Leveraged Equities
Exchange Options Plus

Product Guide

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Issued by Leveraged Equities Limited
as Lender ABN 26 051 629 282 AFSL 360118.

Leveraged™

The professional's choice

Important Notice

This Product Guide is designed to assist you in deciding whether to add Exchange Options Plus to your Margin Loan (whether you have an existing Margin Loan or are applying for one at the same time as Exchange Options Plus). The Leveraged Equities Margin Loan with Exchange Options Plus is a standard margin lending facility for the purposes of the Corporations Act. This Product Guide contains information about some of the significant benefits, significant risks, fees and costs of Exchange Options Plus. It supplements and should be read in conjunction with the Leveraged Equities Margin Loan Product Disclosure Statement and associated documents (see 'Product Documentation' below). While you might find this Product Guide useful in helping you to understand how Exchange Options Plus works, this Product Guide does not form part of your legal contract and is not a substitute for reading and understanding the terms and conditions of the documents that comprise your legal contract – being the terms and conditions set out in, and incorporated into, Part A (**Facility Terms and Conditions**) and Part E (**Exchange Options Plus Agreement**) of the Leveraged Equities Terms and Conditions.

Lender

Leveraged Equities Limited (ABN 26 051 629 282, AFSL 360118) is the author of this Product Guide and is the Lender (either in its own capacity or as trustee of any trust) for the Leveraged Equities Margin Loan. A reference to the Lender, Leveraged Equities, LE, we or us or similar words means Leveraged Equities Limited unless otherwise specified. Leveraged Equities is a subsidiary of Bendigo and Adelaide Bank Limited (ABN 11 068 049 178, AFSL 237879).

The Lender, Sponsor and Nominee are not authorised deposit-taking institutions for the purposes of the Banking Act 1959 (Cth). Any obligation of the Lender or money held in a Loan Account are not deposits with or other liabilities of Bendigo and Adelaide Bank Limited (ABN 11 068 049 178, AFSL 237879), any other entity in the Bendigo and Adelaide Bank Group, any other deposit-taking institution or any other entity named in this Product Guide or in any document related to the Leveraged Equities Margin Loan.

Defined words and expressions

Some words and expressions used in this Product Guide are capitalised as they have defined meanings. Capitalised terms in this Product Guide have the meaning given in Section 9 of the Facility Terms and Conditions dated 9 November 2023 or later (the **Margin Loan Agreement**) and Clause 17 of the Exchange Options Plus terms and conditions dated 9 November 2023 or later (the **Exchange Options Plus Agreement**). Both documents are contained in the pack of terms and conditions called the 'Leveraged Equities Terms and Conditions' on the Lender's website at www.leveraged.com.au. A reference to time in this Product Guide is to the time in Sydney, unless otherwise stated. A reference to AUD, $, or dollars is to Australian currency, unless otherwise stated.

Product Documentation

Documentation for the Leveraged Equities Margin Loan with Exchange Options Plus comprises the:

- Disclosure Documents, being the Leveraged Equities Margin Loan Product Disclosure Statement dated 9 November 2023 or later together with the Incorporated Statements dated 9 November 2023 or later (together, the **PDS** or **Margin Loan PDS**); and
- Legal Documents containing the terms and conditions applying to the product, the main Legal Documents being those in Part A (**Facility Terms and Conditions**) and Part E (**Exchange Options Plus Agreement**) of the pack of terms and conditions called the '**Leveraged Equities Terms and Conditions**' on the Lender's website at www.leveraged.com.au. The document in Part A is also referred to in this document as the **Margin Loan Agreement**. Page 1 of the Margin Loan Agreement describes all the documents containing terms and conditions that make up the "agreement" with the Lender (see the section headed "**The agreement with us**"); and
- Guides to how the product works, that are not intended to have legal effect, being the Leveraged Equities Margin Loan Product Guide and this Exchange Options Plus Product Guide.

Together the above documents are referred to in this Product Guide as the '**Product Documentation**'. Information contained in the Product Documentation may change from time to time. The Lender may not always supplement or replace a document to reflect the change. To obtain up-to- date information contact the Customer Service Team or check the Lender's website.

The Product Documentation is not financial advice. No person is authorised by the Lender to provide any information or to make any representation in connection with the Leveraged Equities Margin Loan with Exchange Options Plus which is not in the Product Documentation.

It is strongly recommended that Borrowers and any Guarantors read all of the Product Documentation before applying for a Leveraged Equities Margin Loan with Exchange Options Plus or granting a Guarantee.

Product Documentation may contain references to listed securities, shares, managed funds and other financial products. These references are provided for illustrative purposes only in connection with the operation of a Margin Loan with Exchange Options Plus. The Product Documentation contains general information only and has been prepared without taking into account your objectives, financial situation or needs. You should consider the appropriateness of the information, having regard to your objectives, financial situation and needs, by seeking professional advice including taxation, financial and legal advice, before making a decision to apply for a Margin Loan with Exchange Options Plus or adding Exchange Options Plus to an existing Margin Loan.

To the extent of any inconsistency between the Exchange Options Plus Agreement and any other Legal Document, the Exchange Options Plus Agreement prevails in respect of all Exchange Options Plus transactions.

Examples

The examples in the Product Documentation are for illustration only and do not indicate any view of, or expectation about, a Margin Loan with Exchange Options Plus or any investment or transaction. The examples do not cover all the possible outcomes of using a Margin Loan with Exchange Options Plus or any investment. The examples are not intended as a recommendation, are simplified and may not reflect actual outcomes, market prices or movements, or taxation treatment.

Risks

You should refer to section 3 in this Product Guide for the details of some of the significant risks associated with adding Exchange Options Plus to a Margin Loan. These risks are in addition to the risks associated with a Margin Loan itself. As well as the risks associated with using a Margin Loan with Exchange Options Plus you should consider the risks associated with your investment choices and how those investments fit in your overall financial circumstances and objectives.

