



Using Austock Imputation Bonds as security for the Macquarie Margin Loan

The Macquarie Margin Loan allows investors who hold Austock Imputation Bonds to release the equity in their bonds for further investment purposes. This means that investors can retain their long term Imputation Bond holding whilst still having funds available to invest, allowing them to build a larger pool of investment assets. In addition, where the loan is used for business or investment purposes, the interest paid is potentially tax deductible.

Gearing levels between 40% and 95% are available on all 19 investment options of the Austock Imputation Bond. An overall loan credit limit will apply which will be dependant upon the investors menu selection (and the value of other securities, if pledged).

Invest Option	Imputation Bond Underlying Managed Fund	Gearing Level
1	Macquarie Treasury Fund	95%
2	Tyndall Australian Bond Fund	70%
3	UBS Hybrid Income Fund	70%
4	Perennial Western Asset Management Global Bond Trust	65%
5	UBS Property Securities Fund	65%
6	Dimensional Aus Value Trust & Tyndall Australian Share	75%
7	Credit Suisse Australian Small Companies Fund	60%
8	Credit Suisse International Shares Fund	65%
9	Lazard Global Small Cap Fund	60%
10	Sectoral Blend	70%
11	Vanguard Australian Shares Index Fund	75%
12	Vanguard International Shares Index Fund	65%
13	Austock High Yield Fund	65%
14	Austock Australian Equity Fund	50%
15	Perpetual's Wholesale Australian Fund	75%
16	Perpetual's Wholesale Geared Australian Portfolio	40%
17	Perpetual's Wholesale International Share Fund	65%
18	Perpetual's Wholesale Mortgage Portfolio	70%
19	Perpetual's Wholesale Balanced Growth Portfolio	75%

Benefits of using a Margin Loan

The potential benefits of pledging the Austock Imputation Bond as security for a Macquarie Margin Loan include:

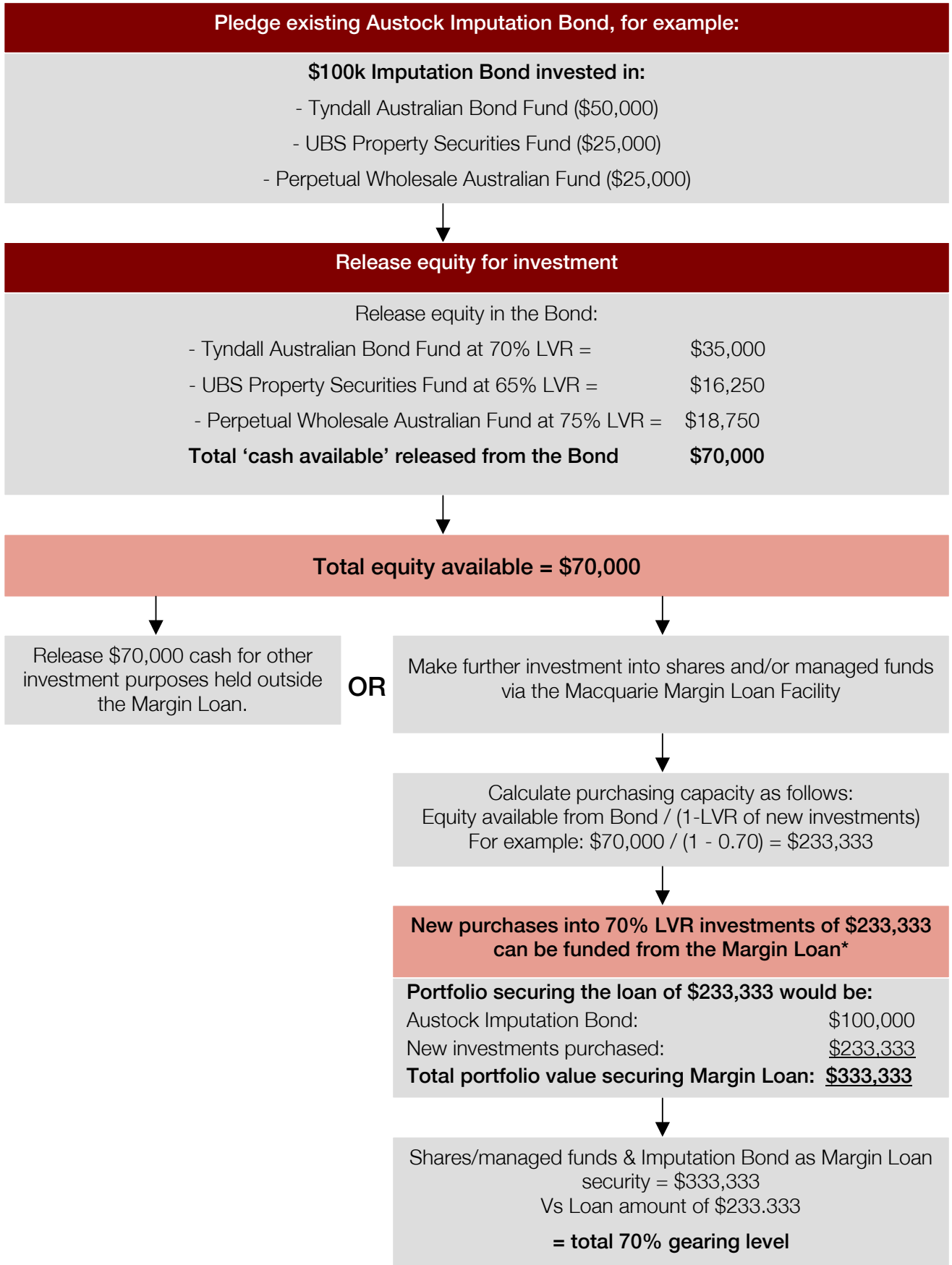
- **Flexibility to release equity from the Austock Imputation Bond**
Imputation Bonds can be pledged as a single 'acceptable security,' or as one element of a range of 'acceptable securities' for a Macquarie Margin Loan.
- **Flexibility to access a wide range of investments**
By investing through the Macquarie Margin Loan, investors can gain access to:
 - Australian and US shares
 - retail managed funds or wholesale managed funds which are held in a WRAP or MasterTrust service*.
- **A range of interest rate payments options**
Variable and fixed interest rates are available, with arrears and advance payments options.
- **Quick and easy to set up**
 - there is no financial assessment for loans under \$3 million
 - loan approval within 48 hours
 - no loan establishment fees (for individual borrowers).
- **Online client service**
Investors and advisers can monitor the loan and portfolio information safely via the secure online client service website 'GearUp'.

