



**TREND INVESTOR SERVICES PROPRIETARY LIMITED**

ABN: 65 061 768 670

AFS Licence No. 255475

**MANAGED DISCRETIONARY ACCOUNT (MDA)  
CONTRACT**

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## **ABOUT A MANAGED DISCRETIONARY ACCOUNT**

### **MDA CONTRACT**

This MDA Contract includes an Investment Program which identifies the nature and scope of the discretion by outlining the Client's exposure to the different classes of assets, the Client's broad investment strategy and investment goals. The investment program also identifies any significant risks associated with the managed discretionary account (MDA) service, the basis on which the MDA service is considered suitable for the Client and warns about the importance of any limitations relating to the MDA service which the Client must consider before signing the MDA Contract. It is important that the Client discloses to its Adviser all relevant personal details to ensure that the Investment Program established on its behalf is suitable for its circumstances.

Once the MDA Contract is in place, Trend Investor Services Proprietary Limited (Trend, the MDA Operator) can act with absolute discretion on the Client's behalf and without the Client's prior reference with respect to its investments. Funds contributed to an MDA account will be invested in accordance with the Investment Program included in the MDA Contract. Trend will act within the agreed terms of this MDA Contract and the Investment Program at all times unless otherwise agreed with the Client in writing.

### **SERVICE PROVIDERS**

Under the MDA the Client holds legal title to portfolio assets. The Client authorizes Trend as the MDA Operator whereby its representatives Alex Papas and Mark Ewin (the MDA Manager) are authorized to make trading decisions. The MDA will invest in a combination of Securities and Derivatives. The Execution and Clearing Broker(s) listed in Schedule 1 of the Managed Discretionary Account Application are responsible for providing dealing services to the Client, which includes execution and clearing services and holding client funds. The Execution and Clearing Broker(s) will be acting under their own AFS Licence when providing these services to the Client.

These Execution and Clearing Broker may change from time to time. Trend will advise the Client if any changes occur.

### **MDA OPERATOR'S AUTHORITY**

By granting Trend discretion to act on its behalf with regard to the management of certain investments, Trend or the MDA Managers are able to provide the Client with the highest level of service.

A MDA gives the Client the opportunity to define its investment profile, investment objectives and any investment restrictions or limitations the Client wishes to set. The Client can set restrictions and limitations in Section 6 of the Managed Discretionary Account Application titled 'Trading restrictions and limitations'. Within these restrictions or limitations, Trend is entitled, at its absolute discretion, to perform the prescribed duties in the Client's name, on the Client's behalf and without prior reference to the Client.

### **MINIMUM INVESTMENT**

To open an MDA a minimum investment of 50,000 AUD is required.

### **MANAGEMENT OF THE MDA**

Trend and the MDA Managers have many years of combined experience in global financial markets. In order to achieve the investment objectives, Trend has engaged experienced MDA Managers to select appropriate investment opportunities and administer the MDA.

The objective of the MDA Manager is to achieve a strong return on investments in both favorable and poor market conditions, by managing risk and ensuring more stable returns. There is no guarantee, however that such returns will be achieved, and the MDA may incur losses in the event of adverse market movements.

### **WHAT ARE THE SIGNIFICANT BENEFITS ASSOCIATED WITH INVESTING THROUGH A MDA SERVICE?**

There are a number of benefits associated with investing through this MDA Service.

- Trend or the MDA Manager, as operator of the MDA Service, may invest in certain financial products on the Client's behalf without first seeking the Client's instructions. Accordingly, should an opportunity arise that requires immediate action, Trend or the MDA Manager may take full advantage of such opportunity without unnecessary delay.
- The MDA Manager is a very experienced investment adviser and dealer with access to the highest quality contacts and research tools.

- Prior to an investment being carried out on the Client's behalf, a meeting between Trend's Responsible Officers and MDA Manager takes place whereby the merits of the potential investment are discussed and reasonable due diligence carried out. Only suitable investments are approved by such committee.
- Trend may be in a better position to seek out appropriate investments due to its network of Australian and overseas industrial and financial contacts.
- Trend has an incentive to maximise the Client's profits and portfolio value as a consequence of the management and incentive fee provisions outlined in the MDA Contract.

#### WHAT ARE THE SIGNIFICANT RISKS ASSOCIATED WITH INVESTING THROUGH THE MDA SERVICE?

**There are significant risks associated with an investment via an MDA, of which not all can be outlined. Investment via the MDA may not be suitable for all investors. There can be no assurance that the MDA will achieve its investment objectives. Each prospective investor should carefully review the MDA contract and carefully consider the risks before deciding to invest. The attention of investors is also drawn to the "Conflicts of Interest Disclosure" section below in addition to the Client Agreement which form part of the MDA Contract. Accordingly, in evaluating the merits and suitability of an investment in the MDA, careful consideration should be given by prospective investors to the following risk factors. This section does not purport to be an exhaustive list of the risks involved in investing in the MDA.**

- **General Economic Conditions and Market Risks** – The MDA's operating and financial performance may be influenced by a variety of general domestic and international economic factors and business conditions which are outside the control of the MDA Operator and the MDA Manager. These include changes in the inflation rate, commodities prices, exchange rates, interest rates, the government and government fiscal, monetary and regulatory policy, natural disaster and acts of terrorism.
- **Risk associated with selling options** – When trading options, the buyer of the option has the right to decide whether or not to exercise the option contract and at times when the options contract is exercised. Therefore, in a rising market the seller of a call option may be obligated to sell the underlying financial product at less than the current market value whilst in a falling market the seller of a put option may be obligated to buy the underlying financial product at more than the current market value.
- **Industry Risk** – There are a number of industry risk factors that may affect the future operational performance of the MDA. These factors are outside the control of the MDA Operator and the MDA Manager. Such factors include increased regulatory and compliance costs and variations in legislation and government policies generally.
- **Financial Market Volatility** – A fall in global or Australian financial markets or the rapid change in the value of the Australian dollar against other major currencies may discourage investors from investing in financial markets. This may have a negative effect or a positive result on the price of the financial products in the MDA, however these factors are taken into account when taking a trade.
- **Leverage Risk** – Where possible by law, your MDA may be operated based on a notional value, i.e. leverage is being used, either through various financial instruments or borrowing capital, to increase the size of your MDA. If leverage is used to make an investment and the market moves against your position, your loss is much greater than it would have been if the investment had not been leveraged. In general, leverage magnifies both gains and losses.
- **Liquidity Risk** – The MDA may invest in markets that are volatile and which may become illiquid. Accordingly, it may be impossible (in the event of trading halts) or expensive for Trend to liquidate positions against which the market is moving. Alternatively, it may not be possible in certain circumstances for a position to be initiated or liquidated promptly (in the event of insufficient trading activity in the relevant financial product).
- **Exchange Rate Risk** – Investment in a MDA must be converted to Australian Dollars. Accordingly, investors other than Australian nationals should be aware that exchange rate fluctuations could cause the value of the investment to diminish or increase. In addition, the price of any financial products traded on international markets and, therefore, the potential profit and loss therein, may be affected by any variance in the foreign exchange rate between the time the order is placed and the time it is liquidated, offset or exercised.
- **Diversification** – the MDA may be less diversified than portfolios operated by other investment managers, as the MDA is likely to be concentrated in a limited number of financial products, to maximize the investment strategy. The fundamental and technical performance of a financial product and its associated factors are taken into consideration when trading and investing.
- **Performance of Other Asset Classes** – Good performance (or anticipated performance) of other asset classes can encourage individuals to divert money away from financial markets. This may have a negative impact on the price

of the financial product. At times, measures are taken to insure the financial product by buying insurance in the form of put options.

- **Margins and Financial Products** – The Client could sustain a total loss of initial margin funds that the Client deposits with the Execution and Clearing Broker to establish or maintain a position in the derivatives or foreign exchange market. If the derivatives or foreign exchange market moves against the Client’s position, the Client may be required, at short notice, to deposit with the Execution and Clearing Broker additional margin funds in order to maintain the Client’s position. Those additional funds may be substantial. If the Client fails to provide those additional funds within the required time the Client’s position may be liquidated at a loss and in that event the Client will be liable for any shortfall in its account resulting from that failure.
- **Size of MDA** – The size of the MDA will determine the allowed diversity and risk profile of the MDA. Effective risk management depends on a range of factors, including insurance of these positions with put or call options and other factors, including a defined and successful Investment Program.
- **The MDA Operator and MDA Manager** – The profitability of the MDA is dependent on the MDA Operator’s and MDA Manager’s successful implementation of the investment strategy set out in the Investment Program. There can be no guarantee that the investment strategy will be realised.
- **Licensing Requirements** – The ability of Trend and the MDA Manager to continue to manage the MDA in accordance with this MDA Contract and the Corporations Act, is dependent on Trend maintaining its AFS Licence. Maintenance of its AFS Licence depends, among other things, on Trend, its Representatives, its Authorised Representatives and the MDA Manager continuing to comply with its licence conditions and the Corporations Act.
- **Tax Considerations for Investors** – There may be tax implications arising from the receipt of profit from the MDA. Applicants should carefully consider these tax implications and obtain advice from an accountant or other professional tax adviser in relation to the application of tax legislation.
- No guarantee can be given in respect of the future earnings of the MDA or the capital appreciation of the client’s investments. The price of investments that the MDA Manager has purchased in the MDA can fall as well as rise over time. Further, no assurance can be given that the strategies employed by the MDA Operator or the MDA Manager in the past to achieve attractive returns will continue to be successful, or that the return will be similar to that achieved in the past.
- Trend makes no representation as to any return that investors will earn via the MDA and there can be no assurance that the target performance information, set out in the Investment Program, will be in any respect indicative of how the MDA will perform (either in terms of profitability or low correlation with other investments) in the future.
- Despite achieving the track record attached or outlined as a schedule to the MDA contract or on Trend’s website, the said track record is un-audited and not representative of any one client’s account.
- The performance of the MDA will be affected by charges relating to the investments. Typically, high portfolio turnover may result in correspondingly high transaction costs and the exact amount of brokerage and related transaction costs that will be incurred will depend upon a number of factors, including the nature and frequency of the market opportunities presented, the size of transactions and the transaction rates in effect from time-to-time. Refer to information in the Disclosure of Fees and Commissions outlined in the Statement of Advice – Investment Program.
- The placing of contingent orders (such as a “stop-loss” order) may not always limit the Client’s losses to the amount the Client may want. Market conditions may make it impossible to execute such orders.
- Trend may employ certain strategies that depend upon the reliability and accuracy of the analytical investment processes. To the extent such investment processes (or the assumptions underlying them) do not prove to be correct, Trend may not perform as anticipated, which could result in losses.
- Identification and exploitation of the investment objective to be pursued by Trend involves a high degree of uncertainty. No assurance can be given that Trend will be able to locate suitable investment opportunities in which to deploy all of the allocated assets.
- Trend may, on varying occasions, use ‘bulk ordering’. There is risk that the volume of orders may significantly increase the likelihood of ‘split fills’. Accordingly some accounts will receive prices that are more favourable/detrimental (whatever the case may be) in comparison to other accounts.
- As MDA investing is not carried out on a ‘pooled’ basis, but rather is separated as discrete portfolios, individual account balances and portfolio valuations may vary substantially in comparison to other MDAs.

- Inaccurate and incomplete relevant personal information provided by the Client may result in investments in financial products that are not suitable to the Client's needs.

#### **CONFLICTS OF INTEREST DISCLOSURE**

- Trend's incentive fee arrangements may create an incentive for Trend to engage in investment strategies and to make investments which are more speculative and riskier than would be the case in the absence of such incentive fees.
- Trend, employees thereof and individuals at "arms length" to Trend may also hold MDAs with Trend.
- In an attempt to mitigate conflicts of interest arising out of split fill allocations (if any) when "bulk ordering", the following allocation process is adopted by Trend.

a) Buy order fills: Best fills in order of lowest account number to highest account number

b) Sell order fills: Best fills in order of highest account number to lowest account number

By carrying out fill allocations as outlined above, Trend, employees and account holders at arms length to Trend (if any) should receive no advantage or disadvantage in relation to any other MDAs in terms of price fill allocations.

- It should be assumed that Trend, authorised persons and individuals at "arms length" such as referral agents or introducing brokers, thereof will receive benefits in the form of cash, promoter shares and/or options associated with IPO capital raisings. These incentives could be deemed to influence Trend in making investment decisions on behalf of the MDA client.

#### **WARNING**

A MDA may not be suitable for the Client if it has provided limited or inaccurate information relating to its relevant personal circumstances and it may cease to be suitable if its relevant personal circumstances change.