No warranty or guarantee is given by the Lender, any other party named in any of the Product Documentation or any of their respective bodies corporate for the performance of the Leveraged Equities Margin Loan with Exchange Options Plus, any investment acquired using money borrowed through a Margin Loan or held as part of the Secured Portfolio, any transaction in relation to Exchange Options Plus and anything on a list of Acceptable Investments of the Lender.

You should also consider how borrowing through a Margin Loan fits with other loans you may have, your capacity to pay amounts as they become due and how it fits in your overall personal balance sheet. A Margin Loan with Exchange Options Plus may not be suitable for all investors and may involve some extra risks. You should not apply for a Margin Loan with Exchange Options Plus or offer a Guarantee unless you understand and are comfortable with the risks and have read and understood all of the Product Documentation. You must regularly monitor your Margin Loan. Cooling-off rights may not be available in respect of the Margin Loan.

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Overview

Adding Exchange Options Plus to a Margin Loan may have benefits for some investors, but it is important to understand how it works, how to use it and the associated risks. This section is an introduction to the information in this Product Guide.

1.1 What is Exchange Options Plus?

Exchange Options Plus is a feature you can add to your Margin Loan. It combines exchange traded Options with margin lending. You will also need a designated Option account, with a Broker approved by the Lender, that is settled through your Margin Loan.

Exchange Options Plus allows you to use the borrowing capacity under your Margin Loan to settle an Option purchase or to meet margin requirements for certain Option positions. For example, you can purchase Put Options over certain listed Securities as a strategy to manage the risk of a short term price fall. If you already hold the Securities you can potentially borrow up to 95 per cent of the Exercise Price of the Put Option.

1.2 Possible Investors

- Investors who already own certain listed Securities under a Margin Loan and want to manage the risk of a short-term price fall or Margin Call. Buying a Put Option may also be a suitable method to remedy your Margin Loan after a Margin Call has occurred.
- Investors who already own certain listed Securities under a Margin Loan and who want to earn an additional return on those Securities by writing Call Options.
- Investors who would like to use the borrowing capacity under their Margin Loan to settle Call Options purchased through their Nominated Broker.

1.3 Potential Benefits

Manage the risk of a short term fall in price

Buying a Put Option over certain listed Securities you hold under your Margin Loan gives you the right to sell the Underlying Securities at the Exercise Price on or before the Expiry Date. This means that if you exercise your Put Options at the right time you may not be affected by any fall in the price below the Exercise Price.

Increase the amount you have available to invest

When you buy Put Options over certain listed Securities you hold under your Margin Loan you can potentially borrow up to 95 per cent of the Exercise Price of the Put Option. If the Exercise Price is higher than the Lending Ratio for those Securities this will increase your borrowing capacity.

Earn an additional return from Securities you hold

By writing Call Options over certain listed Securities that you hold through your Margin Loan you can earn a Premium.

Buy Call Options using the borrowing capacity under your Margin Loan

Buying Call Options gives you the right to buy the Underlying Securities at the Exercise Price on or before the Expiry Date. If the price of the Underlying Securities increases before the Expiry Date you can either sell the Call Option to earn a return or exercise the Call Option and buy the Underlying Securities at the Exercise Price (subject to the borrowing capacity under your Margin Loan).

1.4 Significant Risks

Buying Options

Buying a Put Option may increase your borrowing capacity. It is important to note that gearing may magnify gains as well as losses. If you use this additional borrowing capacity then at expiry of the Put Option you may need to buy another Put Option, repay the additional amount borrowed or take other steps to avoid a Margin Call. Irrespective of any Put Option, you (and any Guarantor) are obligated to pay the Total Amount Owing when due. Refer to section 3.2 in this Product Guide for further information about the risks of buying Options.

Writing Call Options

The Premium you receive for writing Call Options over certain listed Securities held under your Margin Loan will vary depending on market factors. Typically, you should not rely on this Premium to fully offset borrowing costs or other costs.

The Premium you earn may be less than the borrowing costs associated with your Margin Loan or the loss incurred if the price of Securities falls. Similarly, the Premium earned may be less than the return that might have been earned if the price of the Securities increases above the Exercise Price and you had not written a Call Option.

If at any time before the Expiry Date the price of the Securities is greater than the Call Option Exercise Price then the buyer of the Call Option may exercise their right to buy the Securities and you will have to sell the Securities at the Exercise Price. Refer to section 3.3 in this Product Guide for further information about the risks of writing Call Options.

Options are Complex Derivatives

Using Options can magnify gains and losses when compared to transacting on securities directly. It is strongly recommended that you and any Guarantor obtain financial advice including taxation advice before deciding to apply for Exchange Options Plus or use any particular Option strategy under Exchange Options Plus. Refer to section 3.4 in this Product Guide for further information.

Exchange Options Plus Details

2.1 Option Strategies under Exchange Options Plus

The following Option strategies can be used under Exchange Options Plus:

Strategy	Comment	Reference
Bought Puts	You can buy Put Options and, if the Securities are held under your Margin Loan, you can potentially borrow up to 95 per cent of the Exercise Price. This strategy may be useful if you expect the price of the Securities to fall before the Expiry Date and want to manage any adverse impact such as a Margin Call. If you already hold the Securities and set the Exercise Price above the relevant Lending Ratio then you can increase the borrowing capacity under your Margin Loan.	Section 2.2 in this Product Guide
Covered Calls	You can write Call Options over Securities held under your Margin Loan to earn a Premium. This strategy may be useful if you believe the price of the Securities will not move or fall slightly up to the Expiry Date. The Securities are used as Security for your Margin Loan and as Collateral for your Option positions with the ASX Clear Pty Limited.	Section 2.3 in this Product Guide
Protected Covered Write	You can buy a Put Option and at the same time also write a Covered Call over Securities held under your Margin Loan. This strategy may be useful to generate income while eliminating the risk of a large potential loss on the security when the price is expected to rise moderately. This strategy consists of holding the security, writing a Call Option and buying a Put Option with a lower Exercise Price. The Expiry Date of the Covered Call must not be later than the Expiry Date of the Bought Put.	Section 2.4 in this Product Guide
Bought Calls	You can buy Call Options using the borrowing capacity under your Margin Loan. This strategy may be useful if you believe the price of the Securities will increase before the Expiry Date. It may suit your objectives to buy a Call Option instead of buying the Securities directly.	Section 2.5 in this Product Guide
Other Option Transactions	Subject to the Margin Loan Agreement, you may be able to use the borrowing capacity under your Margin Loan to settle transactions or margin requirements for other Options held on an Option account not linked to your Margin Loan.	Refer to the Margin Loan Product Guide