Risks involved

- Increased exposure to the sharemarket can potentially increase losses
- Interest rate risk
- Potential changes in taxation laws and practices
- Margin calls as a result of market volatility - as the Imputation Bond is held as security for the Margin Loan, a margin call may occur if the value of the underlying investments in the Bond or others held in the Margin Loan fall. This may in turn result in the Bond being redeemed in part or full which may trigger a tax event for the Bond holder and reduce the Bonds value.

* A separate Margin Loan facility needs to be established to hold investments in another WRAP or MasterTrust. A cash advance from the Margin Loan with the Austock Imputation Bond will facilitate the equity from the Bond being used for investing into the other Wrap or MasterTrust.

How does it work?



* Calculators to determine purchasing capacity after pledging the Bond are available for Advisers, please contact your Macquarie BDM for these.

Getting started

Application process

In order to apply for a Macquarie Margin Loan, the investor must provide the following documentation:

1. Completed Application for Finance found in the Macquarie Margin Loan brochure, ensuring 'Austock Imputation Bond' is specified as the Platform on page 43.
2. Please note that a separate Margin Loan facility is required where investments are to be made into another MasterTrust or Wrap Service.
3. Completed and signed Austock Imputation Bond pledge form in order to pledge your existing Austock Imputation Bonds as security for the Margin Loan. If the investor wishes to pledge more than one Imputation Bond, a separate pledge form will need to be completed for each Imputation Bond offered as security.
4. Provide Macquarie with a copy of the Austock Life Imputation Bonds Confirmation Certificate. If that is more than 3 months old, please also attach a copy of the Portfolio Holdings Summary current within 3 months. If you require a recent Portfolio Holdings Summary please contact Austock on 03 601 2040, fax 03 9670 0183 or email life@austock.com. Fax request forms are also available on the Austock Life website at www.austock.com

Send all documentation to:

Macquarie Investment Lending
GPO Box 4294
Sydney NSW 1164

5. Advisers referring a Margin Loan to Macquarie for the first time will be required to complete certain registration details. Please contact the Macquarie Account Management Team on 1800 656 819 for registration assistance. Alternatively, call your Austock BDM who can refer you directly to a Macquarie Investment Lending BDM .

Approval process

1. Advisers will receive an email from Macquarie confirming that the application has been received and processing has commenced. If additional information is required, Macquarie will contact the adviser within 48 hours.
2. Once the Margin Loan has been approved, advisers will receive an approval confirmation email and both the adviser and investor will receive written correspondence, including a letter confirming approval of the Margin Loan and a User Guide containing information on how to transact on the account.
3. Macquarie will open the Margin Loan in the investor's name. Macquarie will act on the investor's instructions to pledge the Austock Imputation Bond as initial equity. Macquarie will hold a mortgage over the Bond, however the investor remains its beneficial owner. Transacting on the loan can then commence.

