment of the interest payable under the Investment Loan and any Gains Loan, is a full-recourse obligation, recoverable against you personally.

All Interest 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 41 for details of the terms of the Loans).

If the borrower is a *Corporate* entity, you will also need to provide a company charge. We will provide an appropriate form for you to use on request

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 rates will be set when the loan is offered to you. (See 'Interest rates' below.)

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 rates

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

Option	Indicative interest rate
Variable	8.90%
Fixed annually	9.25%
Fixed for the term	9.20%

The Lender will determine interest rates for all Investment Loan options **around 21 November 2007**. These rates will be published at www.perpetual.com.au. You can also phone us on 1800 002 513. The interest rates for your loan will be notified to you in your loan confirmation. These rates will be subject to change from time to time (at the Lender's discretion) and the rate for each interest period will be set prior to that period and published at www.perpetual.com.au.

You may switch between these interest options as set out 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 effect. 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.

Interest payments on any loan are full recourse obligations. This means that you must make interest payments irrespective of how your *portfolio* is performing.

All interest payments must be made by direct debit and we will deduct your payments automatically on each payment date from the account you specify in the application form. 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.




Interest Loan

If you choose to prepay the first full financial year's interest (25 June 2008 to 24 June 2009) on your Investment Loan (by selecting one of the fixed interest rate options set out below) you can also apply for an Interest Loan (commencing in June 2008) to make that prepayment.

All Interest Loans are interest-only, full-recourse obligations with the principal outstanding repayable in full on the *maturity date*. Interest Loans are only offered once in June 2008 and will not be available for subsequent years. Interest Loans are for prepaying interest for the year commencing 25 June 2008.

The applicable interest rates and interest payment dates for the different loan options are set out in the table on page below.

Please note that we do not offer an Interest Loan for the first 7 months of the *Product* so even if your application for an Interest Loan is approved, it will not be made available until on or about 25 June 2008. This means that even if you take out an Interest Loan you must ensure you hold sufficient funds in your direct debit account to make interest payments on your Investment Loan at the end of each calendar month for the first 7 months, up to and including June 2008.

		VARIABLE	FIXED ANNUALLY	FIXED FOR TERM
INVESTMENT LOAN	Interest Rate	Reviewed monthly	First year rate set in November 2007 will be for approximately 19 months from drawdown (December 2007) to June 2009 Reviewed annually in June commencing June 2009	Fixed in November 2007 for full term from drawdown (December 2007) to <i>maturity date</i> (1 May 2015)
	Interest Payments*	Monthly in arrears	Monthly in arrears for first 7 months commencing December 2007 up to and including 24 June 2008* Then prepaid annually on 25 June commencing June 2008* up to and including 24 June 2014	Monthly in arrears for first 7 months commencing December 2007 up to and including June 2008* Then prepaid annually on 25 June commencing June 2008* up to and including 24 June 2014
				
ASSOCIATED INTEREST LOAN	Interest Rate	NOT AVAILABLE	Initial rate set in June 2008. Reviewed annually in June commencing June 2009	Fixed in June 2008 for full term from drawdown (June 2008) to maturity date (1 May 2015)
	Interest Payments*	NOT AVAILABLE	Prepaid annually on 25 June commencing June 2008* up to and including 24 June 2014	Prepaid annually on 25 June commencing June 2008* up to and including 24 June 2014

*** Important note:** If you take out a fixed rate Investment Loan, on or about June 25, 2008, we will automatically deduct from your direct debit account both the monthly interest payment due for June 2008 and the prepaid annual interest for 2008-2009. The amount of prepaid interest deducted will either be the full annual amount due under your Investment Loan or, if you have an Interest Loan, the annual amount of interest payable for your Interest Loan.

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

The Investment Loan and any Gains Loan are limited-recourse obligations secured against your interest in the assets in your *portfolio*. This means that the Lender's security in respect of your obligation to repay the principal at the *maturity date* will, in the normal course, be limited to the value of your *portfolio*.

Depending on the amount you borrow, we may ask you to provide additional assets as security for your Interest Loan.

In some circumstances the limited-recourse obligations will not apply and you will be required to pay any shortfall. These circumstances include:

- you withdraw from the *Product* at anytime other than the *maturity date* and the value of your *portfolio* is less than the total amount payable under your loans; or
- your loans must be repaid other than on the *maturity date* for any other reason (see '*Early Repayment*') and the value of your *portfolio* is less than the total amount payable under your loans; or
- you withdraw from the *Product* at the *maturity end date* and the value of your *portfolio* plus the amount paid by to the Lender by Deutsche Bank A. G. is less than the total amount payable under your loans. (The Lender has entered into a swap agreement with Deutsche Bank A. G. to cover the risk of a shortfall between the value of your *portfolio* (over which the Lender has taken security) and the principal outstanding on your Investment Loan and/or Gains Loan at the *maturity date*).

You will need to use your own money to cover related fees and charges.

Your obligation to pay interest on your loans and your obligation to repay the principal and interest of your Interest Loan are full-recourse obligations.

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; or
- 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 48, clause 12).

Early repayment

On early 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).

Repayment at maturity

You may elect to repay your loan(s) in cash at the *maturity date*. If you choose not to re-pay your loan(s) in cash we will exercise our security under the *Loan and Security Agreement*.

You will be liable to pay interest on the principal outstanding between the *maturity date* and the date we realise our security.

Table 2 – Loan fees and charges

All payments relating to the loan will be made via direct debit. As such, you must ensure sufficient funds are available in your direct debit account when required for drawdown.

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 loan <i>maturity date</i> .	This fee will be calculated by us and will be one month's interest plus an allowance (calculated by us) for 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 loan <i>maturity date</i> .	This fee will be calculated by us and will be \$50 plus an allowance (calculated by us) for 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 money. 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 and Gains Loan	You may agree to pay additional commission to your <i>Adviser</i> by agreeing to increase the interest rate you are charged on your loan by the <i>Adviser</i> service fee. Paid by direct debit from the account notified to us.

Some financial *Advisers* may agree to waive (or rebate) part or all of their commissions but have no obligation to do so. Rebates are not offered as part of this *Product*.