It is important that the Client is aware that no discretionary services can be provided until this MDA Contract has been signed. This Agreement is legally binding and creates a valid and legally enforceable obligation between the Client and Trend.

## STATEMENT OF ADVICE (SOA) – INVESTMENT PROGRAM

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This SoA is a record of the personal financial advice provided to the Client and includes information on the basis on which this advice is given, information about fees and commissions and any interests or associations which might influence the advice. This SoA forms part of the MDA Contract and the Investment Program.

The Investment Program provides details of the broad investment strategy that Trend Investor Services Proprietary Limited (Trend) will use when investing the Client's funds. It defines the financial products or classes of financial products in which Trend will invest.

### ADVICE

It is recommended that:

- the Client open a MDA investing in securities and derivative, which is operated by Trend and managed by the MDA Managers, Alex Papas and Mark Ewin, pursuant to the investment strategy defined in the section titled 'Nature and Scope of the investment strategy';
- the Client open an account with the Execution and Clearing Broker named in Schedule 1 of the Managed Discretionary Account Application, which will provide dealing services (including execution and clearing services) to the Client; and
- risk capital be applied to this MDA as speculative investments are pursued.

The investment of funds in Financial Products under this MDA will involve the purchase and disposal of Financial Products on behalf of the Client. All information provided in this document applies equally to the purchase and disposal of Financial Products.

### NATURE AND SCOPE OF THE INVESTMENT PROGRAM

#### *Investment Strategy*

The portfolio will have investments diversified over a range of securities and exchange traded options. Trading in these financial products will be of a speculative nature and based on the opinion of the MDA Manager at the time. The MDA Manager will utilise the principals described below in the sections titled Investment Philosophy, Investment Process and Investment Decision to select the appropriate investments.

The weighting of exchange traded options within the portfolio will be similar to the combined investment in speculative and mid-cap stocks i.e. 8-10% (**Options Weighting**). Please be aware that due to market movements and other factors, the actual weighting of exchange traded options within the portfolio may exceed the Options Weighting at times. In such circumstances the MDA Manager will take the relevant action to re-adjust the portfolio to ensure the weighting of exchange traded options within the portfolio is within the range describe as the Option Weighting.

The MDA Manager may also utilise Futures and Options on Futures to either:

- hedge the portfolio of securities and exchange traded options held by you; or
- to enter into speculative positions.

It is important that you advise in writing if you want to place any restrictions on what your MDA Manager can trade for you.

#### *Utilisation of Exchange Traded Options and Exchange Traded Option Strategies*

Exchange Traded Options (Puts and Calls) are derivatives i.e. leveraged products whose value is largely based on the underlying share prices on the larger cap stocks, such as BHP and NAB, on the ASX along with a mix of elements that affect the probability of a particular event occurring, such as volatility.

Options can be extensively used within portfolios either to trade a particular view on the market or an individual stock, or to increase the yield on an investment. They can also be used to reduce the entry price into a stock position or to manage the risk on a portfolio.

Under the MDA we will, at times, be using them for each, and all, of the objectives mentioned above. This will include the use of the following strategies. Furthermore, occasionally, they will also be used in combination:-

- **Selling Puts** – when we sell a ‘put’ you have the obligation to buy a stock at a certain price at a specified point in time. For taking on this ‘perceived risk’ you receive a payment i.e. a premium, which is based on the price at which you may have to purchase the stock i.e. the strike price of the option, the volatility of the stock, and so on. If, when the option expires (they all have expiry dates), the stock is above the strike price, then the stock is not purchased and the premium is retained. If it expires at a price which is lower than the strike price then you will purchase the stock at the strike price. Until this time the OCH will hold a margin against the sold option position. Assuming one is prepared to purchase the stock there is, in all reality, no additional risk. In fact they have, in effect, simply postponed payment for the stock for a period and reduced the price at which they subsequently enter the position.
- **Selling Calls** – also known as covered calls as we do not and will not trade “naked calls”. Call options are only sold when one has the underlying share. Call Options are typically sold with a strike price above the share price and if, at expiry, the share is above the strike price you will be obligated to sell the underlying stock at the share price. For taking this risk, as above, you receive a premium. It is a very useful method of generating additional yield on core holdings in a portfolio, particularly in a sideways trending market.
- **Buying Puts** – may be used to hedge i.e. protect a core holding from a downwards movement in the market. Put Options give you the option to sell the stock at a particular price at a particular point in time. To buy a put option you pay a premium. Put Options may also be used to directionally trade a view on a particular stock if you believe it is going to ‘sell off’.
- **Buying Calls** – The option to buy a position at a particular price at a particular point in time for which you pay a premium. This may be used to gain low-cost exposure to an upwards movement in a stock price.
- **Option Spreads** may include ‘Bear Call Spreads’, ‘Bear Put Spreads’, ‘Bull Put Spreads’, and ‘Bull Call Spreads’. Spreads are a useful and common strategy that will be used to either receive a premium on a share price whilst not intending to sell the underlying stock and therefore not necessarily holding it in the first place i.e. a bear call spread, or not necessarily intending to acquire the underlying stock whilst limiting the downside risk on the trade i.e. a bull put spread. These are the two examples of a credit spread. One where the ‘seller’ receives a premium i.e. a payment for taking on the risk perceived in the strategy.

The other examples of option spreads are debit spreads, basically the opposite of the above, i.e. one is buying a call spread and paying a premium for it and this basically functions similarly to a covered call, except that the low cost of the bought call leg allows for a greater exposure to a short term move in the share price and therefore a greater profit may be achieved if the view taken proves correct. This may be achieved utilising a considerably lower cash outlay. Alternatively, and in reverse, the same goes with a bought debit put spread where one can gain a low cost and leveraged exposure to a downwards move in the share price.

Hopefully this is not too difficult for even the most novice investors to understand. If you have any questions about Exchange Traded Options or option strategies, please feel free to query your account advisor.

### *Investment Philosophy*

The investment philosophy is based on a ‘top-down’ approach. In other words, investment decisions will be made on the basis of the following considerations:

- Macroeconomic and microeconomic factors – Major variables such as interest rate movements (short and long term), currency movements, commodities prices, local and foreign bond yields will be considered.
- General economic conditions and financial markets – Close attention will be paid to domestic and international trends and events in determining the broad investment approach. Market sentiment and volatility will be closely monitored.
- Analysis of preferred industries – There will be no particular focus on a specific industry or sector; however, preference will be given to companies operating in well performing industries and market sectors that fundamentally and technically have strength and value.
- Fundamental analysis – Close examination will be undertaken of the current and potential future performance of companies that are of interest, especially those operating in well performing industries and market sectors based on

research undertaken from both a macroeconomic and microeconomic perspective using stock broking research, economic publications, investment magazines and newsletters, media business programs, newspapers, and other sources. Other fundamental considerations such as earnings per share, price earnings ratios, dividend yield, volume traded, growth potential and industry outlook will be considered.

- Options markets – Preference will be given to companies or indices which also have exchange traded options listed on the ASX and international markets. The levels of option premium and understanding of the nuances of the options market may also influence stock and indices choice at times.
- Technical analysis – To assist in effective money management and better timing of stock entry and exit points, technical analysis will be used.

At a practical level, these considerations will determine:

- the overall level of market exposure;
- the level of exposure to any particular market sector or industry;
- the choice of particular investments and the level of exposure to any one investment;
- the timing of entry and exit of investments; and
- the type of option positions taken.

The experience of the MDA Manager will assist in implementing a strategy which is anticipated to produce strong annual returns.

#### *Investment Process*

The MDA Manager will adopt the following process in determining the appropriate investments:

- Based on macroeconomic and microeconomic conditions, determine the percentage of funds to invest in the market.
- Identify the preferred sectors and industries which have a positive outlook.
- Use fundamental and technical analysis to identify the companies which present an appropriate opportunity.
- Based on market sentiment and technical analysis, identify entry level, target level and the amount of insurance required in the form of put or call options and the appropriate strike prices.
- Determine the level of options selling on both calls and puts.
- Undertake the purchase/sale of shares and options.
- Monitor the performance of the MDA.
- Continuously monitor all economic and business factors which may impact on the performance of the MDA.

In the event that the MDA Manager is not able to identify a sufficient number of appropriate investment opportunities at any point in time, those funds not invested will be held in the appropriate cash management account, ready for the next trading or investing opportunity.

#### *Investment Decisions*

Investment decisions will be made based on the investment philosophy outlined above. Investments will be made, focusing on generating:

- Option income; and
- trading profits and investment profits.

The MDA Manager will continuously monitor and adjust the MDA to suit market conditions.

At times, Securities may be sold at a loss or profit as a part of overall money management and risk control, depending upon financial market conditions, market outlook, and risk management.

Exchange Traded Options such as covered call options and cash-covered put options will be used to generate additional income for the MDA.

## **RESTRICTIONS**

The Client may restrict or limit Trend's or the MDA Manager's discretion by completing Section 6 of the Managed Discretionary Account Application. Trend will use best endeavours to comply with these restrictions and limitations.

## **BASIS ON WHICH THE ADVICE IS GIVEN**

Trend has formed the view that the MDA is appropriate and suitable for the Client on the basis that it has held discussions with the client whereby the client has:

- demonstrated that it understands the structure of an MDA;
- confirmed that its relevant personal circumstances are appropriate in light of the investment program; and
- confirmed that it understands the risks associated with opening a MDA.

In addition to the above, the Client is required to complete the MDA Application through which Trend collects additional information about the Client. If it is determined that an MDA is not appropriate for the Client, upon receipt of this information the MDA will not be opened for the Client.

## **BASIS ON WHICH THE MDA IS SUITABLE FOR THE CLIENT**

Many investors recognise the potential benefits of dealing in securities and derivatives, however, find themselves constrained by time or inclination to a degree whereby traditional non-discretionary trading may not be appropriate for the individual investor's self-management.

If this applies to the Client, then trading through an MDA may be suitable for its situation. Suitable, providing always that the risks inherent with speculative trading are recognised and accepted by the Client. The act of signing the MDA Contract is an acknowledgement and acceptance by the Client of the various risks involved. In determining whether or not trading via an MDA is suitable in light of the Client's situation, the Client's attention is drawn to the section titled 'What are the significant risks associated with investing through the MDA service?' above, which highlights significant but not all of the potential risks.

Trading through an MDA is considered to be personal advice as it takes into account the Client's personal and financial circumstances, needs and objectives. The MDA Application is used by Trend to collect information relating to the Client's personal and financial circumstances, needs and objectives and forms part of this contract. In order to open an MDA account, the MDA Application must be completed, including the financial information and the risk profile.

## **PROVIDING INSTRUCTIONS TO TREND**

The Client can give instructions, including instructions relating to its MDA, by telephone, mail, email, fax or via our website.

## **RISKS**

MDAs are subject to both general and specific risks. The risks associated with the Investment Program and that of investing in a MDA are outlined on pages 4 to 7 of the MDA Contract under the section titled 'What are the significant risks associated with investing through the MDA service?'

## **WARNING**

The Investment Program may not be suitable to the Client if the Client has provided limited or inaccurate personal information relating to its relevant circumstances. Further, the Investment Program may cease to be suitable if the Client's relevant circumstances change. The Client's relevant circumstances are outlined by the Client in the MDA Application that the Client must complete.

## **ASSOCIATIONS AND OTHER INTERESTS**

Trend has a relationship with the nominated Execution and Clearing Broker(s). This relationship has not influence Trend in providing this advice.

There are no other associations, relationships or interests (pecuniary or otherwise) that would influence Trend in providing this advice.

## **DISCLOSURE OF FEES AND COMMISSIONS**

### *Brokerage*

The Execution and Clearing Broker will be responsible for executing the trades placed by Trend on the Client's behalf. The Execution and Clearing Broker will charge the Client brokerage for the execution of trades (that is, for the purchase and disposal of financial products). The Execution and Clearing Broker will advise the Client what the brokerage will be at the time of account opening and from time to time if any changes are made. Trend may receive a portion of the brokerage payable to the Execution and Clearing Broker. This has not influenced Trend or the MDA Manager in providing this advice.

### *MDA Fees*

The arrangement between Trend, the MDA Manager and the Client is governed by the terms and conditions of this MDA Contract. The MDA Fees are split into two parts:

(i) Administration Fee

Trend will charge an Administration Fee each month. The Administration Fee will be payable in arrears on the last business day of the month and will accrue daily between such dates at the rate of  $\frac{1}{12}$  of 2% of the balance of the account(s) at the end of the month where end of the month is the last business day of the month. This fee is exclusive of GST.