2.2 Bought Puts

2.2.1 Overview

Buying Put Options against certain listed Securities held under your Margin Loan gives you the right to sell the Underlying Securities at the Exercise Price on or before the Expiry Date. You pay a Premium when you buy the Put Options.

If on or before the Expiry Date the price of the Securities is below the Exercise Price, you can exercise your Put Options and sell the Securities at the Exercise Price. Alternatively, you may wish to sell the Put Option, earn the Option Premium, and retain the Securities.

If on the Expiry Date the price of the Securities is above the Exercise Price, the Put Options will expire and the cost to you is the Premium paid when you bought the Put Options.

Example A

Assume you currently hold 10,000 units of Security A as Secured Portfolio under your Margin Loan. Security A is trading at $5.00 and you believe that the price may fall in the short term but don't want to sell your holding. The Lending Ratio for Security A is 75 per cent and based on the current Market Value the Security Value is $37,500 (being 10,000 units multiplied by $5.00 multiplied by 75 per cent). You decide to buy Put Options over Security A at a Premium of $0.35 per unit and an Exercise Price of $5.00. Your portfolio will appear as follows.

	Security A	Put Option
Units	10,000	10,000
Price	$5.00	$0.35
Value (Units x Price)	$50,000	$3,500

The Security Value on Securities against which a Put Option is bought is calculated as the higher of:

- The Exercise Price of the Put Option multiplied by 95 percent; or
- The Market Price of the Securities multiplied by the relevant Lending Ratio (not available under a Protected Covered Write - refer to section 2.4 in this Product Guide)

Example B

In example A the Exercise Price equals the Market Price. Your borrowing capacity against Security A is $47,500 (being 10,000 units multiplied by $5.00 Exercise Price multiplied by 95 per cent).

Assume the Market Price of Security A increases to $8.00. Your borrowing capacity against Share A would be $60,000 (being 10,000 units multiplied by $8.00 Market Price multiplied by 75 per cent). Assume the Market Price of Security A decreases to $4.00. Your borrowing capacity would return to $47,500.

2.2.2 Important Information

Before buying Put Options through your Margin Loan with Exchange Options Plus it is important to understand the following points.

- Put Options can only be bought through a Broker approved by the Lender. The broker will charge you brokerage and provide you with a disclosure document for Options.
- You can only buy American style Put Options (these are Options that can be exercised on or before the Expiry Date). The Lender will not accept European style Put Options (Options that can be exercised only at the Expiry Date).
- You can borrow up to 95 percent of the Exercise Price of the Put Option where the Underlying Securities has a Lending Ratio applied.
- You can buy Put Options without holding the Underlying Securities under your Margin Loan. However the Put Options will have no impact on your Security Value unless the Underlying Securities are purchased or transferred into the account associated with your Margin Loan.
- The Put Options must be registered in the same (identical) name as the person holding the Securities under the Margin Loan.
- Put Options on the ASX are usually contracts of 100 units of the Underlying Security.
- When the Put Option is bought the Exercise Price must be no greater than 10 per cent higher than the prevailing Market Price of the Underlying Securities as determined by the Lender.
- If you sell Call Options and buy Put Options against the same Underlying Securities, then the Expiry Date of the sold Call Option must not be later than the Expiry Date of the bought Put Option.
- If you sell Call Options and buy Put Options against the same Underlying Security, then the Exercise Price of the sold Call Option must be higher than the Exercise Price of the bought Put Option.
- Unless you are exercising a Put Option, you must obtain the Lender's authorisation before selling the Securities or selling the Put Options where the sale would result in a Margin Call on the Margin Loan.
- The Lender will calculate the Buffer differently depending on the Exercise Price. If the Exercise Price is less than the current price multiplied by the relevant Lending Ratio then the usual Buffer calculation applies (refer to the Margin Loan Product Guide for details about how the Buffer is calculated). If the Exercise Price is greater than or equal to the current price multiplied by the relevant Lending Ratio then the Buffer for that Security will be zero.

2.2.3 How to transact

Before buying any Put Options you should confirm the number of Underlying Securities held under your Margin Loan either through the Online Service or by calling us. You choose an Expiry Date and Exercise Price from the Put Options available through the ASX. Instruct your Nominated Broker to buy the relevant Put Options and settle them through the Option account linked to your Margin Loan.

2.2.4 Expiry Process

The Lender will remove the Put Option from your Margin Loan one Business Day prior to the Expiry Date. Prior to this you or your Nominated Financial Adviser should check that this won't cause a Margin Call on your Margin Loan. If a Margin Call does occur you must comply with the Margin Call requirements as outlined in the Margin Loan Product Guide and the Margin Loan Agreement. If you don't remedy your Margin Loan for the Margin Call the Lender may exercise your Put Options or otherwise sell your Securities.

The Lender will at no time take action to exercise any Put Option or contact you to remind you to exercise any Put Option. If the Put Option Exercise Price is above the Market Price on the Expiry Date your Nominated Broker may automatically exercise your Put Option which may result in your Securities being sold. You should confirm any expiry process with your Nominated Broker.