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 borrower'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.

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 that apply to 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 31 August 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 section 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**'). For a summary of the PPI Trust Constitution see page 26. 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 their 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.

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.

Dynamic management fee

The *dynamic management* fee should be deductible to the *Investor* under sections 8-1(1) of the 1997 Act when the legal liability accrues (i.e. on a daily basis). This liability does not form part of the *Investor's* trust net income calculation.

Investment Loan, Interest Loan and Gains 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.

The deductibility of any interest incurred on a Gains Loan will depend upon factors that are unrelated to this *Product*, such as the types of investments the money borrowed was used for. Consequently, we have not discussed the tax treatment of the Gains Loan in this Tax section. You should discuss the tax treatment of the Gains Loan with your tax *Adviser*.

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.

On *protection end date* of this investment, if the aggregate deductible expenditure exceeds the assessable 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

Division 247 of the 1997 Act contains 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. When these rules apply, they deny taxpayers a deduction for part of the interest expense on a capital protected loan.

Division 247 will have no practical application to the *Product*. Division 247 will apply to the *Product* if, and only if:

- (a) the aggregate of the Investment Loan interest, Interest Loan interest and any amounts paid for capital protection (i.e. the *dynamic management* fee) for the income year; exceeds
- (b) the total interest that would have been incurred for the year if the interest rate on the amount borrowed had been the Reserve Bank of Australia's Indicator Rate for Personal Unsecured Loans – Variable Rate (as determined from when the interest rate is fixed – or, if the interest rate is variable, the average of the rates during the variable interest rate period).

If (a) exceeds (b), the excessive amount is not deductible (but is instead capitalised into the cost base of a notional asset). We understand that the aggregate of the interest cost and *dynamic management* fee is less than this Indicator Rate. As such, these rules should not have any practical application to the *Product*.

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.

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 under 'Perpetual in its capacity as trustee' on page 18. 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 *fund unit* and *call 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*; 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.
(The reduced cost base of a CGT asset does not include this second additional amount.)

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 relevant *fund's* PDS for more information on this issue).

Taxable CGT events

The expiry of a *call option* and sale or redemption of a *fund unit* 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 option* 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 *fund 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).

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* 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 *call option* and unit are discussed below.

Call Options

The *call options* should not be 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 of the type available under the *Product* and consequently the *call options* should not be taxed under these provisions.

Units

The *fund units* should not be securities for tax purposes. *Investors* should refer to the tax section in the *funds* offer document 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* 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 under 'Australian Taxation' 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 Division 247 discussed earlier. This is because these Fees are not paid for capital protection. 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 and five months, 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 deductibility 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*.

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 generally only apply prospectively to 'financial arrangements' that you 'start to have' after 1 July 2008.

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

21 December 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 *fund 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 a TFN exemption. As such, TFN withholding (applicable to certain investments where this information is not provided) should not apply.

United Kingdom Taxation

The following, which applies only to *Investors* who are the beneficially entitled to payments under a *call option*, 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 *call options*. It is not a comprehensive analysis of the UK tax consequences arising in respect of the *call options* and so should be treated with appropriate caution. Prospective *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 *call options* may be treated as having a UK source for UK withholding tax purposes. However, provided that the *call options* qualify as a 'derivative contract' within the meaning of paragraph 2(1) Schedule 26 Finance Act ('FA') 2002 and the profits and losses arising from the *call option* are recognised by DB London for UK corporation tax purposes, payments by DB London in respect of such *call options* will, by virtue of section 980 Income Tax Act 2007, be payable without withholding or deduction for or on account of UK income tax.

In the case of any *call option* 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 *call option* 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 *call option* 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 *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 *call option* 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 *call option* 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

All application monies received will be held on trust in a bank account until the application is processed and interests in the *Product* are issued to you on the *protection start date*. We retain any interest earned on this bank account. If we do not receive the information required to complete your application prior to the *protection start date*, we may 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 from the time you lodge your application until 19 days after the date we issue your interest in the *Product* (that is, from the *Protection Start Date*) (cooling-off period) to withdraw your investment from the *Product*. 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. Withdrawing your investment 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 you must write to us stating you would like to exercise your cooling-off rights. Your letter must be received by us no later than 5pm on the last day of the cooling-off period.

You do not have any cooling-off rights as a borrower. If you borrow to invest and choose to withdraw from the *Product* during the cooling-off period, you may not be able to recover the fees and costs of borrowing, nor any interest you have pre-paid if your loan has been drawn down when you withdraw.

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 *investment strategy*. If we do not receive enough applications in any particular *investment strategy*, we will not be able to offer that *investment 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*. You grant PIML a revocable *power of attorney* so PIML can instruct us to 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.

Distributions are generally paid around the 27th calendar day of the relevant month to your *cash account*. This will take longer in some cases depending on the individual *funds*. Annual distributions may not be paid until the end of the following month, again depending on individual *fund* processes. Distributions are paid into the relevant *cash account* in your *portfolio*.

You are required to pay the administration fees and the *dynamic management* fee for the *Product* and PIML will direct us to pay them for you from your *cash account* in accordance with the *power of attorney*.

Any balance in a *cash account* following receipt of distributions and payment of fees in accordance with your *power of attorney* may be reinvested in accordance with your *power of attorney* to increase your holding in *fund units* and/or *call options*. Any remaining 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 18 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 or fax 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 as follows:

Withdrawal Date	Notice to be received by
30 June	1st <i>business day</i> of June
30 September	1st <i>business day</i> of September
31 December	1st <i>business day</i> of December
31 March	1st <i>business day</i> of March

Your withdrawal request will be processed on the last day of the calendar quarter (i.e. on the respective withdrawal dates in the above table). 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 withdraw. 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 90 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 in accordance with provisions prescribed by the *Corporations Act*.

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.

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* to you (rather than all or a proportion of your *portfolio*), we will do so. Deutsche Bank (as issuer of the *call options*) has the right to bring forward the expiration date for the *call options* to the transfer date. If it does this, we will exercise the *call options* for you (in accordance with your *power of attorney*) and you will receive the relevant *fund units*. (For more detail see the 'Summary of Call Option Agreement' on page 33).