(ii) Performance Fee

Trend will charge a Performance Fee of 20% when the MDA makes a new net profit within a month. The Performance Fee will be payable in arrears on the last business day of the month and will accrue daily between such dates. This fee is exclusive of GST.

This means that the Performance Fee will not apply to any month in which a trading loss is sustained and such a loss will have to be recovered before the Performance Fee is again applied.

Not less than thirty days notice will be given by Trend to the client of changes to the terms and conditions of the fees and charges set out under MDA Fees.

## **REMUNERATION OR OTHER BENEFITS RECEIVED BY TREND'S REPRESENTATIVES AND AUTHORISED REPRESENTATIVES**

Directors, Employees and Representatives of Trend receive salaries, bonuses and other benefits from Trend.

Where the MDA Manager is a representative they will be paid a salary, bonus and other benefit from Trend based on the employment contract entered into between Trend and the MDA Manager.

Where the MDA Manager is an Authorised Representative they will receive a portion of the MDA fee payable by the Client to Trend. The portion of fees received by an MDA Manager that is an Authorised Representative is governed by the Agency Deed entered into by the parties.

## **REMUNERATION OR BENEFITS PAID TO THOSE WHO REFER CLIENTS TO US.**

Where the Client has been referred to Trend by an individual at "arms length" such as referral agents or introducing brokers, Trend will pay a portion of the MDA fee payable by the Client as a fee or commission to the referring party. The actual amount will be confirmed to the Client when the Client's account is opened.

## **ANNUAL REVIEW OF MDA CONTRACT**

On an annual basis the Client's MDA Contract will be reviewed by Trend to ensure that it is still suitable for the Client's relevant personal circumstances.

Should the Client's relevant personal circumstances change in between the review dates and as a consequence the Client's investment requirements are altered, the client must contact Trend or the MDA Manager immediately to have the suitability of the contract reviewed.

## CLIENT AGREEMENT - MDA

This Agreement is made between:

1. Trend Investor Services Proprietary Limited ABN 65 061 768 670, AFSL 255475 ("Trend") of Level 1, 4 Railway Street Southport 4215 Queensland; and
  2. each party named in the Managed Discretionary Account Application as the Client (the "Client"); and
  3. each party (if any) named in the Managed Discretionary Account Application as a guarantor (the "Guarantor"),
- together referred to as the "parties"

This Agreement shall replace any prior or existing service agreement between the parties and shall apply to any existing arrangements currently operating between the parties.

The parties hereby agree and acknowledge the following:

### 1. PURPOSE

- 1.1 The Client wishes Trend and the MDA Manager to deal in Financial Products in accordance with the Investment Program at the absolute discretion of Trend and the MDA Manager and without further reference to, or approval of, the Client.

### 2. INTERPRETATION

- 2.1 In this Agreement unless a different intention is expressed, the following terms (as subsequently modified by amended legislation or regulation) shall mean:

"Account" means the Managed Discretionary Account opened in accordance with clause 3.3(a);

"ACH" means the Australian Clearing House Pty Limited;

"Agreement" means the terms and conditions in this Client agreement (including the Appendices) and any schedules or other documents annexed or incorporated by reference;

"Affiliate" means, in relation to a person ("primary person"):

- (a) an officer, director, employee, agent or contractor of the primary person;
- (b) an Associate of the primary person; and
- (c) any other person whose relationship with the primary person is such that another person would have reasonable grounds to consider that Dealings between the primary person and the other person would not be at arm's length;

"AFS Licence" means "Australian financial services licence" as defined in the Corporations Act;

"Amendment Deed" means any deed that amends the Trust/Superannuation Fund Deed;

"ASIC" means the Australian Securities and Investments Commission;

"Associate" has the meaning given in Division 2 of Part 1.2 of the Corporations Act and includes the persons identified in section 13 of the Corporations Act;

"ASX" means the Australian Stock Exchange Limited;

"Authorised Person" means any person authorized by the Client and notified to Trend in writing as being authorised by the Client to provide Trend with instructions either orally or in writing;

"Business Day" means a day on which trading banks in Sydney, Australia are open for business (excluding Saturday and Sunday);

"Clearing House" means any clearing and/or settlement facility as that term is defined in Section 768A of the Corporations Act from time to time operating in or authorised or appointed by any Exchange on which Trend may trade or where the market is not a Licensed Market, any other clearing and/or settlement facility of that market;

"Client's Financial Products" means the Financial Products held by the Execution and Clearing Broker in respect of the Client for the purposes of this Agreement from time to time;

"Client's Assets" means the Client's Financial Products and any other assets (including money) held by the Execution and Clearing Broker in respect of the Client and includes the proceeds of any Dealing in the Client's Financial Products;

"Client Information" means the Client's personal information held by Trend for the purposes of the MDA Contract including:

- (a) particulars of (or relating to) the Client's identity, activities (including business activities) and financial circumstances;
- (b) details of the Client's Dealings;
- (c) details of the Client's Assets; and
- (d) details of margin calls and initial and variation margins paid or payable by the Client;

"Confirmation" means any of a contract note, confirmation, open position statement, monthly statement or other confirming evidence which Trend provides to the Client (electronically or otherwise) in relation to a Dealing in a Financial Product under this Agreement;

"Corporations Act" means the Corporations Act 2001 (Cth) and the Corporations Regulation 2001 and any statutory modification to them or any statutory provisions substituted for them;

"Dealing" means dealing as defined by Section 766C of the Corporation Act and includes the execution of a trade, the clearing of a trade or the effecting of any other transaction in respect of a Financial Product or; in the case of an Exchange to which the Corporations Act does not apply, a dealing as defined by the law relevant to that Exchange. "Deal" and "dealing" have corresponding meanings;

"Derivative" means an arrangement as defined in Section 761D of the Corporations Act;

"Event of Default" has the meaning given in clause 11;

"Exchange" means a market, trading floor or electronic system by which Financial Products are regularly bought and sold and includes a Licensed Market;

"Exchange Traded Derivative" includes all derivatives which are traded on an Exchange, including without limitation, futures contracts, options on a cash index or securities contract and futures options;

"Execution and Clearing Broker" is the AFS Licensee, named in the MDA Contract and in Schedule 1 of the Managed Discretionary Account Application, or as amended in writing from time to time, that is responsible for providing dealing services to the Client, which includes execution and clearing services and holding client monies.

"Financial Product" includes securities, derivatives and foreign exchange products, whether traded on an eligible exchange or over-the-counter, as those terms are defined in the applicable legislation or governed by market convention and includes a financial product or security as defined by the Corporations Act;

"Financial Services" has the meaning given to that term in Division 4 of Part 7.1 of the Corporations Act;

"GST" means the goods and services tax described in the A New Tax System (Goods and Services Tax) Act 1999, and related Acts, or any similar tax;

"Investment Program" means the investment program including the Statement of Advice provided to the Client as part of the MDA Contract;

"Licensed Market" means a market with an Australian Market Licence granted under part 7.2 of the Corporations Act and shall include the SFE and the ASX;

"Managed Discretionary Account Application" means the application included in the MDA Contract and completed by the Client and returned to Trend;

"MDA Contract" means the Agreement, the Investment Program including a Statement of Advice and the Managed Discretionary Account Application;

"MDA Manager" is the person authorised by Trend to make the trading decisions for the MDA as set out in the MDA Contract and in Schedule 1 of the Managed Discretionary Account Application or as amended in writing from time to time.

"MDA Services" means the services to be supplied by Trend to the Client pursuant to the MDA Contract;

"Minimum Account Balance" means the minimum balance of the Account, if any, specified by Trend in the MDA Contract or as otherwise notified by Trend from time to time;

"Operating Rules" means the rules, regulations, customs and practices from time to time of any Exchange, clearing house or other organisation or market involved in the execution or settlement of any Financial Product, transaction or contract;

"Securities" includes but is not limited to shares, stocks, debentures, loan stocks, money, bonds, or notes or other similar instruments of any kind whatsoever or howsoever, of or issued by anybody, whether incorporated or unincorporated, or of any government or local authority;

"Securities Exchange" means any Exchange on which Securities are traded and includes ASX; and

"SFE" means Sydney Futures Exchange Limited and SFE Corporation Limited and any market conducted or maintained by those corporations or any other body or corporation which assumes the control of SFE or its markets whether by scheme of arrangement, merger, takeover or otherwise;

"Trade" means a contract bought or sold on behalf of the Client on or in accordance with the Operating Rules of an Exchange.

"Trust" means the Trust (if any) described in the Managed Discretionary Account Application; and

"Trust Deed" means the Trust Deed (if any) described in the Managed Discretionary Account Application (as amended from time to time) establishing the Trust.

## 2.2 In this Agreement, unless a contrary intention appears:

- (a) all defined terms used shall have the meaning given to them in the Corporations Act or, in the case of an Exchange to which the Corporations Act do not apply, the terms refer to the equivalent terms of the law applying to the Exchange and Operating Rules applicable to that Exchange;
- (b) the singular includes the plural and vice versa;
- (c) words importing a gender include every other gender;
- (d) a reference to a document (including this Agreement) is a reference to that document (including any schedules, appendices and annexures) as amended from time to time;
- (e) headings are for convenience of reference only and shall not affect the construction of this Agreement;
- (f) where a party to this Agreement is more than one person, they shall be jointly and severally liable under the terms of this Agreement;
- (g) a reference to an item, clause, schedule, appendix or annexure is to an item, clause, schedule or annexure of or to this Agreement;
- (h) a reference to a law includes any legislation, judgment, rule of common law or equity or rule of any applicable stock exchange, and is a reference to that law as amended, consolidated, supplemented or replaced, and includes a reference to any regulation, by-law or other subordinate legislation; and
- (i) where a word or phrase is defined, its other grammatical forms have a corresponding meaning.

## 3. EXECUTION

### 3.1 The Client agrees and acknowledges that:

- (a) the MDA Contract and all appendices, schedules and other documents will govern the relationship between the Client and Trend;
- (b) by signing the Managed Discretionary Account Application, the Client declares, acknowledges and agrees to the terms in this Agreement and the Investment Program; and
- (c) upon acceptance of a completed Managed Discretionary Account Application by Trend, an agreement in the unamended form of the Agreement and the Investment Program will be deemed to exist.

### 3.2 The Guarantor agrees and acknowledges that:

- (a) the Agreement and all appendices, schedules and other documents will govern the relationship between the Guarantor and Trend;

- (b) by signing the Managed Discretionary Account Application, the Guarantor declares, acknowledges and agrees to the terms in this Agreement, including without limitation the terms of the guarantee and indemnity in Appendix 2; and
- (c) upon acceptance of a completed Managed Discretionary Account Application by Trend, an agreement in the unamended form of the Agreement will be deemed to exist.

3.3 Upon acceptance of the Client's Managed Discretionary Account Application, Trend will confirm in writing that the Managed Discretionary Account Application has been accepted, and the Account has been opened.