You should monitor all Option positions to ensure they are exercised at the Expiry Date if relevant. If you don't exercise a Put Option where the Exercise Price is above the Market Price then the Put Option may lapse without any benefit to you. Therefore you, your Nominated Financial Adviser or your Nominated Broker should identify any Put Options that are approaching their Expiry Date and decide what action you will take, for example selling, exercising or transferring the Put Options from your nominated Option account.

2.3 Covered Calls

2.3.1 Overview

A covered call strategy involves writing Call Options against certain listed Securities that are held under your Margin Loan. This gives the Call Option buyer the right to purchase the Underlying Securities from you at the Exercise Price on or before the Expiry Date (depending on the type of Option). You receive a payment (the 'Premium') if the Call Options are written. This may benefit you if you expect the price of the Securities to be relatively flat or to decrease before the Expiry Date.

Example A

Assume you hold 2,000 units of Security B under your Margin Loan. You purchased Security B for $10.00 per share and they are now worth $12.00. You decide you would be happy to sell your holding of Security B if the price moves to $13.00 within the next 2 months. You write Call Options over Security B with an Exercise Price of $13.00 and an Expiry Date 2 months from today. You earn a $0.32 Premium for each Call Option giving a total of $640 (ignoring any commission and brokerage).

The Market Price remains below $13.00 up to the Expiry Date.

The buyer of the Call Option won't exercise their rights and you will retain your holding of Security B. You will have earned the Premium of $640.

The Market Price is greater than $13.00 at any time up to the Expiry Date.

The buyer of the Call Option may exercise their rights and you will sell your holding of Security B at $13.00 per unit. You have earned the Premium of $640 as well as the difference between your initial purchase price and your target sale price of $13.00. You have forgone any return that could have been earned if the price is higher than $13.32 (being the Exercise Price plus the Premium).

The Security Value of Securities over which you have written Call Options is "capped". This means the Security Value for these Securities can't be greater than the Exercise Price of the Call Option multiplied by the relevant Lending Ratio. The Security Value can be less than this cap when the Market Price is less than the Exercise Price. The adjustment to the Security Value is recorded under your Margin Loan as a reservation equal to the Intrinsic Value of the Call Option multiplied by the Lending Ratio for the Securities. The Intrinsic Value of the Call Option is the difference between the Exercise Price and the Market Price of the Securities (if the Market Price is greater than the Exercise Price otherwise it is zero).

Example B

Market Price is greater than Exercise Price

	Security B	Call Option	Total
Units	2,000	– 2,000	
Price	$14.00 (Market Price)	$13.00 (Exercise Price)	
Value or Intrinsic Value	$28,000	– $2,000 (Market Price less Exercise Price)	$26,000
Lending Ratio	75%	75%	
Security Value (Value x Lending Ratio)	$21,000	– $1,500	$19,500

Market Price is less than Exercise Price

	Security B	Call Option	Total
Units	2,000	– 2,000	
Price	$10.00 (Market Price)	$13.00 (Exercise Price)	
Value or Intrinsic Value	$20,000	$0.00	$20,000
Lending Ratio	75%	75%	
Security Value (Value x Lending Ratio)	$15,000	– $0.00	$15,000

2.3.2 Important Information

Before using a covered call strategy through your Margin Loan with Exchange Options Plus it is important to understand the following points.

- The Premium earned on the Call Option must be paid to your Loan Account.
- The Expiry Date must be less than 6 months from the date the Call Option is written.
- Call Options can only be sold through a Broker approved by the Lender. The Broker will charge you brokerage and provide you with a disclosure document for the Options.
- You can write American style Call Options (these are Options that can be exercised before the Expiry Date) or European style Call Options (Options that can be exercised only at the Expiry Date).
- The Call Options must be registered in the same (identical) name as the person holding the Securities under the Margin Loan.
- The number of Call Options must be less than or equal to the number of Underlying Securities held under your Margin Loan.
- Call Options on the ASX are usually contracts of 100 units of the Underlying Security.
- If you write Call Options and buy Put Options against the same Underlying Securities the Expiry Date of the Call Option must not be later than the Expiry Date of the Put Option.
- If you write Call Options and buy Put Options against the same Underlying Security, then the Exercise Price of the sold Call Option must be higher than the Exercise Price of the bought Put Option.
- If you buy the Underlying Securities and write Call Options at the same time (called a “buy-write strategy”) then you will need to provide collateral (called Cash Cover) for 2 Business Days until the purchase of the Underlying Securities is settled through the ASX Clear. The Lender will withdraw the Cash Cover from your Margin Loan and lodge it with the ASX Clear. This will reduce your borrowing capacity under your Margin Loan. Cash Cover will not be provided to the ASX Clear unless the Lender has received a contract note for the acquisition of the Underlying Securities. You should ensure you have sufficient borrowing capacity in your Margin Loan to pay the Cash Cover.
- You must not sell the Securities lodged as Collateral for the Call Option unless the corresponding Call Option is closed out on the same day that the Securities are sold.

2.3.3 How to transact

Before writing Call Options you should confirm the number of Underlying Securities held under your Margin Loan either through the Online Service or by calling us. You then choose an Expiry Date and Exercise Price from the Call Options available through the ASX. Instruct your Nominated Broker to sell the relevant Call Options and contact the Lender to lodge the Securities with the ASX Clear.

2.3.4 Expiry Process

If the Market Price is greater than the Exercise Price at any time before the Expiry Date, the buyer may exercise the Call Option. This means you will be required to sell the Securities to the buyer at the Exercise Price. Therefore you, your Nominated Financial Adviser or your Nominated Broker should identify any Call Options that are approaching their Expiry Date or where the Market Price is significantly higher than the Exercise Price and decide what action you will take.