Mortgage of units

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

Transfers

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.

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

A transfer of *fund units* or of your interest in the *Product* may have tax implications (see 'Tax' on pages 18 – 22).

What happens at the protection end date?

At the *protection end date* we will exercise any *call options* in your *portfolio* to buy *fund units* and then transfer custody of all 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. If you do not meet the minimum *investment amount* requirements or the responsible entity of the *fund* does not accept your application, or if you fail to give us instructions, we will withdraw the *fund units* on your behalf and pay the cash proceeds to you. This may have tax implications (see 'Tax' on pages 18 to 22).

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* to pay outstanding fees and charges, we will sell some of the *fund units* to do so (in accordance with the *power of attorney*) before transferring custody of the remaining *fund units* according to your instructions. Your *fund units* will not be capital protected after the *protection end date* and their value may fall between the *protection end date* and the date of transfer.

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 30.

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) lodges 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 Act* 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 the Perpetual Protected Investment 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 whose statements are included in this PDS have consented to the statements made by them and in the context in which they 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 and issue interests in 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 the later of the receipt of application monies, approval of the application and the *Protection start date*. 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 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 *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*.

Financial Services Guide

Issued by: Perpetual Investment Management Limited,
ABN 18 000 866 535 AFSL 234426

Dated 6 September 2007

About this FSG

This Financial Services Guide (**FSG**) is an important document, which we are required to give you in accordance with the law. It provides you with information about Perpetual Investment Management Limited which is a member of the Perpetual Group (which means Perpetual Limited ABN 86 000 431 827 and its subsidiaries) and is referred to in this FSG as 'PIML', 'we', 'us' or 'our'.

Words that appear in italics (*like this*) are defined in the Glossary in the PDS – see page 62.

This FSG will help you understand the financial services that PIML provides and to determine whether or not you should use them. It includes details about:

- how PIML can be contacted
- the financial services PIML is authorised to provide
- how PIML is remunerated and
- the internal and external dispute resolution procedures that you can access if you have a complaint about PIML's services.

The information contained in this FSG is general information only and has been prepared without taking into account any particular person's needs or objectives. PIML provides no warranty regarding the suitability of any of the services described in this FSG for any person.

Financial services provided by PIML

The financial services that we are authorised to provide that are relevant to the Perpetual Protected Investments – Series 2 are described below. We are also authorised to provide other financial services and we will provide you with another FSG setting out details of these authorisations before we provide any such services to you when required by law.

Relevantly, we are authorised to deal in financial products by: applying for, acquiring, varying or disposing of a financial products on behalf of another person in respect of the following classes of products: deposit products, derivatives, interests in managed investment schemes to retail clients.

PIML, acting in its personal capacity will provide *dynamic management* services to you in respect of your *portfolio* by giving instructions (on your behalf) to Perpetual in its capacity as responsible entity of the *Product* and *trustee* of your *portfolio*.

By giving *dynamic management* services instructions we will arrange for the acquisition, holding and disposal of *fund units*, *call options* and your *cash account* in accordance with your selected *investment strategies*.

The *dynamic management* services are described in detail in the PDS. See pages 4.

Remuneration for the dynamic management services provided

You will pay a *dynamic management* fee of 0.65% pa of your *protected amount*. The *dynamic management* fee will be calculated daily on your *protected amount* and deducted from your *portfolio* quarterly in arrears, on withdrawal from the *Product* and on the *protection end date*.

The *dynamic management* services are provided to you as the holder of a *portfolio* in the *Product*. We will receive other fees in relation to the *Product* as set out in the section headed *Fees and other costs* on page 10 of the PDS. We may also receive fees as the responsible entity of *funds* in which you may invest through the *Product* as shown on pages 7 to 8 of the PDS. If you borrow to invest in the *Product*, Perpetual Loan Company Limited will receive interest payments, fees and other charges as set out on pages 16 of the PDS.

Who we act for

When providing the *dynamic management* services to you, PIML acts on its own behalf. However, when PIML gives *dynamic management* services instructions to Perpetual (as the *trustee* of your *portfolio*) on your behalf, we act on your behalf under your *power of attorney*.

Relationships with other entities.

PIML is the issuer of the *Product* and the issuer of some of the *funds* in which you may invest through Perpetual Protected Investments – Series 2 as disclosed in the PDS. PIML is related to Perpetual Loan Company Limited who issues loans to *Investors* for investment in the *Product*.

These relationships are not capable of influencing the *dynamic management* services we will provide to you.

Product disclosure statements and statements of advice

You should also receive a Product Disclosure Statement (PDS) in relation to the *Product* and for the relevant *fund* for each *investment strategy* in which you invest through the *Product*, before you apply for investment in the *Product*. The PDSs contain important information relating to an investment in the *Product* and you should read them carefully. If you receive advice from a financial planner in relation to investing in the *Product*, you should also receive a statement of advice which includes important information about the suitability of the *Product* for you.

Providing instructions to us

Unless otherwise stated in the PDS, we require you to provide all instructions to us in writing, signed by you. Where those instructions are of a purely administrative nature, we will act in accordance with those instructions. If your instructions require us to act in the capacity of a *trustee* or responsible entity, we will consider your instructions in accordance with our legal obligations.

Personal information

Privacy laws apply to the handling of personal information. Any personal information that we collect about you will be handled according to our Privacy Policy. Our Privacy Policy can be viewed on our website www.perpetual.com.au or a copy obtained by contacting us (our contact details are provided on this inside back cover of the Combined FSG and PDS).

You may be entitled to access all personal information that PIML holds about you. You also have the right to ask us to correct information about you that is inaccurate, incomplete or out of date. If you would like access or have any questions, please contact us (our contact details are provided on the back cover of the Combined FSG and PDS).

Professional indemnity insurance

We have adequate professional indemnity insurance in place to cover us for the financial services we provide.

Complaints

If you have a complaint about the service provided, you should call or write to us (our contact details are provided on the inside back cover of the combined FSG and PDS). If you do not get a satisfactory outcome, you can contact the Financial Industry Complaints Service to help you settle your complaint.