#### 4. CLIENT ACKNOWLEDGEMENTS

4.1 The Client agrees and acknowledges that:

- (a) the Client makes the representations and gives the warranties contained in Appendix 1;
- (b) the Client has appointed Trend and the MDA Manager as its agent for the purposes set out in this Agreement, including for the purpose of Dealing in Financial Products to arrange to issue Financial Products, and conferred upon Trend and the MDA Manager authority to do, or omit to do, all things which are in the reasonable opinion of Trend or the MDA Manager necessary to perform its functions and all things reasonably incidental to the performance of its functions;
- (c) the Client has completed and submitted to Trend the Managed Discretionary Account Application (in accordance with clause 3.1(b)) and will inform Trend of any material changes to the information supplied in that application;
- (d) the Client will indemnify and keep indemnified Trend from and against all sums of money, actions, proceedings, suits, claims, demands, damages, costs, expenses and any other amounts whatsoever claimed for which Trend is liable as a result of a failure by the Client to comply with clause 4.1(c);
- (e) the Client is aware of the risks involved in Dealing in Financial Products, including, without limitation:
  - (i) the speculative character of Dealing in derivatives and securities;
  - (ii) the possibility that the Client's entire investment may be lost and that the Client's liability could exceed the assets in the Account;
  - (iii) the fact that this Account will be subject to substantial brokerage commissions regardless of whether profits are earned; and
  - (iv) that even if Trend or the MDA Manager uses its best efforts to close out all open positions in this Account at a particular time, there is no assurance that Trend or the MDA Manager will be able to close out all positions without incurring substantial additional losses.
- (f) Trend makes no promises, representations, warranties, or guarantees that any of its MDA Services to be provided as set out in the MDA Contract will result in a profit to the Client or will not result in a loss;
- (g) all transactions are made for the sole account and risk of the Client;
- (h) the Client is solely liable for and bears the risk of all errors in the execution of Trend's instructions or otherwise, except through Trend's own negligence, breach of duty, fraud or dishonesty;
- (i) the MDA Services of Trend shall not be limited to the Client and Trend shall be free to render similar MDA Services to others. Trend manages other accounts and may execute trades for such accounts at or about the same time as it executes similar trades for the Client's Account;
- (j) the Client has received a copy of the MDA Contract including a Financial Services Guide which contains a description of risks and the Investment Program including a Statement of Advice;
- (k) dealing in Financial Products, particularly derivatives incurs the risk of loss as well as the prospect of profit;
- (l) the potential liability of the Client is unlimited;
- (m) the Client, the MDA Manager and Trend are bound by the applicable Financial Product laws, Corporations Act, applicable Exchange Operating Rules, customs, usages and practices (as modified from time to time) of the applicable Exchange and Clearing House where any Dealing in a Financial Product takes place. Nothing in this clause 4.1(m) shall be construed to change the proper law of this Agreement;

- (n) it will take all reasonable steps to obtain and communicate to Trend all information, and shall deliver or cause to be delivered to Trend all documents with respect to Dealings in Financial Products that are requested by any person having the right to request such documents and information. The Client authorises Trend to pass on/deliver all such information and documents to any such person;
- (o) it shall be responsible for all instructions given to Trend or the MDA Manager by the Client and for the accuracy of the instructions;
- (p) where Trend or the MDA Manager instructs third parties to deal on behalf of the Client in Exchange Traded Derivatives, the Client will be subject to the terms of Appendix 3 and any agreement(s) entered into between the Client, the Execution and Clearing Broker and/or Trend in addition to this Agreement and the Client shall be responsible for fully complying with such agreement;
- (q) where Trend or the MDA Manager instructs third parties to deal on behalf of the Client in Securities, the Client will be subject to the terms of Appendix 4 and any agreement(s) entered into between the Client and the Execution and Clearing Broker in addition to this Agreement and the Client shall be responsible for fully complying with such agreement;
- (r) where errors have occurred in the pricing of transactions quoted by Trend or the MDA Manager to the Client, Trend and the MDA Manager reserve the right to not be bound by such contract where Trend or the MDA Manager is able to substantiate to the Client that there was a material error at the time of the transaction;
- (s) Trend may utilise the execution, clearing and settlement services of appropriately licensed third parties on behalf of the Client in order to provide the services detailed in this Agreement;

4.2 The Client agrees that Trend and its Affiliates:

- (a) provide the services under this Agreement despite any of the circumstances in clause 9(a); and
- (b) will not be required to account to the Client for any income, gain, profit or other advantage arising from doing so provided that Trend does not contravene the Corporations Act, or the Operating Rules.

**5. FOREIGN EXCHANGE**

The Client acknowledges and agrees that:

- (a) the Client bears all exchange rate risks;
- (b) in Dealing in Financial Products on behalf of the Client, Trend or the MDA Manager may need to buy/sell foreign currency from time to time, the applicable exchange rate shall be that available on the date the Client's money is exchanged from Trend's clearer or financial institution as applicable;
- (c) any profit or loss will remain in the foreign currency of the Financial Product traded until the Client requests a conversion into another currency;
- (d) if the Client defaults under the terms of this Agreement Trend may elect to convert any amount owed by the Client (including any interest) into Australian currency either at the date of the Client's default or at any time thereafter up until the date on which the Client pays the amount owed to Trend in full at the rate prevailing at the relevant time; and
- (e) where in the opinion of Trend the Client's foreign currency exposure presents a risk of loss to Trend, Trend may, at its discretion, elect to convert any amount held by the Client (including any interest) into Australian currency.

**6. AUTHORISED PERSONS**

- (a) Where permissible under the Corporations Act, the Client authorises the persons named in the Managed Discretionary Account Application as Authorised Persons to give instructions, via telephone, facsimile, email or as agreed from time to time, on its behalf and Trend is entitled to act upon instructions, which are or appear to be, from the Client or any Authorised Person.
- (b) It is the Client's responsibility to notify Trend in writing immediately if there is any change to the list of Authorised Persons provided pursuant to this Agreement.
- (c) Trend is not obliged to inquire as to the identity of any person it reasonably believes to be an Authorised Person.

- (d) Trend can rely and act upon an order placed by a person it reasonably believes to be an Authorised Person.
- (e) Trend is not liable in respect of any action or omission by Trend in reliance of any communication given or action taken by any person acting or purporting to act on behalf of the Client who is not an Authorised Person.

## **7. APPOINTMENT OF TREND**

- (a) The Client irrevocably appoints Trend, each and every director of Trend and the MDA Manager jointly and severally as the Client's agent:
  - (i) for the purposes of Dealing and trading in Financial Products in accordance with the terms of the MDA Contract and the Investment Program.
  - (ii) to place orders on its behalf with the Execution and Clearing Broker;
  - (iii) give oral, written or electronic instructions to the Execution and Clearing Broker with respect to Financial Products and the Client's account held with the Execution and Clearing Broker;
  - (iv) perform administrative acts not otherwise specifically stated in this document on behalf of the Client and in connection with the Client's account held with the Execution and Clearing Broker; and
  - (v) do all things reasonably incidental to the performance of this function.
- (b) The Client acknowledges that Trend will be acting as its agent and may instruct the Execution and Clearing Broker or to Deal in respect of entering into transactions in Financial Products.
- (c) The Client shall be responsible for all orders, and for the accuracy of information, including information sent via the internet using the Client's name, password or any other personal identification means implemented to identify the Client.
- (d) Subject to any limitations contained in or provided by this Agreement Trend and the MDA Manager will execute trades and give instructions on the Client's behalf on a discretionary basis (i.e. without further reference or approval by the Client).
- (e) Trend's discretion to trade on the Client's behalf is unlimited. However, the Client may by written notice to Trend limit trading by reference to the Markets to be traded, size of open position, number of contracts traded per day, and other limitations as agreed in writing or by reference to the Investment Program.
- (f) The Client acknowledges that trading by Trend or the MDA Manager on behalf of the Client pursuant to this clause may result in losses to the Client.
- (g) The Client may at any time by written notice instruct Trend to change any of the limitations referred to in this clause.
- (h) Trend has the right not to accept the Client's instructions given pursuant to clause 7(g) and if that is the case, Trend may close the Client's Account.
- (i) Orders may be placed as market orders to buy or sell an instrument as soon as possible at the price obtainable in the market, or limit and stop orders to trade when the price reaches a predefined level, as applicable to the various instruments offered. Limit orders to buy and stop orders to sell must be placed below the current market price, and limit orders to sell and stop orders to buy must be placed above the current market price. If the bid price for sell orders or ask price for buy orders is reached, the order will be filled as soon as possible at the price obtainable in the market. Limit and stop orders are thus not guaranteed executable at the specified level or amount, unless explicitly stated otherwise by Trend.

## **8. APPOINTMENT OF EXECUTION AND CLEARING BROKER**

- (a) The Client warrants that, prior to entering into the MDA Contract, it has executed an agreement with the Execution and Clearing Broker, which sets out the terms and conditions under which the Execution and Clearing Broker will deal in financial products on behalf of the Client and hold Client monies for such purpose, on terms approved by Trend;
- (b) The Client has or will within 5 days of the execution of the MDA Contract direct the Execution and Clearing Broker (in a form approved by Trend) to act on the directions of Trend and will provide a copy of that direction to Trend;

- (c) The Client will notify Trend immediately if it withdraws the direction referred to in paragraph (b) above.

## 9. EXECUTION OF ORDERS

- (a) Subject to applicable legal and regulatory requirements, the Client agrees and acknowledges that:
- (i) Trend deals in Financial Products as principal on its own account;
  - (ii) Trend's directors, employees and Associates may and can deal on their own account;
  - (iii) Trend may either knowingly or unknowingly take the opposite side to the Client in relation to any Financial Product either on its own account, or on behalf of another Client; and
  - (iv) Trend has the right to charge the Client such amounts as are permitted by clause 12 as if Trend did not take the opposite side to the Client;
- (b) Trend undertakes and the Client acknowledges that in respect of Dealings in Financial Products, and in compliance with the applicable Corporations Act, Trend and the MDA Manager shall execute all Dealings in the sequence in which they are received and recorded, unless it would be fair and equitable to allocate such contracts on a different basis.
- (c) Trend and the MDA Manager reserves the right, at its sole discretion and without explanation, to refuse to Deal on behalf of, or with, the Client in relation to any Financial Product (other than closing out existing open positions held in the Account on behalf of, or with, the Client) or to limit the number of open positions held on behalf of the Client or both. Trend or the MDA Manager will inform the Client of any refusal before or as soon as practicable after such refusal. Such refusal will be without prejudice to any other rights and powers under this Agreement.
- (d) The Client acknowledges that Trend may, without prior notice to the Client, cancel or reverse a Trade or order where ASIC or the operator or regulator of any Exchange or financial market on which a Trade takes place, has recommended or required cancellation for market integrity reasons, or where the market was operating under an error, or where the cancellation or reversal is permitted under the Operating Rules.
- (e) Nothing in this Agreement will limit or restrict the right of Trend or any of its Affiliates:
- (i) to engage in the provision to other persons of services that are similar to the services provided under this Agreement; or
  - (ii) subject to the Corporations Act to:
    - (A) have an allocated Dealing when Trend has an unexecuted Dealing on the same terms for the Client; or
    - (B) have a potential conflict of interest.

## 10. OBLIGATIONS OF TREND

Trend will:

- (a) act in accordance with the MDA Contract to advise on, and arrange the trading, dealing, execution and clearing of Financial Product, for the Client's Account;
- (b) act honestly in providing MDA Services under the MDA Contract;
- (c) exercise the degree of care and diligence that a reasonable person would exercise if they were in Trend's position in providing the MDA Services set out in the MDA Contract to the Client;
- (d) act in the best interests of the Client and, if there is a conflict between the Client's and Trend's interests, give priority to the Client's interests;
- (e) not use any information Trend has acquired through providing the MDA Services to the Client to gain an improper advantage for Trend or any other person or to cause detriment to the Client;
- (f) be responsible for the functions that it has agreed to perform in the MDA Contract;
- (g) comply with the conditions of the Australian Securities and Investment Commission's Class Order [04/194] that apply to Trend;

- (h) comply with the Investment Program unless otherwise agreed in writing by the Client and Trend;
- (i) comply with the MDA Contract and any representations included in an FSG provided by Trend to the Client unless otherwise agreed in writing by the Client and Trend;
- (j) be responsible for and compensate the Client for any loss because of any act or omission of any agent or other person engaged in connection with the MDA Services as if the acts or omissions were acts or omissions of Trend.
- (k) ensure that the MDA Manager complies with clauses 10(a) to 10(j).

## 11. DEFAULT

- (a) The Client acknowledges and agrees that each of the following events is an event of default under this Agreement:
  - (i) the Client fails to meet a call for a deposit or margin or make any other payment when due under this Agreement;
  - (ii) the Client is not contactable by Trend (and has not made alternative arrangements) within the time specified by Trend in order for Trend to obtain instructions (where required);
  - (iii) the Client dies or becomes of unsound mind, or if the Client is a partnership, it is dissolved or ceases to exist for any reason;
  - (iv) the Client suspends payment of its debts, makes any composition, arrangement or scheme of arrangement with its creditors, has a receiver or official manager appointed over some or all of its assets, takes or has any proceedings taken against it in bankruptcy or takes or allows any steps to be taken for its winding up (except for a solvent amalgamation or reconstruction approved in advance in writing by Trend) or anything similar to any of these events happens to the Client anywhere in the world;
  - (v) the Client imposes a moratorium on payments to its creditors or ceases or threatens to cease carrying on its business or a material part of it, or threatens to do any of those things except to reconstruct or amalgamate while solvent on terms approved by Trend;
  - (vi) the balance of the Account falls below the Minimum Account Balance (if any), and the Client fails to make arrangements to ensure the balance of the Account is above the Minimum Account Balance;
  - (vii) the Client fails in any respect, fully and promptly to comply with any of its obligations under this Agreement or otherwise;
  - (viii) any of the representations and warranties or information supplied by the Client are or become inaccurate or misleading in any material respect;
  - (ix) any guarantee, indemnity or security for the Client's obligations is withdrawn or becomes defective, insufficient or unenforceable in whole or in part;
  - (x) this Agreement has been terminated or is or becomes wholly or partly void, voidable or unenforceable, or is claimed to be so by the Client, or anyone else on the Client's behalf;
  - (xi) it becomes or may become unlawful for Trend to maintain or give effect to all or any of the obligations under this Agreement or otherwise to carry on its business or if Trend or the Client is requested not to perform or to close out a transaction (or any part thereof) by any governmental or regulatory authority whether or not that request is legally binding; or
  - (xii) Trend determines, for its own protection, that there has been an event of default.
- (b) If the Client becomes aware of the occurrence of an Event of Default, or circumstances, which with the lapse of time or giving of notice would result in an Event of Default, it shall notify Trend immediately.
- (c) If an Event of Default occurs, Trend at its absolute discretion and without notice to the Client, is entitled, but not obliged, to, and at the expense of the Client:
  - (i) close out any or all of the Client's Financial Products;
  - (ii) close out, exercise or abandon any option not yet exercised;

- (iii) cover positions by entering into further Financial Products;
- (iv) cancel any outstanding orders in order to close the Client's Account;
- (v) convert any amount owed by the Client to Trend into Australian currency at any time on or after payment is due (until payment is received in full);
- (vi) sell, realise, apply or set off any property, money, collateral or security belonging to the Client in Trend's custody or control, or otherwise arising from the realisation or closure of Financial Products, and may enforce any such asset or security (at the Client's expense) held by or on behalf of Trend in such manner as it deems appropriate;
- (vii) charge the Client with all of the costs, expenses and losses incurred by Trend as a result of taking any action under this Agreement, including entering into, or closing out transactions pursuant to this Agreement;
- (viii) to suspend the client's trading rights until advised otherwise;
- (ix) to take any such action a reasonably prudent person would take in the circumstances to protect the personal obligation incurred when Dealing on behalf of the Client; and
- (x) exercise any other power or right, which Trend may have under this Agreement in law or equity.