2.4 Protected Covered Write

2.4.1 Overview

A Protected Covered Write strategy combines the previous two strategies in 2.2 Bought Puts and 2.3 Covered Calls. This involves selling an equal number of Call Options and buying the same number of Put Options against the same Security that is held under your Margin Loan.

If you expect the Market Price of the Security to rise moderately, the protected covered write can be used to generate income, while eliminating the risk of a large potential loss on the Security.

2.4.2 Important Information

Before implementing a Protected Covered Write strategy under an Exchange Option Plus facility, it is important to understand the impact on the Security Value of the Security which are in addition to important information contained in 2.2.2 and 2.3.2

- The Security Value will be calculated on the written Call Option whenever the Market Price of the Security multiplied by the Lending Ratio is higher than the Exercise Price of the bought Put Option multiplied by 95 percent.
- This means the Security Value for these Securities can't be greater than the Exercise Price of the Call Option multiplied by the relevant Lending Ratio. The Security Value can be less than this cap when the Market Price is less than the Exercise Price. The adjustment to the Security Value is recorded under your Margin Loan as a reservation equal to the Intrinsic Value of the Call Option multiplied by the Lending Ratio for the Securities. The Intrinsic Value of the Call Option is the difference between the Exercise Price and the Market Price of the Securities (if the Market Price is greater than the Exercise Price otherwise it is zero).
- The Expiry Date of the Covered Call Option must not be later than the Expiry Date of the bought Put Option.
- The Exercise Price of the Covered Call Option must be higher than the Exercise Price of the bought Put Option.

2.5 Bought Calls

2.5.1 Overview

Buying Call Options through your Margin Loan gives you the right to buy the Underlying Securities at the Exercise Price on or before the Expiry Date. The price of the Call Options is the Premium which you borrow through your Margin Loan.

If on or before the Expiry Date the price of the Underlying Securities is above the Exercise Price, you can exercise your Call Options and buy the Underlying Securities at the Exercise Price. Alternatively, you may wish to write a Call Option and receive the Option Premium.

If on the Expiry Date the price of the Underlying Securities is below the Exercise Price, the Call Options will expire and the cost to you is the Premium paid when you bought the Call Options.

2.5.2 Important Information

Before buying Call Options through your Margin Loan with Exchange Options Plus it is important to understand the following points:

- Call Options can only be purchased through a Broker approved by the Lender. The Broker will charge you brokerage and provide you with a disclosure document for the Options.
- If you decided to exercise a Call Option before the Expiry Date you must have sufficient borrowing capacity under your Margin Loan to settle the resultant buy transaction.
- Bought Call Options are not given a Lending Ratio.This means you must have sufficient borrowing capacity under your Margin Loan to pay the Premium.

2.5.3 How to transact

You choose an Expiry Date and Exercise Price from the Call Options available through the ASX. Instruct your Nominated Broker to buy the relevant Call Options and settle them to your nominated Options account.

2.5.4 Expiry Process

The Lender will at no time take action to exercise any Call Options or contact you to remind you to exercise any Call Options. If the Exercise Price is below the Market Price on the Expiry Date, your Nominated Broker may automatically exercise your Call Option which may result in the Securities being purchased. You should confirm any expiry process with your Nominated Broker.

You should monitor all Option positions to ensure they are exercised at the Expiry Date if relevant. If you don't exercise a Call Option where Exercise Price is below the Market Price on the Expiry Date then the Call Option may lapse without any benefit to you. Therefore you, your Nominated Financial Adviser or your Nominated Broker should identify any Call Options that are approaching their Expiry Date or where the Market Price is significantly above the Exercise Price and decide what action you will take.

2.6 Corporate Actions

Corporate actions are events such as takeovers, rights issues, bonus issues, company restructures, returns of capital, buy backs, Option exercises, share purchase plans and call payments.

Some corporate actions may result in an adjustment to the Option contracts offered through the ASX and this may impact any Options transacted through your Margin Loan with Exchange Options Plus. If a corporate action occurs the Lender may take one or more of the following steps:

- Transfer your Securities to the Nominee.
- Use any cash proceeds from the corporate action to acquire additional Securities or reduce your Loan Balance.
- Exercise your Put Options to sell your Securities and reduce your Loan Balance.
- Ask you to reduce your Loan Balance, exercise any rights or otherwise purchase additional Securities.
- Hold any Securities issued as a result of the corporate action as Secured Portfolio under your Margin Loan.

The Lender may, but is not required to contact you, your Nominated Financial Adviser or your Nominated Broker prior to taking any action. Any decision, action, delayed action or inaction by the Lender may not have the same result as if you decided how to respond to the corporate action and this may affect your financial objectives and strategies.

2.7 Taxation

It is recommended that you seek professional advice including tax advice. Taxation law and practice may change and changes can impact your Exchange Options Plus Facility and transactions you enter into. Each investor will have unique financial circumstances and obligations under Australian tax laws.

2.8 Applying for Exchange Options Plus

2.8.1 Applying

You and any Guarantor must read this Product Guide (including the Exchange Options Plus Application Form) and the Exchange Options Plus Agreement completely and obtain appropriate advice. You must already have a Margin Loan or be applying for a new Margin Loan at the same time.

You can apply for Exchange Options Plus as:

- An individual or two individuals (called joint borrowers) who are at least 18 years old; or
- A company; or
- A trustee of a trust (except as a trustee of a self managed superannuation fund).

Return the completed and signed Application Form to your Nominated Financial Adviser, Nominated Broker or directly to the Lender at:

New Business Servicing Team

Post: GPO Box 5388
Sydney NSW 2001

You may also need to complete an application for an Option account with your Nominated Broker. If you require any information in relation to applying for Exchange Options Plus you should contact the Customer Service Team.

2.8.2 Processing your application

When the Lender receives your Exchange Options Plus Application Form it will assess whether it is prepared to activate Exchange Options Plus on your Margin Loan. This assessment may involve you or the Guarantor providing additional information to the Lender. The Lender may not activate Exchange Options Plus on your Margin Loan until you complete some further actions including the Lender contacting you to verify certain statements on your Exchange Options Plus Application Form.