Financial Industry Complaints Service

The Financial Industry Complaints Service (FICS) is an external dispute resolution scheme which provides free advice and assistance to consumers and *Investors* to help them in resolving complaints relating to members of the financial services industry, including managed investment schemes, pooled superannuation trusts, financial advice, investment advice and sales of financial or investment products.

Contact details for FICS are as follows:

Phone: 1300 78 08 08

Fax: (03) 9621 2291

Website: www.fics.asn.au

Postal address: Financial Industry Complaints Service
PO Box 579, Collins Street West,
Melbourne VIC 8007

Australian Securities and Investments Commission

You can also contact the Australian Securities and Investments Commission (*ASIC*) on 1300 300 630 to make a complaint and to obtain further information about your rights.

Online Account Access

If you choose to have Online Account Access (see page 70), 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:
 - 4.2.1. you may be charged a fee and/or interest by your **financial institution**
 - 4.2.2. you may also incur fees or charges imposed on incurred by **us** and
 - 4.2.3. 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:

- 6.0.1. 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.
- 6.0.2. Whether your account details that you have provided to us are correct by checking them against a recent account statement and
- 6.0.3. 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:
 - 7.2.1. to the extent specifically required by law or
 - 7.2.2. 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.

Summary of Call Option and Dynamic Management Services Agreements

Words that are capitalised (Like This) are in the 'Call Option and Services Agreement Glossary' on page 36.

The Call Options will be issued by Deutsche Bank AG London Branch to Perpetual under a Master Call Option Confirmation Agreement (**Call Option Agreement**). A separate Call Option Agreement will be entered into with respect to each Portfolio Fund, and each of them 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 Call Options will be held by Perpetual (as Responsible Entity) on behalf of the Investors. 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.

If you so instruct, (see 'Additional information' on page 23) any of your Investor Call Options which are open when you withdraw from the Product 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.

The following is a summary of the material terms on which the Call 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.

Call Option Agreement

Terms

- 1 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).
- 2 The particulars of a Call Option will be specified in the Call Option Confirmation.
- 3 The obligations of the Issuer under the Terms do not apply if there is an Early Termination Event and an Early Termination Date occurs.
- 4 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 Discount 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

- 5 Your Investor Call Options (or a portion of them) will be transferred to you when you withdraw from the Product

subject to the Issuer's right to require a Notional Amount Reduction.

Exercise

- 6 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.
- 7 Where Investor Call Options are transferred to you, the Issuer may change the Expiration Date to the transfer date.
- 8 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

- 9 The Issuer will arrange delivery of the Deliverable Obligations to Perpetual within 10 Business Days after the Exercise Date (unless there is a Blackout Period).
- 10 If delivery or acceptance of the Deliverable Obligations is impossible or illegal, the Issuer must instead pay the relevant Cash Equivalent Amount.
- 11 Upon delivery or payment the Issuer's obligations are fully discharged.
- 12 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.
- 13 The Issuer's obligations under the Terms are unsecured obligations and rank equally with the Issuer's unsecured debt.

- 14 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).

Early Termination Events

- 15 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 to terminate.
- 16 No further payments or deliveries for terminated Confirmations will be required after the Early Termination Date.
- 17 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 Master Agreement. The amount may be payable by either the Defaulting Party or the Non-defaulting Party.
- 18 The parties may nominate an Early Termination Date for all outstanding Call Option Confirmations upon the occurrence of certain Termination Events specified in the Master Agreement.

Perpetual's limitation of liability

- 19 Perpetual acquires the Call 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*.

Dynamic Management Services Agreement

PIML will provide *dynamic management* services to Investors (see the Financial Services Guide on pages 28 to 29.)

PIML will enter into an agreement with Deutsche Bank AG London Branch under which Deutsche Bank AG London Branch will provide corresponding *dynamic management* services to PIML (**Services Agreement**). PIML will provide *dynamic management* services to you on a similar basis, and will give instructions to Perpetual (under your *power of attorney*) to implement the *dynamic management*

services. Those instructions will correspond with the terms set out below, on a proportionate basis where applicable.

The following is a summary of the material terms of the *Services Agreement*.

- 1 The *Services Agreement* starts on the Effective Date when the Reference Fund will be credited with the Notional Amount of which 100% will be used to buy Units.
- 2 On each Reference Fund Business Day, the Issuer will determine the Reference Fund Value and whether a Sell Trigger or Buy Trigger has occurred.
- 3 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 38).
- 4 If a Buy Trigger occurs, Perpetual will exercise a number of Call Options – as set out above in paragraph 6 under 'Call Option Agreement'.
- 5 If neither a Sell Trigger nor a Buy Trigger occurs, your investment in Call Options and in Units will be unchanged.
- 6 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 38).
- 7 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.

- 8 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.

Adjustments

- 9 If the Issuer determines that a material Reallocation Event 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 Reallocation 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 paragraphs 12-14 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.
- 10 The Issuer must notify PIML of any proposed adjustment.
- 11 Using its best endeavours to act in consultation with Perpetual, the Issuer will notify Perpetual within 5 Reference Fund Business Days of a notional substitution or replacement of the Affected Fund.

12 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.

13 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.

14 When an Affected Fund is to be replaced by a Substituted Fund, the Issuer may require that PIML 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.

Calculations

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

Issuer's discretion

16 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.

17 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 PIML and the Issuer.

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

Amendment of the Terms

19 The Issuer and PIML may amend the Terms by agreement.

Call Option and Dynamic Management Services Agreements Glossary

Active Portfolio – means units in the relevant Portfolio 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 which would have been notionally submitted in accordance with the *Services Agreement* 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.

Administration Fee means, for the relevant Fee Calculation Period, the sum of:

- (a) the Product (calculated as accruing on a daily basis) of the Reference Fund Value on the day and 0.75% per annum divided by 365; and
- (b) the Product (calculated as accruing on a daily basis) of the Calculation Amount on the day and 0.25% per annum divided by 365.

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, during which the Portfolio Fund does not publish the NAV of its Units.

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 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.

Business Day means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in Sydney and London.

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

Calculation Amount means, in respect of the Reference Fund, an amount calculated by the Issuer being equal to:

- (a) the Notional Amount of that Reference Fund; times
- (b) the Protected NAV Level,

adjusted (as required) for any reduction in the Notional Amount.