## 12. COMMISSIONS, FEES AND EXPENSES

- (a) The Client agrees to pay the MDA Fees as set out in Schedule 1 of the Managed Discretionary Account Application, or as otherwise notified in writing, by Trend from time to time.
- (b) The Client agrees to pay brokerage or commission at such a rate as is notified by Trend or the Execution and Clearing Broker to the Client in writing from time to time in respect of Dealings in Financial Products as well as any other fee charged or levied to Trend and payable by the Client
- (c) The Client agrees to pay all stamp duty, duties and taxes (including GST) payable on or pursuant to this Agreement and any Dealing entered into under this Agreement;
- (d) The Client agrees to pay all amounts payable as a result of making or taking delivery or making cash adjustments in accordance with the terms of an exchange traded or over-the-counter Financial Product;
- (e) The Client agrees to pay all amounts incurred by Trend as a result of the Client's default under the terms of this Agreement, including without limitation, all reasonable legal costs on a solicitor/Client basis;
- (f) The Client agrees and acknowledges if the Client is a Client of a financial adviser or dealer group, or has been referred to Trend by another person; the other person may receive a benefit including a share of the brokerage arising from the transaction;
- (g) All payments must be made in cleared funds in the time specified for payment by Trend without set off or counterclaim, and without any deduction or withholding for tax or any other amount, unless required by law; and
- (h) The Client hereby instructs and authorises the Execution and Clearing Broker to pay Trend all MDA Fees from the Client's account upon receipt of a statement from Trend, without any requirement on the part of the Execution and Clearing Broker to review or verify that statement. The Client and Trend hereby agree to hold the Execution and Clearing Broker harmless from any claims associated with the payment of fees from the Client if the payment is subsequently shown to be in error.

## 13. GOODS AND SERVICES TAX

The Client will pay to Trend, in addition to any other amounts payable by the Client to Trend under or pursuant to this Agreement, the amount of any GST at the rate imposed by law, from time to time, with respect to the supply of broking and other services to the Client.

## 14. CONFIRMATIONS AND STATEMENTS

- (a) Trend shall provide the Client with confirmations in respect of Dealings in Financial Products executed by Trend on behalf of the Client in accordance with all applicable laws and regulations and the Operating Rules of the relevant Exchange.

- (b) It is the responsibility of the Client on receipt to check all confirmations carefully and to bring any errors or omissions to the attention of Trend in writing within the time specified by Trend.
- (c) The Client will be deemed to have accepted the confirmations correct unless it notifies Trend in writing within forty-eight (48) hours of receipt. Notwithstanding bona fide errors may be corrected by Trend.
- (d) The Client acknowledges and agrees that Trend may, where a Dealing forms part of a series of Dealings on an Exchange made to complete an order placed by the Client with Trend, give the Client a single Confirmation in respect of the series of Dealings instead of a Confirmation in respect of each Dealing.
- (e) The Client acknowledges and agrees that where a single Confirmation is provided as set out in clause 14(d), the Confirmation will specify the average contract price of the Financial Products acquired or disposed of in that series of Dealings and, unless otherwise provided by the relevant Operating Rules, Trend must, if requested to do so by the Client, give the Client a document which includes a statement of the price of each Financial Product acquired or disposed of in each Dealing in that series of Dealings.
- (f) The Client acknowledges and agrees that in respect of Dealings in a Financial Product which are executed by the Execution and Clearing Broker, the Execution and Clearing Broker will be responsible for providing all contract notes, confirmations and monthly statements to the Client.

## **15. RECORDING OF CONVERSATIONS**

The parties agree to the electronic recording by either party of telephone or internet conversations between the parties with or without an automatic tone warning device, and the use of such recordings or transcripts of such recordings (Recordings) as evidence by either party in any dispute or anticipated dispute between the parties or relating to Dealings between the parties, or otherwise as Trend deems desirable. Clients shall be permitted access to such Recordings in the event of an anticipated dispute or a dispute, and shall be liable to Trend for all reasonable costs in retrieving and providing such tape.

## **16. RISK DISCLOSURES**

- (a) The Client hereby confirms they have read, understood and accept the risk and other disclosures contained in the MDA Contract including those provided by Trend or the Execution and Clearing Broker; and
- (b) The Client acknowledges, recognises and understands that trading and investing in Financial Products may involve an extreme degree of risk and significant loss, and is appropriate only for persons who can assume risk of loss in excess of their initial deposit; and
- (c) The Client acknowledges that it has given consideration to its objectives, financial situation and needs and has formed the opinion that Dealing in Financial Products is suitable for the Client's purposes; and
- (d) The Client acknowledges and agrees that a PDS or FSG or supplementary PDS or supplementary FSG may be given to the Client by making it available on the website of Trend.

## **17. STATEMENT OF ADVICE**

To the extent that Trend would be obliged (but for this clause) to give the Client a statement recording any advice to the Client, then to the extent permitted by law:

- (a) the Client consents to receiving any such written statement of advice after having been given the advice;
- (b) the Client consents to receiving any such written statement of advice after entering into the transaction but within the period permitted by law; and
- (c) Trend does not need to give the Client a statement of advice in respect of further advice of that kind given by telephone provided that the advice is similar to the original advice and the Client's relevant circumstances have not substantially changed or as otherwise permitted by law from time to time.

## **18. INDEMNITY AND DISCLAIMER**

### **18.1 Indemnity by Client**

The Client indemnifies Trend, its employees, contractors or agents from and against all proceedings, actions, claims, demands, losses (whether or not realised), liabilities (whether actual or contingent, present or future, quantified or unquantified), damages, costs and expenses which may be made or brought against or suffered or incurred by Trend, and arising directly or indirectly out of or in connection with any breach of the MDA Contract by the Client (if they are party to this Agreement) except to the extent that the loss or damage has arisen because

of the fault of Trend, or anything lawfully done by Trend in accordance with the MDA Contract or by reason of Trend complying with any direction, request or requirement of an exchange or its clearing house or other regulatory authority.

## 18.2 Limitation of Trend's liability

- (a) Trend shall not accept or bear any liability to the Client whatsoever in respect of the operation of a facility including a Trading Floor or the operation of any exchange system, whether for any breach of a provision of any relevant legislation, negligence, injury, death, lost profits, loss of files, data or use, economic loss, loss of reputation or losses or damages incidental or consequential to the operation of any Trading Facility including a Trading Floor or any exchange system except to the extent that same is caused by the negligence, fraud or dishonesty on the part of Trend, its employees, agents or representatives.
- (b) Trend shall not be responsible or liable in any way for any delay or error in the transmission or execution of any Dealing by it under this Agreement caused by the Client or any other third party, including but not limited to trading floor or exchange system operational failure or action, bank delay, postal delay, failure or delay of any fax or electronic transmission or delay caused by accident, emergency or act of God.
- (c) All warranties, both express and implied, are disclaimed by Trend as to the description, quality, performance or fitness for the purposes of the Client of any trading facility including a trading floor or any Exchange system or any component thereof, and Trend does not warrant or forecast that:
  - (i) any trading facility including a trading floor or any Exchange system or component thereof or any services performed in respect thereof will meet the requirements of any user; or
  - (ii) the operation of any trading facility including a trading floor or any Exchange system will be uninterrupted or error-free; or
  - (iii) any services performed in respect of any trading facility including a trading floor or any Exchange system will be uninterrupted or error-free.
- (d) No warranty is provided by Trend in relation to information or advice sourced from third parties, and all information or advice provided by Trend to the Client is for the private use of the Client and is not to be communicated to any third party without the prior written consent of Trend.
- (e) Trend makes no representation or warranty as to the results of Dealing in Financial Products, and shall not be liable for any damage or loss suffered or incurred by the Client arising out of or in connection with any advice, forecast, or opinion to the Client in relation to price movements or positions or to the likely profitability of any transaction.
- (f) Trend shall not be responsible or liable for any financial products, which the Execution and Clearing Broker deals in on behalf of the Client. In particular, where Trend provides an Instruction to the Execution and Clearing Broker in accordance with the Investment Program, Trend shall not be responsible or liable for the Dealing itself, or for ensuring that the Dealing is executed at the price requested by Trend in accordance with the Investment Program.
- (g) There are risks associated with utilising an Internet-based deal execution trading system, which include, but are not limited to, the failure of hardware, software, and Internet connection. Trend will not be responsible for communication failures, distortions or delays when trading via the Internet.
- (h) Trend shall not be responsible for any loss or damage resulting directly or indirectly from any cause outside its control, including any law or regulation of any domestic or foreign government, any market rule or practice, market disturbance, any suspension of trading, war, strikes, national disasters or communication malfunctions.
- (i) Where the ASIC Act 2001 (Cth) or any similar State or Territorial legislation implies in the MDA Contract any term, condition or warranty in respect of financial services provided under the MDA Contract, Trend's liability for any such breach of any term, condition or warranty shall be limited (to the extent permitted by the relevant legislation) at the option of Trend, to any one or more of the following:
  - (i) the re-supply of the services; or
  - (ii) the payment of the cost of having the services supplied again.

## 19. DISPUTE RESOLUTION

- (a) If a dispute arises between Trend and the Client relating to any transaction (a "Disputed Transaction"), Trend may close out or take any other action it considers appropriate in relation to the Disputed Transaction without previously notifying and/or without having received instruction from the Client.
- (b) Trend will use reasonable endeavours to notify the Client (verbally or in writing) of any action it has taken under this clause, as soon as practicable thereafter, but failure to provide such notice will not affect the validity of its action.

## 20. TERMINATION

- (a) Without affecting any existing obligations or liabilities, either the Client or Trend may terminate this Agreement at any time by giving the other notice in writing to that effect.
- (b) Unless otherwise agreed in writing between the parties upon termination of this Agreement Trend will close out all of the Client's Financial Product transactions held by the Execution and Clearing Broker on behalf of the Client and will close out, abandon or exercise any option not yet exercised, at Trend's discretion.
- (c) Termination of the Agreement shall not release either party from any existing obligations or from any liabilities for any antecedent breach of any of the terms of this Agreement.

## 21. GENERAL

- (a) Trend may amend the MDA Contract by giving the Client thirty (30) days written notice of any amendments.
- (b) In the event that any of the provisions contained in the MDA Contract are found to be invalid or unenforceable, such provisions shall be deemed deleted, and the validity and enforceability of the remaining provisions shall continue unimpaired.
- (c) If a party fails to exercise or delays in exercising any right under the MDA Contract, by doing so it does not waive such right. The rights provided in the MDA Contract do not exclude other rights provided by law.
- (d) Time is of the essence under the terms of this Agreement.
- (e) The Client may not assign or otherwise transfer its rights or obligations under the MDA Contract or any transaction, without the express written consent of Trend.
- (f) Trend may assign its rights under the MDA Contract or a Financial Product without prior notice to the Client. In order to exercise this right, Trend may disclose documents and personal information concerning the Client.
- (g) Where Trend sells or transfers its Membership, participant status or business, Trend shall be entitled to assign the benefits under the terms of this Agreement.
- (h) A notice issued by an authorised officer or agent of Trend stating the amount of money due and payable by the Client shall be taken as final evidence thereof.
- (i) The Client acknowledges and agrees that Trend is permitted to carry out an electronic database search in order to verify the Client's identity. If such searches are carried out, Trend may keep records of the contents and results of such searches in accordance with all current and applicable laws.
- (j) The MDA Contract does not merge with or adversely affect and is not adversely affected by:
  - (i) any guarantee or indemnity or mortgage, charge or other security or right or remedy to which Trend is or may be entitled to at any time; or
  - (ii) a judgment or order that Trend obtains against the Client in respect of an amount payable under the MDA Contract.
- (k) If there occurs any change in law or in its interpretation which makes it unlawful for Trend's rights under the MDA Contract or which results in any penalties (including penalty interest) or which makes it illegal for the Client or Trend to exercise rights under the MDA Contract, then Trend will notify the Client and:
  - (i) use Trend's best endeavours to amend the MDA Contract on terms as similar as possible to preserve the economic position of the parties to the terms before amendment; or
  - (ii) at Trend's absolute discretion, Trend may terminate the MDA Contract with immediate effect.