Significant Risks

By understanding the risks you may be able to take steps to minimise their impact or make an informed decision to accept the risk as a cost of using Exchange Options Plus.

3.1 Overview

Using Exchange Options Plus involves a number of risks beyond those of just using a Margin Loan. Risks are events or circumstances that are unpredictable and that may result in you losing some or all of your capital, earning a return less than expected or required or that may limit your ability to deal with your investments. When considering the risk it is important to think about the likelihood of any event or series of events occurring and your ability to cope with and respond to the impact of the event or circumstance. It is also important to understand that risk is not constant which means the likelihood of any event occurring changes over time.

You are responsible for your investment choices and consequently whether the net return is sufficient to cover the cost of borrowing and other costs and whether its suitable for your circumstances and financial objectives. The Lender, or any other party associated with the operation of your Exchange Options Plus Facility and named in this Product Guide and the Margin Loan Agreement, do not guarantee that using an Exchange Options Plus Facility will have a positive impact on your investments.

This section is a summary of what are considered the significant risks of using an Exchange Options Plus Facility combined with a Margin Loan. If you are a Guarantor then you are guaranteeing that the borrower will meet their obligations under the Margin Loan. This means that you also need to consider the significant risks in this section.

A document of this nature can't list every risk of using Exchange Options Plus. This document doesn't cover the specific risks of Options or Option strategies that you may choose to transact under your Exchange Options Plus Facility. You should obtain information about any potential Option transaction or strategy from the relevant disclosure document and by obtaining independent financial advice.

Before deciding whether to apply for Exchange Options Plus, you and any Guarantors should read the entire Product Guide, (including the Application Form), the Margin Loan Agreement and the Exchange Options Plus Agreement, and carefully consider the following risks. You and any Guarantors should also read and carefully consider the Risk Section of the Margin Loan Product Guide. You should have regard to your own investment objectives, circumstances and needs, and consider the need for professional advice, including taxation and legal advice.

3.2 Buying Options

If you hold the Securities and buy a Put Option then you may be able to increase your borrowing capacity. Refer to section 2.2.1 in this Product Guide for a worked example. As explained in the Margin Loan Product Guide, if you have sufficient borrowing capacity then you may be able to borrow through your Margin Loan. You must use some of the money borrowed to acquire financial products (for example listed securities or Managed Funds). At the expiry of the Put Option or if you exercise the Put Option your borrowing capacity will return to a level that depends only on the prevailing price of the Security and its Lending Ratio. This means that if you don't take action before the expiry of the Put Option you may no longer have sufficient borrowing capacity and a Margin Call may occur. You will need to take action promptly and respond to any Margin Call as outlined in the Margin Loan Product Guide.

Exercising a Put Option has a similar effect as selling the Underlying Securities. You (and any Guarantor) remain responsible for repaying the Total Amount Owing under your Margin Loan irrespective of the sale proceeds from the Secured Portfolio including where you have exercised a Put Option.

3.3 Writing Call Options

Any Premium you receive for writing Call Options will vary depending on market factors such as the volatility and price of the Securities. You should not rely on any Premium to pay any borrowing costs or other costs. There is a risk that interest, fees or other amounts may become due for payment before you receive any Premium. This means that you may need to meet any amounts due from your own funds or sell, or the Lender may sell, the Secured Portfolio before the end of your planned investment horizon. This means the Secured Portfolio may not reach the return you expected and it may adversely impact your intended Option strategy. Any failure to meet your obligations to pay amounts when they fall due may result in a Default. Refer to the Margin Loan Product Guide and the Margin Loan Agreement for further details.

Any Premium you may receive for writing Call Options may not be greater than any gain you might have received had your Securities increased in value above the Exercise Price and you had not sold the Call Option. More importantly, the price of the Securities may increase above the Exercise Price by such an amount that there are insufficient funds available through your Margin Loan to close out the Call Option prior to its Expiry Date. Conversely, the price of the Securities may decrease such that the loss incurred is greater than the Premium you received for selling Call Options over your Securities.

If the price of the Underlying Securities is greater than the Exercise Price of the Call Options, the buyer of the Call Options may exercise their rights at any time. If exercised, you will have to sell the Underlying Securities at the Exercise Price. This may occur before the end of your planned investment horizon which means the Secured Portfolio may not reach the return you expected.

3.4 Protected Covered Write

In addition to the risks outlined in 3.2 Buying Options and 3.3 Writing Call Options, it is important to understand how the Security Value is calculated when combining Bought Puts and writing Call Options over the same Underlying Securities.

The Security Value will be calculated on the written Call Option whenever the Market Price of the Security multiplied by the Lending Ratio is higher than the Exercise Price of the bought Put Option multiplied by 95 percent.

This means the Security Value for these Securities can't be greater than the Exercise Price of the Call Option multiplied by the relevant Lending Ratio. The Security Value can be less than this cap when the Market Price is less than the Exercise Price. The adjustment to the Security Value is recorded under your Margin Loan as a reservation equal to the Intrinsic Value of the Call Option multiplied by the Lending Ratio for the Securities. The Intrinsic Value of the Call Option is the difference between the Exercise Price and the Market Price of the Securities (if the Market Price is greater than the Exercise Price otherwise it is zero).

As a result, if you have borrowed money up to the Exercise Price of the Put Option, you may be required to pay the amount of any shortfall from your own funds.

3.5 Options are Complex Derivatives

Exchange Options Plus allows you to enter into Options that are traded on the ASX and settle these transactions, including borrowing additional amounts, through your Margin Loan. Options are complex derivatives and the value of Options can change dramatically in a short period of time. It is important that you monitor your Option transactions closely at all times.