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 Confirmation means the transaction supplement for a Call Option issued under the Call Option Agreement and Master Agreement.

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 of the 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.

Confirmations means, in respect of a Portfolio Fund, the Call 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.

Delivery Costs and Taxes means any incidental costs or expenses incurred by the Issuer in relation to the transfer of any Deliverable Obligations to or for the benefit of Perpetual (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 (on the last day of each quarter from and including 31 December 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 Bid-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:
$$50\% \times \text{Max}[0\%, NAV\%_{RF} - PL(t-1)]$$

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 Bid-Offer Spread means in respect of a Reference Fund Business Day, the difference between the offer price and the bid price (expressed as a percentage) of the Net Asset Value per Unit of the Portfolio Fund, in each case as calculated by the Issuer, in its sole and absolute discretion by reference to the latest Net Asset Value per Unit of the Portfolio Fund.

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

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 Event of Default or a Termination Event.

Effective Date means:

- (a) for the *Services Agreement*, the later of the Reference Fund Business Day after:
 - a. 20 December 2007 and
 - b. the date notified by the Issuer to PIML as the first Reference Fund Business Day on which the value of Units in all of the Portfolio Funds are reported by, or published on behalf of, all of the Portfolio Funds offered under the Product 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) a default by Perpetual Loan Company Limited under the derivative swap agreement it has entered into with the Issuer;
- (f) an Insolvency Event: or
- (g) 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 a Call Option is exercised or deemed to be exercised.

Exercise Period means, for Call Options:

- (a) where exercise is due to the Reset Ratio being greater than the Buy Trigger – all days which are exercise Business Days from and including the Weight Adjustment Date of the Call Option to and including the Expiration Date;
- (b) where a Notional Amount Reduction Date has occurred – that Notional Amount Reduction Date;
- (c) in all other cases – the Expiration Date.

Expiration Date means, for Call Options:

(a) for Investor Call Options that have been transferred to the Investor (if the Issuer elects that a Notional Amount Reduction is to occur) – the Notional Amount Reduction Date; or

(b) otherwise – the Final Valuation Date;

subject to adjustment if there is a Settlement Disruption Event.

Fee Adjustments means adjustments of Fees made in accordance with the *Services Agreement*.

Fee Calculation Date means two Reference Fund Business Days after the final day of a calendar quarter (or Termination Date).

Fees means the Administration Fee and the Service Fee Amount calculated in accordance with the *Services Agreement*.

Final Valuation Date means the tenth Reference Fund Business Day prior to the Termination Date, 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 Unit Price means the price per Unit of the Portfolio Fund paid by the Issuer when the Issuer buys the Unit after the receipt of the Cash Equivalent Amount or between the Exercise Date of a Call Option and the Physical Settlement Date of the Call Option.

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

Investor means, from time to time, an investor in the *Product* at that time.

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 accordance with the *Services Agreement* (which may be reduced on any Notional Amount Reduction Date).

Notional Amount Reduction means the reduction of the Notional Amount which occurs when an Investor withdraws.

Notional Amount Reduction Date means each of:

- (a) one specified date following the end of the cooling off period for the Product; and
- (b) the last Reference Fund Business Day of March, June, September and December,

postponed (if required) due to any Settlement Disruption Event.

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

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 1% plus the present value (as a percentage of the Discount Bond Notional Amount) 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 the Reference Fund Business Day after the date on which the Issuer pays its agent but no more than 10 Reference Fund Business Days after the Exercise Date.

Portfolio Fund is the *fund* specified in the *Services Agreement* or such other Substituted Fund as is determined from time to time in accordance with that agreement.

Product means the registered managed investment scheme known as Perpetual Protected Investments – Series 2.

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 managed investment scheme 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.

Reallocation 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 Reallocation 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 *Services Agreement*;
- (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 *Services Agreement*;
- (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; 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.

Reference Fund means each hypothetical investment fund holding:

- (a) the Active Portfolio; and

(b) the Passive Portfolio; and

(c) Cash;

in proportions that vary over time.

Reference Fund Business Day means a day (other than a Saturday or Sunday) when commercial banks and foreign exchange markets settle payments in London and Sydney.

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

$$RFV < (Bond Floor + 1.5\%) \times Notional Amount$$

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 *Services Agreement*) and (for the purpose of calculating fees) before any adjustments for Fees. 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.

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

Reinvestment Amount means an amount, determined by the Issuer, having regard to the balance (if any) standing to the credit of the Cash Account.

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 Date, the Reset Ratio for the Reference Fund is less than 16.5%, except for the Macquarie International Infrastructure Securities Fund and the Aberdeen Asian Opportunities Fund where the Reset Ratio is 18.33%.

Service Fee Amount means, for the relevant Fee Calculation Period, the product (calculated as accruing on a daily basis) of the Calculation Amount on the day and 0.40% per annum divided by 365.

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 *Services Agreement* 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 Dated provided that the Spread shall not be decreased from and including the Reference Fund Suspension Date.

Substituted Fund means a fund that substitutes for or replaces a Portfolio Fund if a Reallocation Event Occurs.

Termination Date means, for the Services Agreement 14 May 2015 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 Product.

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 means (at anytime) the number of Units, or the number of Call options, notionally held by the Reference Fund from time to time.

Weight Adjustment Date means any Reference Fund Business Day falling before the Final Valuation Date on which the Issuer determines either 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 54.

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 due as at the first Prepaid Interest Payment Date by selecting a fixed rate loan option.

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 or such longer period (being less than two years) as is specified in the Confirmation, 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 12.1) 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 or such longer period (being less than two years) as is specified in the Confirmation 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 such longer period (being less than two years) as is specified in the Confirmation (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 12.1 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 12.1) 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 Subject to clause 3.16A, 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 or such other date as may be specified in the Confirmation;
 - (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.

3.16A Where:

- (a) interest is payable at a rate that is fixed each year or such longer period (being less than two years) as is specified in the Confirmation; and
- (b) the interest rate applicable to the Interest Period commencing on the Drawdown Date has been fixed for a period longer than one year as specified in the Confirmation;

interest shall be payable in accordance with clause 3.16(a)(ii) until the first Interest Payment Date falling in June and thereafter in accordance with clause 3.16 as specified in the Confirmation PROVIDED THAT interest shall not be payable both in arrears and in advance in respect of the same day(s).