- (l) The warranties, other representations and covenants by the parties in the MDA Contract are continuing and will not merge or be extinguished on termination of the MDA Contract.
- (m) The indemnities in the MDA Contract are continuing obligations and survive the termination of the MDA Contract. It is not necessary for a party to incur expense or make payment before enforcing a right of indemnity under the MDA Contract.
- (n) Trend may set off its obligation to make a payment against any other amount, which is payable or owing but not currently paid by the Client to Trend for any reason whatsoever. Trend will give notice to the Client of any set-off effected under this clause.
- (o) For the purposes of clause 21(n), Trend may convert any amount into Australian dollars at the rate of exchange at which Trend would be able to purchase the relevant amount of such currency. If an obligation is unascertained, Trend may in good faith estimate that obligation and set off in respect of the estimate, subject to Trend accounting to the Client when the obligation is ascertained.
- (p) Nothing in this clause will be effective to create a charge or other security interest.
- (q) On each date on which an obligation to make a payment arises under the MDA Contract, Trend will take an account of what is due between the Client and Trend on that date under the MDA Contract so that the aggregate of all amounts due by the Client to Trend under the MDA Contract on that date is offset against the aggregate of all amounts due by Trend to the Client under the MDA Contract on that date. Unless otherwise expressly agreed, only one party is to make a payment on that date being the party who is obliged to pay the greater of those aggregate amounts. That party must pay the other party the difference between the two aggregate amounts.

## 22. PRIVACY AND CLIENT INFORMATION

- (a) In order to provide the Client with these services, Trend needs to collect personal information about the Client and obtain the Client's agreement in relation to the handling of such personal information. If the Client does not provide the requested information or agree to the information handling practices detailed in the MDA Contract, Trend may be unable to provide the services outlined in the MDA Contract to the Client.
- (b) The Client shall ensure that all information provided to Trend is accurate and up-to-date at all times. Any changes must be advised to Trend as soon as practicable.
- (c) Trend has systems and processes in place to address privacy requirements, and can provide the Client with a Privacy Statement on request should the Client require further information about Trend's information handling practices.
- (d) The Client authorises Trend to collect, use, store or otherwise process any personal information, which enables Trend to provide and/or improve the services provided to Clients and outlined in the MDA Contract. The Client acknowledges and agrees that this may, on occasion, require the disclosure of personal information to Trend's related entities, agents and service providers and the Execution and Clearing Broker to whom it has or proposed to refer or introduce the Client to or who has introduced the Client to Trend and to organisations located in countries which do not have comparable laws to protect the Client's information. At the time, the Client may request to access the personal information that Trend holds concerning them. The Client may also opt out from receiving marketing and promotional communications from Trend at any time by notifying Trend.
- (e) The Client must provide to Trend, on request, such information as Trend considers necessary to meet Trend's obligations under applicable anti-money laundering and counter-terrorism laws or regulations including the provisions of the Financial Transactions Reports Act 1988 (Cth) or similar legislation ("AML Legislation").
- (f) Trend may provide to the relevant regulatory authority:
  - (i) information collected from the Client;
  - (ii) information relating to the Client's transactions; and
  - (iii) any other Client Information Trend holds,whether or not Trend is required by AML Legislation to do so, without notice to the Client.

- (g) Trend may undertake all anti-money laundering and counter-terrorism checks in relation to the Client as Trend considers appropriate or necessary and Trend will not be liable to the Client for any consequent loss to the Client.

### **23. NOTICES**

- (a) The provisions of this clause 23 do not apply to Instructions and Confirmations.
- (b) Subject to clause 23(a) all notices relating to this Agreement shall be in writing and delivered by hand or sent by post or telex, facsimile or, electronic mail to the party concerned at the relevant address.
- (c) Any such communication shall take effect:
  - (i) if delivered, upon delivery; or
  - (ii) if posted, two business days after it is posted to the party's last known address; or
  - (iii) if sent by facsimile or electronic mail, at the time of transmission (and receipt of confirmation); or
  - (iv) if by telex, upon receipt of the answer back.
- (d) Despite anything contained in this clause 23, Trend is entitled to communicate calls for payment of deposits or margins orally (either telephone or otherwise) and such communications so sent will be deemed to have been given to the Client personally, whether actually received or not, at the time of communication.
- (e) Communications including calls shall be deemed to be duly given or made by Trend, given, or made by Trend's authorised officer, which expression includes every representative of Trend.

### **24. GOVERNING LAW**

The MDA Contract is governed by and construed in accordance with the laws of Queensland, and the parties submit to the non-exclusive jurisdiction of the courts and tribunals of Queensland.

## **APPENDIX 1: CLIENT REPRESENTATIONS AND WARRANTIES**

### **1. INTERPRETATION**

- (a) Terms defined in clause 2.1 of the Agreement have the same meaning in this Appendix, unless otherwise stated.
- (b) References to clauses in this Appendix are to clauses of the Appendix unless otherwise stated.

### **2. CLIENT REPRESENTATIONS AND WARRANTIES**

- (a) The Client represents and warrants to Trend that:
  - (i) the Client is duly organised and validly existing (or, if an individual, is of legal age and is under no legal disability or incapacity) and has full power and authority to enter into, and has taken all necessary steps to enable it to lawfully enter into, the MDA Contract and the transactions contemplated there under, and perform its obligations there under;
  - (ii) the person executing the Managed Discretionary Account Application has full power and authority to execute the Managed Discretionary Account Application on behalf of the Client, and bind the entity (whether individual, company, partnership, as trustee or otherwise);
  - (iii) the MDA Contract constitutes a legal, valid and binding obligation of the Client;
  - (iv) where the Client is more than one person they shall each be jointly (together) and severally (individually) liable;
  - (v) where the Client is a Trustee, the Trust Deed specifically empowers and authorises the Trustee to Deal in Financial Products, and, where relevant such Dealings are within the authorised ambit of the Trust's investment strategy;
  - (vi) the Client currently complies with all applicable laws and will continue to comply with all applicable laws;
  - (vii) where the Client opens a joint Account, that all such decisions made, and instructions issued, pursuant to this Agreement, are made on a fully informed and agreed basis by all the parties to the joint account;
  - (viii) the Client is not an employee or the close relative of an employee of any Exchange participant;
  - (ix) the Client has read the MDA Contract and the risk disclosures, has considered its objectives, financial situation and needs and has been advised by Trend to obtain appropriate independent legal advice prior to entering into the MDA Contract, and has formed the opinion that Dealing in Financial Products is suitable for the Client's needs and purposes;
  - (x) the Client is willing and able, financially and otherwise, to assume the risk of trading in high risk investments;
  - (xi) all information supplied to Trend by the Client is, or at the time it is supplied will be, accurate in all material respects and the Client will not omit or withhold any information which would make such information inaccurate in any material respect;
  - (xii) the Client will provide to Trend on request such information regarding its financial and business affairs and/or identity, as Trend may reasonably require;
  - (xiii) all orders to be placed and all trading to be conducted under this Agreement are lawful;
  - (xiv) in executing the Managed Discretionary Account Application and complying with the MDA Contract, the Client will not infringe any provisions of any other document or agreement to which the Client is a party;
  - (xv) Trend has given the Client a Financial Services Guide;
  - (xvi) the client identification information and application form provided by the Client to Trend in respect of the MDA Contract is complete, accurate and up-to-date;

- (xvii) the Client has:
  - (A) read this Agreement and all Schedules and Appendices attached to it;
  - (B) has considered its objectives, financial situation and needs;
  - (C) has been advised by Trend to obtain appropriate independent advice prior to entering into this Agreement; and
  - (D) has formed the opinion that Dealing in Financial Products is suitable for the Client's needs and purposes; and
- (xviii) the Client shall (if required by Trend) provide to Trend a valid and binding guarantee and indemnity in favour of Trend as a precondition of entering into this Agreement.
- (b) The representations and warranties given in clause 2(a) above are taken to be repeated each time Trend Deals in a Financial Product on behalf of the Client.
- (c) Each Client, which is a company trust or fund, must ensure that a third party guarantor has executed the Managed Discretionary Account Application and is bound as Guarantor by the terms of the Guarantee and Indemnity set out in Appendix 2.

## APPENDIX 2: DEED OF GUARANTEE AND INDEMNITY

### 1. INTERPRETATION

In this Guarantee and Indemnity unless the contrary intention appears, the provisions of clause 2 of the Agreement will apply; and

"Insolvent" includes:

- (a) for a natural person: bankruptcy, being 'insolvent' as defined by section 95A or 'insolvent under administration' as defined by section 9 of the Corporations Act; or
- (b) for a body corporate: bankruptcy, being 'insolvent' as defined by section 95A or 'externally administered body corporate' as defined by section 9 of the Act; or
- (c) where a presumption contained in section 459C(2) of the Corporations Act applies to the body corporate, whether or not a winding up application is issued; and

in any case will be deemed to occur:

- (a) if the person proposes or enters into a compromise or arrangement with creditors or a class of creditors generally; or
- (b) if a distress, execution or other like process of a court or authority is issued or levied on property of the person; or
- (c) if an encumbrancer or Controller (as defined in the Corporations Act) takes possession of the property or exercises a power of sale in respect of property of the person;

"Secured Liabilities" means all money owing or remaining unpaid by the Client to Trend, and all other obligations of the Client, under any of the Agreement, all other documentation relevant to or associated with or in connection with the Agreement, and the Accounts and any associated transactions, whether actual, prospective, contingent or otherwise; and

"Security Interest" means a mortgage, pledge, lien, charge, preferential right, trust arrangement, agreement or other arrangement given or created as security.

### 2. GUARANTEE AND INDEMNITY

- (a) In consideration of Trend entering into the Agreement with the Client, the Guarantor irrevocably and unconditionally guarantees to Trend the payment and performance of the Secured Liabilities when due.
- (b) If the Client does not pay or perform the Secured Liabilities or any part of them when due and Trend makes a demand on the Guarantor, the Guarantor must immediately pay or perform (as applicable) the Secured Liabilities (or that part demanded), whether or not Trend has made a demand on the Client.
- (c) The Guarantor, as a separate and independent obligation, irrevocably and unconditionally indemnifies Trend against, and will pay on demand, all loss, damage, cost charge or expense ('Loss') which it may incur by reason of:
  - (i) the Client's default in payment of any part or performance of the Secured Liabilities; and
  - (ii) the Secured Liabilities (or any part of them), being unrecoverable or any liability to pay or perform the Secured Liabilities being unenforceable against the Client or any Guarantor, whether or not Trend knew or ought to have known about the unenforceability.
- (d) The Guarantor agrees that this Guarantee and Indemnity is a continuing security which:
  - (i) will not be wholly or partially discharged by the payment of any of the Secured Liabilities, the settlement of any account or any other matter (other than an unconditional written release by Trend);
  - (ii) applies to the present and future balance of the Secured Liabilities; and
  - (iii) will not be released, affected or discharged by anything that, but for this clause 2(d), might do so including anything under the laws relating to sureties or insolvency.