The change in value of an Option is often greater, in percentage terms, than the change in the price of the Underlying Shares. This means if the price of the Underlying Security performs as expected before the Expiry Date you can earn a larger return by using an Option instead of transacting on the Underlying Security directly. However, if the price of the Underlying Security does not perform as expected before the Expiry Date then you will incur a larger loss than had you transacted on the Underlying Security directly or not invested at all.

It is strongly recommended that you and the Guarantor read the entire Product Guide, Margin Loan Agreement and Exchange Options Plus Agreement, and seek financial advice including taxation advice before deciding to apply for Exchange Options Plus Facility or use any Option strategy.

Additional Information

4.1 Fees and Costs

Please refer to the Margin Lending Product Guide or the Lender's website for information on fees and costs associated with your Margin Loan. You should read all the information about fees and costs because it is important to understand their impact on your investment.

4.2 Cooling Off Period

No cooling off rights are available in respect of any application for an Exchange Options Plus Facility or any transaction on your Exchange Options Plus Facility. This means that you may not be able to withdraw an instruction once it is received by the Lender. However, cooling off rights may apply to an application for some investments that you can acquire through your Margin Loan. You should refer to the relevant disclosure document for those investments for further details.

4.3 Privacy

By completing an Application Form and operating any Exchange Options Plus Facility you and any Guarantor supply personal information to the Lender. You and any Guarantor consent to the Lender disclosing this information to other entities associated with opening and operating your Exchange Options Plus Facility. If you do not provide all the required information then the Lender may not be able to process your application or operate your Exchange Options Plus Facility. Part C (Privacy Disclosure and Consent) of the Leveraged Equities Terms and Conditions sets out the information the Lender may collect and what it may do with the information. You can request a copy of the Lender's privacy statement.

4.4 Anti-Money Laundering and Counter-Terrorism Financing

The Lender is committed to the requirements for Anti Money Laundering and Counter Terrorism Financing Act (AML/CTF). To comply with these requirements the Lender may:

- Require you and other parties named in the Application Form to provide to the Lender, or authorise the Lender to otherwise obtain, any additional documentation or other information,
- Suspend, block or delay transactions on your Exchange Options Plus Facility, or refuse to provide services to you,
- Report any actual or proposed transaction or activity to any body authorised to accept such reports relating to AML/CTF or any other law.

4.5 Lender's Customer Relations and Dispute Resolution

If you are dissatisfied with any investment under your Margin Loan or Exchange Options Plus Facility you should contact the relevant issuer, your Nominated Financial Adviser or your Nominated Broker. If you are dissatisfied about your Margin Loan or Exchange Options Plus Facility or the Lender's services or processes then you should contact the Customer Service Team.

Customer Service Team
Customer Complaint Management

Post:	GPO Box 5388 Sydney NSW 2001
Call:	1300 307 807
Email:	customerservice@leveraged.com.au
Visit:	leveraged.com.au

You can expect the Lender to acknowledge your complaint, explain the steps it will take to investigate your complaint and keep you informed of its progress to respond to your complaint.

If you are dissatisfied with the Lender's final response to your complaint or how your complaint was managed you can refer the matter to the External Dispute Resolution (EDR) scheme. The Lender's EDR Scheme is the Australian Financial Complaints Authority (AFCA). You can contact AFCA as follows:

Australian Financial Complaints Authority

In writing to: GPO Box 3, Melbourne VIC 3001

Post:	GPO Box 3, Melbourne VIC 3001
Call:	1800 931 678
Visit:	www.afca.org.au

When lodging a complaint with AFCA, time limits may apply and so you should act promptly or consult the AFCA website to determine if or when any time limit relevant to your complaint expires.

Leveraged Equities Exchange Options Plus Application Form

Instructions

Capitalised terms in this Application Form have the meaning given in in Section 9 of the Facility Terms and Conditions dated 9 November 2023 or later (Facility Terms and Conditions), clause 17 of the Exchange Options Plus Agreement set out in Part E of the Leveraged Equities Terms and Conditions dated 9 November 2023 or later (Exchange Options Plus Agreement) and the Leveraged Equities Exchange Options Plus Product Guide dated 9 November 2023. "You" and "your" means the Borrower or the Guarantor as the case may be.

- **Please complete this form using a BLACK pen and print within the boxes in CAPITAL LETTERS.**
- **Do not use correction fluid. If you make an error, cross it out and have all parties initial the change.**

1. Margin Loan Facility Details

☐ Tick this box if you are applying for Exchange Options Plus and a Margin Loan with the Lender at the same time.

☐ Tick this box if you applying for Exchange Options Plus on an existing Margin Loan with the Lender.

Existing Facility Name:

Existing Facility Number:

2. Nominated broker

Nominated Broker Name

3. Investment Profile

All sections must be completed.

3.1 Expected Transactions (select one or more)

☐ Write Covered Calls

☐ Purchase Put Options

☐ Purchase Call Options

3.2 Expected Strategies (select one or more)

☐ Buy Write – Purchase Underlying Security and Write Covered Call at the same time

☐ Protected Covered Write – Purchase a Put Option and Write Covered Call against the same Underlying Security

☐ Capital Preservation – Purchase a Put Option to protect the value of the Underlying Security or borrow up to 95% of the Exercise Price

☐ Income Generation – Writing Covered Calls in order to receive income in the form of Premium

☐ Trading – Leveraged exposure to the price movement of an Underlying Security through the purchase and closing out of Call Options.