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 Subject to clause 11.4, 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 12.

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 15; 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 15, 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 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)).
- ### 9. Undertakings
- 9.1 The Borrower must perform its obligations under this agreement in full 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;
 - (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 12) 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. Limited Recourse at Maturity Date

11.1 Despite any other provision of this agreement and subject to clauses 11.2 and 11.3 of this agreement, if on the Maturity Date the Borrower fails to pay to the Lender any Outstanding Amount under an Investment Loan or a Gains Loan, the Lender acknowledges and agrees that the Lender's rights remedies against the Borrower or the Guarantor for repayment or recovery of the Outstanding Amount are limited to the Lender's rights and remedies against and security interest in the Secured Property only.

11.2 Where:

- (a) the Lender enters into hedging arrangements with a third party (Hedge) to secure payment of any shortfall between:
- (i) the value of the Secured Property at the Maturity Date; and

- (iii) the Outstanding Amount of an Investment Loan or a Gains Loan payable by the Borrower at the Maturity Date

(Shortfall Amount) and

- (b) the counterparty to the Hedge breaches its obligations under the Hedge or otherwise pays to the Lender an amount (if any) which is less than the Shortfall Amount

the provisions of clause 11.1 will not apply to the extent (if any) that the Hedge proceeds are less than the Shortfall Amount.

11.3 The provisions of clause 11.1 only limit the personal liability of the Borrower and the Guarantor for the discharge of the Borrower's obligation to repay the Outstanding Amount of an Investment Loan or a Gains Loan at the Maturity Date and do not derogate from or otherwise limit, in any way:

- (a) the other rights and remedies of the Lender under this Agreement;
- (b) the accrual of interest or default interest on any Loan and the Borrower's obligation to pay that interest;
- (c) the personal liability of the Borrower for any unpaid fees or charges in respect of any Loan;
- (d) the personal liability of the Borrower for the repayment of the Outstanding Amount of an Investment Loan or a Gains Loan at any date prior to the Maturity Date;
- (e) the personal liability of the Borrower for the repayment of the Outstanding Amount of an Interest Loan;
- (f) the rights of the Lender under clause 10 of this agreement;
- (g) the rights of the Lender under clause 15 of this agreement or
- (h) the right of the Lender to obtain any equitable or other relief (other than an order requiring repayment of the Outstanding Amount of an Investment Loan or a Gains Loan at the Maturity Date) for the purpose

of enforcing the rights of the Lender under this agreement.

11.4 The Lender may extend the Maturity Date where the Lender reasonably determines that such an extension is necessary in view of its rights and obligations under any hedging arrangement.

12. Demand by the Lender and events of default

12.1 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.

12.2 If the Lender makes demand under clause 12.1, 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.

12.3 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 12.3 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.

12.4 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.

12.5 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.

13. Appointment of receiver

13.1 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.

13.2 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,

13.3 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.

14. Interest on overdue amounts

14.1 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 14.1 on demand from the Lender.

14.2 Interest payable under clause 14.1 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 14.1.

14.3 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).

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

15. Indemnities, early unwind and other costs

15.1 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.

15.2 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.

15.3 The Lender shall not be responsible for any losses of any kind whatsoever (including, without limitation, the negligence, default or dishonesty 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.

15.4 The amounts payable under this clause 15 may be added by the Lender to the Secured Moneys and shall be payable on demand.

16. Guarantee, indemnity & third party provisions

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

16.2 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.

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

16.4 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 16 is limited to the Secured Moneys.

16.5 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.

16.6 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.

16.7 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 16.5. The Lender may make such a demand from time to time and whether or not demand has been made on the Borrower.

16.8 The Guarantor agrees that the liability under clause 16.5 is that of principal debtor.

16.9 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.

16.10 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.

16.11 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.

17. Setoff

17.1 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, set off 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 setting aside or avoidance of any payment by the Borrower of any other person; 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 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.

17.2 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.

18. Notices

18.1 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.

18.2 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.

18.3 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 64 of this document (in relation to the Lender) or as a party may notify to the other party in writing.

18.4 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.

19. Assignment

19.1 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.

19.2 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.

19.3 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.

19.4 Without limiting the previous provisions of this clause 19, 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.

20. Miscellaneous

20.1 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 Perpetual relevant statements of account (if any) relating to the Facility.

20.2 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.

20.3 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.
- 20.4 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.
- 20.5 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.
- 20.6 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.
- 20.7 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.
- 20.8 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.
- 20.9 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.
- 20.10 Without limiting clause 15, 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.
- 20.11 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.
- 20.12 Time shall be of the essence in respect of each and all of the respective obligations of the Borrower and the Guarantor hereunder.
- 20.13 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.
- 20.14 This agreement shall bind the Borrower and the Guarantor, and the persons comprising them, jointly and severally.
- 20.15 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 20.15, '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.
- 20.16 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 Agreement

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 or such lesser rate determined by the Lender;

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 12.3;

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;

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

Lender means Perpetual Loan Company Limited;

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 12.1;

Maximum Prospective Liability means the amount specified as such for the purposes of clause 10.11;

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);

Month means, in respect of a Loan, a calendar month or such other period of corresponding length as may be specified in a Confirmation.

Outstanding Amount means, in relation to a Loan at any time, the principal amount outstanding in respect of that Loan.

PPI means Perpetual Protected Investments Series 2 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); and
- (b) *call 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. You must be an Australian resident operating from Australia for Australian tax purposes and you must not be carrying on a business in the UK. This restriction applies to *individuals*, *corporates*, trusts and guarantors (see pages 21-22 'United Kingdom Taxation' and 'United Kingdom Withholding Tax' for further details); and
- an eligible *Investor* as shown in the following table (see Glossary for definitions).