- (e) The Guarantor agrees that if any payment ('Payment') made to Trend by or on behalf of the Client or the Guarantor is subsequently avoided or repaid by Trend under any law relating to insolvency or the protection of creditors, then:
  - (i) the Payment will not discharge the relevant liability of the Guarantor; and
  - (ii) Trend must be placed in or restored to the position they would have been in but for the Payment.
- (f) Until Trend has received all amounts in connection with or comprising, or performance has occurred of, the Secured Liabilities and Trend is satisfied that it will not have to repay any money received by it in connection with the Secured Liabilities, the Guarantor must not (either directly or indirectly):
  - (i) claim, exercise or attempt to exercise any right of set-off or other right, which might reduce or discharge the Guarantor's liability under this Agreement;
  - (ii) claim, exercise or attempt to exercise a right of subrogation or a right of contribution or otherwise claim the benefit of any other Security Interest, guarantee or indemnity held or given, whether before or after this Agreement is executed, as security for or otherwise in connection with the Secured Liabilities;
  - (iii) unless Trend has given a written direction to do so:
    - (A) prove, claim or exercise voting rights in the Insolvency of the Client or any Guarantor in competition with Trend; or
    - (B) otherwise claim or receive the benefit of a distribution, dividend or payment arising out of the Insolvency of the Client or a Guarantor; or
    - (C) demand, or accept the payment of, any money owed to the Guarantor by the Client or any other Guarantor.
- (g) Despite any liability of the Client to the Guarantor, the Guarantor does not have a debt provable in any winding up of the Client unless:
  - (i) Trend has received all amounts in connection with or comprising the Secured Liabilities and has notified the Guarantor in writing that it is satisfied it will not have to repay any money received by it in reduction of the Secured Liabilities; or
  - (ii) Trend has given a written direction to the Guarantor to prove in the winding up of the Client.
- (h) Trend need not resort to any other Security Interest, guarantee or indemnity held or given, whether before or after this Guarantee and Indemnity is executed, as security for or otherwise in connection with the Secured Liabilities before exercising a power under this Agreement.
- (i) Trend may demand payment or performance (as applicable) of the Secured Liabilities or exercise any other right under this Agreement without first:
  - (i) claiming payment from or proceeding against the Client or any other Guarantor or any other person; or
  - (ii) enforcing any other right, power, remedy or Security Interest, and the Guarantor waives any right it has or may have to require Trend to do so.
- (j) Where the Guarantor comprises more than one person, Trend:
  - (i) may in its absolute discretion:
    - (A) demand payment or performance (as applicable) of the Secured Liabilities from all or any of them; and
    - (B) proceed against all or any of them; and
  - (ii) is not obliged to exercise any of Trend's rights under this Agreement against:
    - (A) all of the persons comprising the Guarantor;
    - (B) any of those persons (even if Trend has exercised rights against another); or
    - (C) two (2) or more of them at the same time.

- (k) If the Client or a Guarantor is wound up, until Trend has been paid all amounts due in connection with or comprising the Secured Liabilities in full, the Guarantor authorises Trend to prove for all (or the relevant proportion of) money which the Guarantor can claim against the Client and/or any other Guarantor. Trend must pay to the Guarantor dividends it receives in excess of the Secured Liabilities, without interest. If there is more than one Guarantor, Trend may pay them in whatever proportions it decides.
- (l) Trend may credit money received in or towards satisfaction of the Secured Liabilities (including dividends received in any winding up) to a suspense account. Trend may keep the money in that account for as long as, and at whatever interest rate, Trend thinks fit. Trend may apply the money to reduce any amounts due in connection with or comprising the Secured Liabilities in such manner and at such time as it thinks fit.
- (m) Without any demand or notice, Trend may set off and apply indebtedness it owes to the Guarantor or the Client (whatever the currency) against the Secured Liabilities:
  - (i) whether the indebtedness is owed alone or with any other person;
  - (ii) whether or not the Secured Liabilities or that indebtedness is immediately payable; and
  - (iii) both before and after demand under this Agreement.
- (n) If an obligation is unascertained, then Trend may in good faith estimate that obligation and set off in respect of that estimate, and the relevant party must account to the other when the obligation is ascertained.
- (o) Each of the Client and the Guarantor may not set off any amount owed by it to Trend, against amounts owed by Trend to the Client or the Guarantor.
- (p) If amounts are set off in accordance with this clause 2, the obligation to pay the relevant amount will be discharged promptly and in all respects.
- (q) The rights of Trend, under this clause 2 are in addition to any general or banker's lien, right of set off, right to combine accounts or other right to which any of those parties is entitled.
- (r) The Guarantor irrevocably represents and warrants to Trend that:
  - (i) except as otherwise disclosed to Trend, the Guarantor is not a trustee of a trust or settlement; and
  - (ii) all information provided to Trend by or on behalf of the Guarantor is accurate and not misleading by omission (including, but not limited to, information in any financial accounts).

### **3. PAYMENTS**

All payments payable under this Agreement must be made free of any set-off or counterclaim.

### **4. COSTS**

The Guarantor must pay on demand to Trend all taxes (except income tax imposed in Australia on the income of Trend), stamp duty, registration fees, other government charges, costs, levies and expenses payable or which Trend incurs or is liable to pay in connection with:

- (a) all transactions contemplated by this Agreement; and
- (b) enforcing this Agreement;

unless Trend agrees to debit those amounts to the Account (and without affecting Trend's rights of set-off under clause 2).

### **5. INFORMATION PROVIDED TO TREND**

- (a) If any information provided to Trend by the Guarantor should alter at any time, the Guarantor must immediately notify Trend of the changes and provide Trend with all documentation necessary to substantiate those changes.
- (b) The Guarantor agrees to provide to Trend all financial information requested by Trend from time to time in Trend's absolute discretion.

## **6. ACKNOWLEDGMENTS BY GUARANTOR**

The Guarantor acknowledges and agrees that:

- (a) it has considered carefully all risks of entering into this Guarantee and Indemnity, and whether to obtain independent legal and financial advice, and where requested by Trend will provide evidence of obtaining such advice;
- (b) its obligations under this Guarantee and Indemnity are unlimited, and it will be responsible for any losses or obligations of the Client incurred under the Agreement, whether or not the transactions were entered into with its knowledge or consent;
- (c) it will be liable for any associated costs or losses on enforcement incurred by Trend;
- (d) it is the Guarantor's responsibility to monitor the Client's activities under the Agreement; and
- (e) Trend has no obligation to, nor will it keep the Guarantor informed about the status of the Account or any of the transactions entered into under it.

### **APPENDIX 3: TERMS OF EXCHANGE TRADED DERIVATIVE TRANSACTIONS**

#### **1. PURPOSE**

- (a) This Appendix applies to any Dealing in Exchange Traded Derivatives that Trend arranges on behalf of the Client. The Client wishes to appoint Trend and the MDA Manager as agent of the Client to instruct the Execution and Clearing Broker to Deal in Exchange Traded Derivatives. The terms in this Appendix apply in addition to the terms in the Agreement applicable to Dealing with Exchange Traded Derivatives.
- (b) In the event of any inconsistency between the terms of this Appendix and the Agreement, the terms of this Appendix prevail to the extent of the inconsistency.
- (c) Any Trade placed in respect of Exchange Traded Derivatives by Trend or the MDA Manager on behalf of the Client in accordance with the Investment Program will constitute assent to be bound by the terms of this Appendix.

#### **2. INTERPRETATION**

In the Agreement and this Appendix, unless the contrary intention appears

- (a) clause 2.1 of this Agreement shall apply; and
- (b) references to clauses in this Appendix are to clauses of the Appendix unless stated otherwise.

#### **3. DEPOSITS AND MARGINS**

The Client agrees and acknowledges that:

- (a) The Client may add or withdraw capital from the Client's Account at any time subject to maintaining sufficient funds in the Account to satisfy any margin obligation. The Client shall promptly notify Trend of any such funds transfer, and shall to the extent feasible give Trend advance written notice.
- (b) Trend may call on the Client for a deposit or margin and such calls may be for the payment of money, or if Trend so agrees, the lodgement of property in lieu thereof;
- (c) The Client will comply with and meet all such calls in accordance with this Agreement by paying the sum requested or lodging the property agreed within the time specified by Trend;
- (d) The time of payment of a deposit or margin is of the essence and if no other time is stipulated by Trend prior to calling a margin then the Client is required to comply within twenty-four (24) hours. Where a client is overseas then payment of a call (or lodgement of Approved Securities) must be made within forty-eight (48) hours;
- (e) Liability for a deposit arises and accrues at the time of the Dealing irrespective of the time at which any call is made, and such liability is not limited to the amount, if any, deposited with the external MDA Custodian;
- (f) Liability for a margin arises and accrues at the time the margin comes into existence irrespective of the time at which any call is made, and such liability is not limited to the amount, if any, deposited with the external MDA Custodian;
- (g) Trend reserves the right whenever it deems appropriate to raise or lower the margin or deposit requirements, which may apply to existing positions as well as to new positions;
- (h) the Client is liable to reimburse and indemnify Trend for all payments made and liabilities incurred by Trend with the Client's express or implied authority in respect of Exchange Traded Derivatives traded by Trend on the Client's behalf;
- (i) If the Client fails to meet a call (or lodge Approved Securities), Trend may without prejudice to any other rights or powers under this Agreement, and in its absolute discretion, and without creating an obligation to do so, close out, without notice, any or all of the Client's Exchange Traded Derivatives;
- (j) The Client is responsible to pay any deficit owing after Trend closes out any Exchange Traded Derivative held by the Client, and if the Client defaults or refuses such payment, Trend may realise any assets held on behalf of the Client and apply the proceeds against that deficit;

## **APPENDIX 4: TERMS OF SECURITIES TRANSACTIONS**

### **1. PURPOSE**

- (a) This Appendix applies to any Dealing in Securities that Trend and arranges on behalf of the Client. The Client wishes to appoint Trend and the MDA Manager as agent of the Client to instruct the Execution and Clearing Broker to Deal in respect of Securities transactions on a Securities Exchange. The terms in this Appendix apply in addition to the terms in the Agreement applicable to Dealing with Securities.
- (b) In the event of any inconsistency between the terms of this Appendix and the Agreement, the terms of this Appendix prevail to the extent of the inconsistency.
- (c) Any Trade placed by Trend or the MDA Manager on behalf of the Client in accordance with the Investment Program in respect of Securities will constitute assent to be bound by the terms of this Appendix.

### **2. INTERPRETATION**

In the Agreement and this Appendix, unless the contrary intention appears:

- (a) clause 2.1 of this Agreement shall apply; and
- (b) references to clauses in this Appendix are to clauses of the Appendix unless stated otherwise.

### **3. CLIENT AS PRINCIPAL**

The Client agrees and acknowledges that:

- (a) in placing an order, Trend will be acting:
  - (i) in respect of Securities transactions on the ASX, on a disclosed agency basis with the Execution and Clearing Broker (the ASX market participant) and the Execution and Clearing Broker will in turn act as the Client's agent in respect of Trades executed on the ASX; and
  - (ii) in respect of Securities transactions executed on any Securities Exchange or market other than the ASX, Trend or the Execution and Clearing Broker will be acting as the Client's agent;
- (b) in placing an order, Trend will be acting as agent for the Client; and
- (c) all Trades will be undertaken on the basis that the Client undertakes as primary obligor all obligations with respect to the execution of any order.

### **4. CLIENT MONEY**

The Client agrees and acknowledges that all the money and property (other than property to which section 984A and 984B of the Corporations Act applies) deposited with the Execution and Clearing Broker by the Client for the purpose of Dealing in Securities shall be segregated and invested in accordance with the Corporations Act and the Operating Rules of the Exchange upon which those dealings are made.

### **5. DISCLOSURE OF INTEREST**

The Client agrees and acknowledges that subject to any applicable laws, regulations or rules, Trend may execute orders for the Client in circumstances where Trend, its Associate or related bodies corporate:

- (a) hold a principal position or deals in the Securities; or
- (b) provide similar financial services to other persons in relation to the Securities; or
- (c) are allocated a sale or purchase of Securities when Trend has an unexecuted order on the same terms from the Client; or
- (d) take the opposite position in a Trade (including a crossing) either acting for another Client or on Trend's own account; or
- (e) sponsor or underwrite a new issue involving the Securities; or
- (f) have material price sensitive information relating to Securities where the individuals process the Client's order are prevented from knowing or taking into account such information by reason of Chinese walls; or
- (g) have a potential conflict of interest of which the Client is not aware and which Trend is unable to disclose to the Client.



**TREND INVESTOR SERVICES PROPRIETARY LIMITED**

ABN: 65 061 768 670  
AFS Licence No. 255475

**MANAGED DISCRETIONARY ACCOUNT (MDA)  
APPLICATION**

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(Name of Client)

Version 1.4  
Issued: 9 August 2010

The information requested in this application helps us provide you with the highest possible services. Please be sure to provide accurate information so the advice given is relevant to you.

By filling out this form, your investment goals, financial circumstances and particular needs can be identified in order to deliver you appropriate recommendations. Your MDA Manager will take into account your information and if you do not supply it, the advice you receive may not be suitable to your specific financial situation. If it is determined that an investment in the MDA is not suitable for you, your application will be rejected.