4. Execution

4.1 Acknowledgements

By signing the Exchange Options Plus Application Form and the Schedule 2 Form of Acknowledgement, you, being a Borrower and a Guarantor (if any):

(a) acknowledge that all information in this Exchange Options Plus Application Form is correct and not misleading in any way;

(b) acknowledge that you have read the Facility Terms and Conditions, the Exchange Options Plus Agreement and the Exchange Options Plus Product Guide, including the description of risks contained in the Exchange Options Plus Product Guide;

(c) request the Lender to make Exchange Options Plus Facility available under the Margin Loan;

(d) agree that Exchange Options Plus constitutes an Additional Feature under the Margin Loan for which each Guarantor is liable under the Guarantee, and each Guarantor consents to the Borrower entering into the Exchange Options Plus Agreement;

(e) agree to be bound by the terms and conditions of the Exchange Options Plus Agreement;

(f) acknowledge that you have obtained a copy of the Master Deed of Priority by downloading it from the Online Service or by telephoning the Lender;

(g) direct each attorney under the Power of Attorney which you have given to the Lender to sell or otherwise deal with Securities and other property pursuant to the Exchange Options Plus Agreement on your behalf;

(h) if you are a Guarantor, you acknowledge that you are signing both as a client for Exchange Options Plus and as Guarantor for the Borrower's obligations under the Margin Loan with Exchange Options Plus Facility.

4.2 Borrower(s)

Borrower 1

The Exchange Options Plus Agreement is executed and delivered as a deed.

Borrower 1

Print full name

Signature

Date / /

Witness

By signing below, the witness confirms that they observed the Borrower sign this form in person

Print full name

Phone number

Signature

Date / /

Borrower 2

The Exchange Options Plus Agreement is executed and delivered as a deed.

Borrower 2

Print full name

Signature

Date / /

Witness

By signing below, the witness confirms that they observed the Borrower sign this form in person

Print full name

Phone number

Signature

Date / /

Company Borrower

The Exchange Options Plus Agreement is executed and delivered as a deed.

Director 1 / Sole Director

Print full name

Office Held (e.g. Director/Secretary)

Signature

Date / /

Director 2 / Secretary

Print full name

Office Held (e.g. Director/Secretary)

Signature

Date / /

Company Seal (if required under company constitution)

4.3 Guarantor(s) – Individuals, Company Directors

Guarantor 1

The Exchange Options Plus Agreement is executed and delivered as a deed.

Guarantor 1

Print full name

Signature

Date / /

Witness

By signing below, the witness confirms that they observed the Guarantor sign this form in person

Print full name

Phone number

Signature

Date / /

Guarantor 2

The Exchange Options Plus Agreement is executed and delivered as a deed.

Guarantor 2

Print full name

Signature

Date / /

Witness

By signing below, the witness confirms that they observed the Guarantor sign this form in person

Print full name

Phone number

Signature

Date / /

Guarantor 3

The Exchange Options Plus Agreement is executed and delivered as a deed.

Guarantor 3

Print full name

Signature

Date / /

Witness

By signing below, the witness confirms that they observed the Guarantor sign this form in person

Print full name

Phone number

Signature

Date / /

Schedule 2
Form of Acknowledgement from Client

Form of Acknowledgement from Client – Clause 15.1(c)

Return to:
ASX Clear Pty Ltd
C/- The Lender
GPO Box 5388
Sydney, NSW 2001

And to:

Name of Broker/ASX Clear Participant:

And to:

The Lender
GPO Box 5388
Sydney, NSW 2001

Dear Sir/Madam,

Client Acknowledgement of the Master Deed of Priority

I refer to the Master Deed of Priority dated 27 December 2000 (the "Deed") between ASX Clear Pty Ltd (ABN 48 001 314 503) (ASX Clear) and the Lender. Terms defined in the Deed have the same meaning in this letter. I am a client of the Lender and have instructed my Broker/ASX Clear Participant [as above] to register Option Contracts with ASX Clear.

I acknowledge, consent to and confirm the following:

1. I have obtained a copy of the Deed by downloading it from the online service or by telephoning the Lender on 1300 307 807.
2. I indemnify ASX Clear for any costs, liabilities or loss incurred by it, or its agents or employees in connection with the:
   (a) execution and stamping of the Deed; and
   (b) costs, charges and expenses incurred by ASX Clear in connection with any exercise or non exercise of rights under or any, variation, waiver or discharge in relation to the Deed.
3. I agree to be bound by the Deed and acknowledge and confirm the order of priorities between ASX Clear Securities and the Lender set out in the Deed.
4. I will co-operate in the implementation and assist in giving effect to the Deed and will not do anything inconsistent with the terms of the Deed.

3.4 Borrower(s)

Borrower 1

Borrower 1

Print full name

Signature

Date / /

Witness

By signing below, the witness confirms that they observed the Borrower sign this form in person

Print full name

Phone number

Signature

Date / /

Borrower 2

Borrower 2

Print full name

Signature

Date / /

Witness

By signing below, the witness confirms that they observed the Borrower sign this form in person

Print full name

Phone number

Signature

Date / /

Company Borrower

Director 1 / Sole Director

Print full name

Office Held (e.g. Director/Secretary)

Signature

Date / /

Director 2 / Secretary

Print full name

Office Held (e.g. Director/Secretary)

Signature

Date / /

Company Seal (if required under company constitution)

3.5 Guarantor(s) – Individuals, Company Directors

Guarantor 1

Guarantor 1

Print full name

Signature

Date / /

Witness

By signing below, the witness confirms that they observed the Guarantor sign this form in person

Print full name

Phone number

Signature

Date / /

Guarantor 2

Guarantor 2

Print full name

Signature

Date / /

Witness

By signing below, the witness confirms that they observed the Guarantor sign this form in person

Print full name

Phone number

Signature

Date / /

Guarantor 3

Guarantor 3

Print full name

Signature

Date / /

Witness

By signing below, the witness confirms that they observed the Guarantor sign this form in person

Print full name

Phone number

Signature

Date / /

Leveraged

The professional's choice

For more information or to obtain a copy of the PDS, or the other information referred to in this Product Guide, speak to your Financial Adviser or contact the Customer Service Team.

Call	1300 307 807
Visit	leveraged.com.au
Email	customerservice@leveraged.com.au
Post	GPO Box 5388, Sydney NSW 2001

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