Investor	Eligible to invest	Eligible for a loan
<i>Individual</i>	YES	YES
<i>Corporate</i>	YES	YES
<i>Individual trustee</i>	YES	YES
<i>Corporate trustee</i>	YES	YES
<i>Superannuation fund trustee – single trustee</i>	YES	NO
<i>Superannuation fund trustee – joint trustees</i>	NO	NO
<i>Joint investors</i>	NO	NO
<i>Partnership</i>	NO	NO
<i>Unincorporated association, club, charity</i>	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 you are investing using your own funds). 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
<i>Individual</i>	1, 2, 3, 4, 7	5 and 6
<i>Corporate¹</i>	1, 2, 3, 4, 7	5 and 6
<i>Individual trustee</i>	1, 2, 3, 4, 7	5 and 6
<i>Corporate trustee¹</i>	1, 2, 3, 4, 7	5 and 6
<i>Superannuation fund – single trustee</i>	1, 2, 3a, 4, 7	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 8 (Signatures).

Proof of Identity required from ALL signatories

We require a certified copy of photo identification that includes a signature, such as a driver's licence or passport, **from all persons signing the application form** as (or on behalf of) an *Investor, Borrower or Guarantor*.

Attorneys

If the application is signed under a *power of attorney*, please send the original *power of attorney* or a certified copy of it 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

Unless we receive additional authorised signatory 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 notifying us in writing, signed by authorised company officers and all new authorised signatories, and providing us with proof of identity for the new signatory (as above).

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).

PAYG – Individual (includes: *Individual* acting as a single *trustee* of a *Trust* or a director acting as *Guarantor*)

Additional Requirements					
		Income verification – mandatory			
Loan Type	Investment Loan under \$300,000		Investment Loan between		Investment Loan over \$1 million
	no Interest Loan	with Interest Loan	> \$300k-\$600k	> \$600k-\$1m	> \$1m
	▼	▼	▼	▼	▼
	▼	▼	▼	Asset Verification – mandatory	
	▼	▼	▼	▼	▼
	Provide:	Provide AT LEAST ONE of:			Provide AT LEAST TWO of:
	Stated income declaration (Per. Appendix-A) or ►►►	►	i. Letter of employment ii. Two consecutive payslips iii. PAYG summary and payslip iv. Last two years' tax returns v. Accountant certificate (Per. Appendix-C)		

Self-employed – Individual (includes: Individual acting as a single trustee of a Trust or a director acting as Guarantor)

Additional Requirements					
		Income verification – mandatory			
Loan Type	Investment Loan under \$300,000		Investment Loan between		Investment Loan over \$1 million
	no Interest Loan	with Interest Loan	> \$300k-\$600k	> \$600k-\$1m	> \$1m
	▼	▼	▼	▼	▼
	▼	▼	▼	Asset Verification – mandatory	
	▼	▼	▼	▼	▼
	Provide:	Provide either:			Provide:
	Stated income declaration (per. Appendix-A) or ►►►	►	i. Last 2 years' tax returns or ii. Accountant certificate (per. Appendix-C)	►	Last 2 years' tax returns

Corporate (includes: *corporate trustees*)

Additional Requirements					
		Income verification – mandatory			
Loan Type	Investment Loan under \$300,000		Investment Loan between		Investment Loan over \$1 million
	no Interest Loan	with Interest Loan	> \$300k-\$600k	> \$600k-\$1m	> \$1m
	▼	▼	▼	▼	▼
	▼	▼	▼	Asset Verification – mandatory	
	▼	▼	▼	▼	▼
	Provide:	Provide			
	Stated income declaration (per. Appendix-A) or ►►►	►	Signed copy by an authorised company officer of last 2 years' full financials for the company. (ie: balance sheet & profit / loss for the company)		

Trustee of a Trust (includes: single trustees – *individual* or corporate)

Additional Requirements					
			Income verification – mandatory		
Loan Type	Investment Loan under \$300,000		Investment Loan between		Investment Loan over \$1 million
	no Interest Loan	with Interest Loan	> \$300k-\$600k	> \$600k-\$1m	> \$1m
	▼	▼	▼	▼	▼
	▼	▼	▼	Asset Verification – mandatory	
	▼	▼	▼	▼	▼
	Provide:	Provide both:			
	Stated income declaration (Per. Appendix-A) or ►►►	►	i. Copy of Last 2 years' full financials for the Trust. (ie: Balance sheet & Profit / loss for the Trust) and ii. <i>Trustee's</i> solicitor's certificate (Per. Appendix-B)		

Asset verification requirements	
Shares and managed funds	Copies of latest share holdings statements
Cash	Copies of bank statements showing cash holdings. Statements are to be no older than one month. Copies of Fixed Term Deposit Certificates, must still be current.
Property	Most recent rates notices or copy of the Certificate of Title. Where a liability is outstanding on the property, copy of the most recent loan statement evidencing the liability.

Income verification requirements	
Letter of employment	The letter of employment must be typed and signed by an appropriate representative (Payroll Officer / Manager, HR Manager OR Owner of the business). The letter needs to be on the employer's letterhead and must include the employer's Australian Business Number (ABN). The letter of employment must be dated and needs to confirm: – Date the employee commenced work – Position held – Basis of employment (full-time / part-time / casual) – Income earned (confirming any overtime) – Bonuses &/OR Allowances received The letter of employment must not be more than two months old at time of initial assessment and approval.
Two consecutive payslips	Two consecutive payslips will need to be provided with the latest payslip not being more than two months old. Where the payslips do not demonstrate a consistent level of income received, such payslips can be annualised to determine a consistent annual income amount – particularly where the year to date figure consists of overtime and/or shift allowances received in addition to the base income. Payslips will need to note: – Borrower's name – Employer's name and ABN – Pay period – Amount earned during pay period + Break-up of income received (base income, overtime, allowances, etc.) – include the year to date figure. Cash pay envelopes and handwritten payslips are unacceptable.

