

NAB EQUITY BUILDER RISK DISCLOSURE STATEMENT

more
than
money



There are risks associated with using a NAB Equity Builder Facility to borrow on the security of *stocks* and *managed fund investments*. You should be aware of these risks before you enter into a NAB Equity Builder Facility. We have described some of these risks in the following paragraphs.

You should also carefully consider the NAB Equity Builder Facility Terms as they contain important information regarding the terms and conditions that will apply to your NAB Equity Builder Facility and will help you understand this Risk Disclosure Statement.

Terms that are defined in the Facility Terms in italics have the same meaning in this Risk Disclosure Statement.

We strongly recommend that you obtain independent professional advice as to the suitability of the NAB Equity Builder Facility for you and the risks involved before you enter into a NAB Equity Builder Facility. You should not infer that we are providing personal investment or tax advice if we make the *facility* available to you.

1. Borrowing on the security of *stocks* or *managed fund investments* exposes you to the volatility of the share market. If there is a decrease in the value of *stocks* or *managed fund investments* that you have borrowed against, your financial position may be significantly affected.
2. *Secured property* may be sold if you miss a *monthly repayment*. This may have capital gains tax (CGT) consequences. More specifically: part or all of the *secured property* may be sold; and if *guarantor* security has been provided to support a *facility limit*, part or all of the *guarantor* security may be sold.
3. There may also be circumstances where we require you to repay all of what you owe us. For example, we may require this if:
 - (a) you do not pay amounts owing under the *facility* when due or otherwise fail to comply with your obligations under the *facility*;
 - (b) any event occurs which in our opinion may materially affect your or the *guarantor's* (if any) ability to meet your or their obligations under the *facility*

We may also require you to repay all of what you owe us at any time if we give you 5 business days notice.

There are other circumstances in which we can ask you to pay us all of what you owe us. You should familiarise yourself with these. (See clauses 7.13, 7.14, 7.15 and 14 of the Facility Terms.)

4. In some cases, the value of *stocks* and *managed fund investments* that you have provided as *security*, may not be sufficient to repay the amount that you owe us. We may recover the remainder of what you owe us from you or the *guarantor* (if any) personally.
5. We assign to each *stock* and *managed fund investment* a *security ratio*. The *security ratio* of a *stock* or *managed fund investment* is a percentage determined by us which reflects the amount that we may be prepared to lend against that *stock* or *managed fund investment*. The *security ratio* that we assign to a *stock* or *managed fund investment* is not an indication by us as to the suitability of that *stock* or *managed fund investment* to form part of your portfolio or the financial prospects of that *stock* or *managed fund investment*. We may change the *security ratio* that we assign to a particular *stock* or *managed fund investment* in your portfolio at any time. We will, via our website, give you notice of any changes in the *security ratio* used to calculate the *security value* of the *stock* and *managed fund investment* as soon as practicable after the change.
6. An *investment* may be removed from the list of *approved investments*, which may create the need to switch into a new approved investment. The sale of an existing *investment* may have CGT consequences.
7. Gearing of your *investments* can magnify the gains and losses in the value of your portfolio. You should discuss with your financial or tax adviser whether gearing your *investment* is appropriate for you. If you do gear your *investments* you should be aware that you may not have received the income or the benefit of any tax deductions at the time you are required to pay interest owing. You should ensure that you always have adequate income, and resources to meet any *monthly repayments*.
8. All *stocks* and *managed fund investments* that you or the *guarantor* (if any) have provided as security for your obligations under the *facility* or that you buy using funds advanced to you under the *facility* are mortgaged to us. Under the terms of the mortgage, all dividends, interest, allotments, offers, benefits, privileges, rights, bonuses, distributions or rights to take up stocks or managed fund investments are mortgaged to us and we must agree before you have access to these rights. If a default event occurs, we may sell the *stocks* or *managed fund investments* and keep that portion of the proceeds that you owe us. We will not release any mortgage you or the *guarantor* (if any) have given us under the *facility* until no amount is owing to us in connection with the *facility* by you or the *guarantor* (if any).
9. Increasing interest rates may result in your *monthly repayments* being greater than you budgeted for. You must have sufficient cash reserves in your nominated Direct Debit account to pay for both loan interest and the required principal repayments when they are due (typically, at the end of each calendar month). If you miss a *monthly repayment*, we may sell some or all of the *secured property*.
10. Falling investment income may place a greater burden on your other sources of available cash. If you plan to use the cash distributions from your *investments* to help fund your *monthly repayments*, and these cash distributions are lower than expected, you will need to rely more heavily on other sources of cash to meet your monthly NAB Equity Builder obligations.
11. Changes in tax laws, or their interpretation, may have an adverse effect on your tax or financial position. You should seek advice from your tax adviser before proceeding with this product.

In this Application, 'Facility Terms' means the terms and conditions of the NAB Equity Builder Facility Terms accompanying this Application, and 'NAB' means National Australia Bank Limited.

If you do not have a copy of the Facility Terms, please contact NAB Equity Lending on **1300 135 145**.