PAYG Summary and payslip	<p>The most recent financial year's PAYG Summary must be provided along with a payslip not being more than two months old.</p> <p>Hand written PAYG Summaries must be accompanied with the corresponding tax assessment notice.</p> <p>The PAYG Summary must include:</p> <ul style="list-style-type: none"> – Employer's name and ABN – Borrower's name and residential address – Total Income amount received (incorporating any allowance received). <p>The payslip will need to note:</p> <ul style="list-style-type: none"> – Borrower's name – Employer's name and ABN – Pay period – Total Income amount earned during the pay period + break-up of the income received (base income, overtime and allowances etc) and include the year to date figure.
Last two years tax returns	<p>The last two years Personal Tax Returns that have been completed by a registered tax agent.</p> <p>If the borrower is a director of a company, the last two years company returns will need to be provided, along with the corresponding financial statements.</p> <p><i>Partnership</i> and <i>Trust</i> returns will need to be provided where income is derived via these means.</p>
Accountant certificate	<p>An accountant's certificate, confirming income.</p> <p>Must be from a registered tax agent, or certified accountant, and be in the provided format.</p>
Company	<p>A copy of the full financials (including balance sheets and profit and loss statements) of the company showing the last two years' details, signed by an authorised officer and confirmation of the director's income (as per <i>Individuals</i> above).</p>
Trust	<p>A copy of the full financials (including balance sheets and profit and loss statements) of the <i>Trust</i> showing the last two years' details, signed by an authorised officer and confirmation of the director's income (as per <i>Individuals</i> above.)</p> <p>Plus</p> <p>Verification as required for the <i>trustee</i> from the above list.</p>

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), Wednesday 28 November 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

Adviser	Your financial adviser that prepared the Financial Services Guide (FSG) and Statement of Advice (SOA) for your investment in the <i>Product</i> .
Applicant	A person who completes and signs the application form.
AFSL	Australian Financial Services Licence.
ASIC	The 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 <i>Investors</i> .
cash account	The cash account set up for each <i>investment strategy</i> that forms part of your <i>portfolio</i> . See page 4 for further details.
Corporate	A company registered with ASIC and holding a current Australian Company Number.
Corporations Act	<i>The Corporations Act 2001 (Cth) and the Corporations Regulations 2001 (Cth)</i> .
Deutsche Bank	Deutsche Bank AG London Branch
Deutsche Bank Agreements	The <i>Services Agreement</i> between PIML and Deutsche Bank (see pages 34-35, the swap agreement between the Lender and Deutsche Bank and the Call Option Agreement between Perpetual and Deutsche Bank (see pages 33-34).
dynamic management	A formula-based technique that seeks to safeguard your <i>protected amount</i> on the <i>protection end date</i> . It allocates the assets in your <i>portfolio</i> between <i>fund units</i> and cash and <i>call options</i> (see page 4).
Dynamic Management Services Agreement	The <i>Services Agreement</i> between Deutsche Bank and PIML (see page [x]) which governs the provision of <i>dynamic management services</i> by Deutsche Bank to PIML.
fund	A managed investment scheme that is offered or substituted as part of an <i>investment strategy</i> under the <i>Product</i> .
fund units	Units in a <i>fund</i> .
Gains Lock-in	An increase in your <i>protected amount</i> when certain conditions are satisfied (See page 4).
GST Act	<i>A New Tax System (Goods and Services Tax) Act 1999</i> and associated regulations.
Guarantor	The person (if any) who guarantees the Borrower's obligations under the <i>Loan and security agreement</i> .
high water mark	The highest previous <i>fund</i> value (after adjustment for applications and redemptions) – sometimes used to determine performance fees. The manager will only receive performance fees when the <i>fund</i> value is greater than its previous value.
IDPS	Investor Directed Portfolio Service
Income Tax Assessment Act	<i>The Income Tax Assessment Act 1936</i> or <i>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.
Individual	A natural person over the age of 18 years.
investment amount	The amount you invested in the <i>Product</i> .

investment strategy	An investment strategy available under the <i>Product</i> through which you can obtain capital protected exposure to a selected <i>fund</i> using <i>dynamic management</i> .
Investor	The registered holder of an interest in the <i>Product</i> .
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 <i>Investor</i> will be issued one Investor ID for this <i>Product</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 date¹	The date your loan is repayable under the Loan and Security Agreement – 30 April 2015.
partnership	Two or more <i>individuals</i> operating a business together with a view to making a profit.
portfolio	Your investment portfolio under the <i>Product</i> comprises <i>fund units</i> , a <i>cash account</i> and possibly <i>call options</i> (if any) and for each of the <i>investment strategies</i> you select.
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 total of 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) in your <i>portfolio</i> .
power of attorney	An agreement whereby you appoint a person (attorney) to carry out actions on your behalf.
Product	The Perpetual Protected Investments – Series 2. The term <i>Product</i> in this PDS does not include a loan.
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 date¹	The date the capital protection under the <i>Product</i> ends – 30 April 2015.
protection period	The period during which the capital protection under the <i>Product</i> applies – from the <i>protection start date</i> to the <i>protection end date</i> .
protection start date¹	The date the capital protection under the <i>Product</i> begins – 21 December 2007.
Services Agreement	The agreement between <i>Deutsche Bank</i> and PIML for the provision of dynamic management services by <i>Deutsche Bank</i> to PIML. (see pages 34-35).
superannuation fund	A superannuation fund that is a regulated superannuation fund for the purposes of section 19 of the Superannuation Industry (Supervision) Act 1993 ('SIS Act') or an <i>individual's</i> self-managed superannuation fund.
Trust	A trust arrangement documented under a formal trust instrument.
trustee	A person (either a natural person or a body corporate) who holds property for the benefit of another. The trustee owes a fiduciary duty to the beneficiaries of the trust and may deal with trust property only as permitted by the terms of the trust as set out in the trust instrument and/or legislation and/or general trust law.
unincorporated association, club, charity	A group of <i>individuals</i> working together with a common goal but not for the purposes of making a commercial profit.
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.

Contacts

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

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 or loan application and supporting documentation.
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 <i>Investor</i> ID and account ID, the percentage you would like to withdraw from a particular <i>investment strategy</i> or from your <i>portfolio</i> as a whole (across all your <i>investment strategies</i>). Please sign and date this document.
Change my contact details	✓	✓	✓	✓	– Phone us with your new contact details. You'll be asked some security questions and your Investor and account ID. – Write or fax us stating your name, Investor and account ID, 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</i> value – 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.

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

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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

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

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