**Privacy:** We respect your privacy, hence all information on this form will be held under strict confidence and will not be used for any other purposes. Please keep your adviser abreast of any material changes to the confidential information supplied and your personal investment profile can be amended to reflect any changes relevant to your financial objectives.

**Trend Investor Services Pty Ltd**

Level 1, 4 Railway Street  
Southport, Queensland 4215  
Australia

Phone: (617) 5532 7118  
Fax: (617) 5561 1688  
e-mail: [info@trendinvest.com.au](mailto:info@trendinvest.com.au)

## MDA APPLICATION FORM

Date of this Agreement: \_\_\_\_\_

### SECTION 1: ACCOUNT INFORMATION

Prior to completing the Client Name, please refer to Annexure A which lists the correct forms of registrable title(s)

Client Name: \_\_\_\_\_

[any reference to 'Client' is a  
reference to the person or entity  
(Company, etc) named here]

ACN/ABN (if applicable): \_\_\_\_\_

Tax File Number: \_\_\_\_\_

Type of Account:

- Individual       Joint - Married/DeFacto       Joint - Partnership  
 Trust/Superfund       Company

Residential/Registered  
Business Address: \_\_\_\_\_

Suburb: \_\_\_\_\_ State: \_\_\_\_\_ Postcode: \_\_\_\_\_

Postal Address: \_\_\_\_\_

Suburb: \_\_\_\_\_ State: \_\_\_\_\_ Postcode: \_\_\_\_\_

If Company or Trust/Fund

Country of Incorporation: \_\_\_\_\_

Principal Business Activity: \_\_\_\_\_

### SECTION 2: CONTACT DETAILS & PERSONAL INFORMATION

#### Applicant 1

Name: \_\_\_\_\_

Drivers Licence #: \_\_\_\_\_

Date of Birth: \_\_\_\_/\_\_\_\_/\_\_\_\_

Gender:

Male

Female

Marital Status:

- Single       Married       DeFacto      Number of Dependents: \_\_\_\_\_

Business Number: \_\_\_\_\_

Home Number: \_\_\_\_\_

Mobile Number: \_\_\_\_\_

Facsimile Number: \_\_\_\_\_

Email Address: \_\_\_\_\_

Email Address: \_\_\_\_\_

Primary Source of Income:

- Business       Salary       Investment       Retired Investments  
 Pension       Other (please specify): \_\_\_\_\_

Employment Status:

- Retired       Self Employed       Employed       Unemployed

Name of Employer: \_\_\_\_\_

Occupation: \_\_\_\_\_

Annual Income:

- \$0-\$50,000       \$50,001-\$100,000       \$100,001-\$250,000       >\$250,001

**Applicant 2**

Name: \_\_\_\_\_ Drivers Licence #: \_\_\_\_\_

Date of Birth: \_\_\_/\_\_\_/\_\_\_ Gender: Male Female

Marital Status:  Single  Married  DeFacto Number of Dependents: \_\_\_\_\_

Business Number: \_\_\_\_\_ Home Number: \_\_\_\_\_

Mobile Number: \_\_\_\_\_ Facsimile Number: \_\_\_\_\_

Email Address: \_\_\_\_\_ Email Address: \_\_\_\_\_

Primary Source of Income:  Business  Salary  Investment  Retired Investments  
 Pension  Other (please specify): \_\_\_\_\_

Employment Status:  Retired  Self Employed  Employed  Unemployed

Name of Employer: \_\_\_\_\_ Occupation: \_\_\_\_\_

Annual Income:  \$0-\$50,000  \$50,001-\$100,000  \$100,001-\$250,000  >\$250,001

**SECTION 3: INVESTMENT PROFILE**

**Financial Information**

Please provide financial information on your income level, financial assets, and financial liabilities. You have the right not to divulge this information to us, if you do not wish to do so. In that case we refer you to the section titled 'Election not to provide financial information'

Assets:		Liabilities:	
Cash		Overdrafts	
Properties		Mortgage	
Shares		Other Loans & Liabilities	
Bonds		Credit Cards	
Managed Funds		Investment Loan	
Derivatives		Margin Lending	
Other Assets		<b>Total Liabilities</b>	
<b>Total Assets</b>			
<b>NET WORTH</b>			

**Income Statement**

Total Annual Income [after tax]		Percentage of Assets invested in MDA [please tick appropriate box]	
<b>What is your primary source of incomes?</b> [please tick appropriate box]	<input type="checkbox"/> Business	<input type="checkbox"/> Salary	<input type="checkbox"/> Investments
	<input type="checkbox"/> Retirement Assets	<input type="checkbox"/> Pension	

**ELECTION NOT TO PROVIDE FINANCIAL INFORMATION AND INCOME STATEMENT**

I/we have reviewed the financial information you have requested and have elected not to provide this information

I/we understand and accept that Trend has not been able to undertake a full analysis of our personal and financial objectives, needs and circumstances

I/we understand and accept that the advice provided to us by Trend is limited and may not be appropriate for our personal and financial objectives, needs and circumstances

I/we have considered our personal circumstances and have determined that the financial services offered to us by Trend are appropriate for our personal and financial objectives, needs and circumstances

**SECTION 4: CLIENT PROFILE**

<b>Risk Profile:</b> [please tick appropriate box]	<input type="checkbox"/> Conservative – risk must be very low and you are prepared to accept lower returns to protect capital <input type="checkbox"/> Moderately Conservative – you seek better than basic returns, but the risk must be low <input type="checkbox"/> Balanced – calculated risk will be acceptable to you to achieve good returns <input type="checkbox"/> Growth – prepared to accept higher volatility and moderate risk <input type="checkbox"/> High Growth – your investment choices are diverse, but carry with them a higher level of risk
<b>Investment Strategy:</b> [please tick appropriate box]	<input type="checkbox"/> Wealth Creation – growing funds to meet a long term goal <input type="checkbox"/> Tax Efficiency – total after tax returns are a priority <input type="checkbox"/> Retirement Planning – to manage your wealth to fund retirement objectives <input type="checkbox"/> Security of Capital – to maintain your current level of investments in secure environment <input type="checkbox"/> Protection from Inflation – to grow your investments in line with inflation <input type="checkbox"/> Debt Management – to minimize outstanding debt
<b>Trading Experience:</b> [please circle applicable level i.e. Novice – little or no experience, Moderate – some past experience and working knowledge, Sophisticated – considerable experience and expertise]	
Shares/Securities	<input type="checkbox"/> Novice <input type="checkbox"/> Moderate <input type="checkbox"/> Sophisticated
Futures	<input type="checkbox"/> Novice <input type="checkbox"/> Moderate <input type="checkbox"/> Sophisticated
Options	<input type="checkbox"/> Novice <input type="checkbox"/> Moderate <input type="checkbox"/> Sophisticated
Foreign Exchange	<input type="checkbox"/> Novice <input type="checkbox"/> Moderate <input type="checkbox"/> Sophisticated
Managed Products	<input type="checkbox"/> Novice <input type="checkbox"/> Moderate <input type="checkbox"/> Sophisticated
Fixed Interest	<input type="checkbox"/> Novice <input type="checkbox"/> Moderate <input type="checkbox"/> Sophisticated

**SECTION 5: PRIMARY BANK ARRANGEMENTS**

A bank account in the same name as the trading account must be specified. Any withdrawals requested will be paid to this nominated account. Any amendment to these details must be provided in writing and signed by an authorized officer(s) in the case of company or trust/fund accounts, by the signatory if an individual account, or all parties to a partnership account.

Bank: \_\_\_\_\_ Account Name: \_\_\_\_\_

BSB Number: \_\_\_\_\_ Account Number: \_\_\_\_\_

**SECTION 6: TRADING RESTRICTIONS AND LIMITATIONS (OPTIONAL)**

Pursuant to Clause 7(e), the Client hereby restricts or limits the discretionary authority issued to Trend to trade in financial products as follows:

Financial products to be traded:	
Size of open position:	
Maximum investment per contract (can be in dollar terms or as percentage of NAV):	
Other limitations:	

**SECTION 7: PROOF OF IDENTITY AND PROOF OF ADDRESS**

We are legally obliged to obtain a copy of your proof of identity and proof of address. The documents that can be provided are listed below and vary depending on the type of account you open.

Individual	<input type="checkbox"/> 100 Point Identity Check (see Annexure B)
Joint Account	<input type="checkbox"/> Certified copy of Partnership Agreement specifying the name of each partner and the name of the Partnership (not required for joint accounts, eg. Married, Defacto, etc); and <input type="checkbox"/> 100 Point Identity Check for each account holder (see Annexure B)
Company	<input type="checkbox"/> Certificate of Incorporation (or equivalent) <input type="checkbox"/> ASIC Form showing officeholders/directors and shareholders <input type="checkbox"/> 100 pt check for each director of the account (see Annexure B)
Trust/Superfund	<input type="checkbox"/> Copy of trust deed showing the name of the trustee, the name of the trust, and beneficial owners <input type="checkbox"/> 100 pt check for each trustee of the trust (see Annexure B)

The 100 point identity check (attached as Annexure B) must be completed for each individual that has any authority over the account.

**SECTION 8: GUARANTOR DETAILS**

To be completed by Directors of Company, Trustees or Directors of Corporate Trustee of Trust/Fund

By signing this Managed Discretionary Account Application, I acknowledge and agree that:

- my obligations under the Guarantee and Indemnity are unlimited, and I will be responsible for any losses or obligations of the Client incurred under the Agreement, whether or not the transactions were entered into with my knowledge or consent;
- I will be liable for any associated costs or losses on enforcement incurred by Trend; and
- it is my responsibility to monitor the Client's activities under the Agreement and Trend has no obligation to, nor will it keep me informed about the status of the Account or any of the transactions entered into under it.

<b>Guarantor's Name:</b>			
<b>Address details:</b> (residential address) (postal address)			
<b>Contact details</b>	Home: _____	Work: _____	
	Mob: _____	Email: _____	
<b>Acknowledgement</b>	I acknowledge that Trend has encouraged me to seek independent legal advice in respect of the details of its contractual relationship with the Client and with me as guarantor. <input type="checkbox"/> Notwithstanding this, I wish to state that I have elected not to get independent legal advice in respect of this contractual relationship, but I fully understand the consequences of the guarantee, including that my liability for the client's trading is unlimited, as evidenced by our signature below; or <input type="checkbox"/> I confirm that I have sought and obtained such advice. If requested by Trend I will provide evidence of obtaining independent legal advice.		
<b>Signature of Guarantor</b> (at least one director (company) or trustee (trust) must sign as guarantor)			
<b>Signature of Witness</b>		<b>Witness' Name:</b>	
<b>Witness' Address:</b>			

**SECTION 9: ACKNOWLEDGEMENT AND DISCLOSURE**

By signing below you confirm that you have received, read and understood the Financial Services Guide, and any other risk disclosure documents issued by Trend.

*Risk Disclosure*

The client **acknowledges and agrees** that:

- a total loss of capital investment is possible when trading securities and derivatives.
- they could sustain a total loss of the capital held in the account;
- potential loss could exceed available account capital;
- any shortfall in funding obligations must be met with the remittance of additional funds within a 24 hour period or on the same day of being called as required and positions can be closed out with reference to the client;
- the additional funds required may be substantial and they have risk capital reserves available at call to meet potential funding obligations;
- trading in some derivatives requires an obligation to make or take delivery if a position is held at maturity and
- there are risks associated with foreign currency exposure.

**You must read the Client Agreement –MDA before signing this Application**

I/We acknowledge that Trend has encouraged us to seek independent legal advice in respect of the details of my/our contractual relationship with Trend:

- Notwithstanding this, I/we wish to state that I/we have elected not to get independent legal advice in respect of this contractual relationship, but I/we fully understand my/our obligations under this Agreement, as evidenced by our signature below; or
- I/We confirm that I/we have sought and obtained such advice.

I/We have received personally a copy of the Financial Services Guide and the MDA Contract. I/We confirm that I/we have read and understood the MDA Contract and the FSG, including the risks associated with investing in a MDA and the associated financial

products, provided by Trend, and have received satisfactory answers to all my/our questions regarding the terms, conditions and other issues in relation to the MDA and associated financial products, and have been afforded the time/opportunity to seek independent legal advice, and consider that investing in the MDA is appropriate for my/our financial circumstances and objectives.

By signing this Managed Discretionary Account Application, I/we declare, acknowledge and agree that I/we have read and understood and agree to the terms and conditions in the Client Agreement - MDA [Version 1.4, dated 9 August 2010], the Managed Discretionary Account Application and the MDA Contract [Version 1.4, dated 9 August 2010] and its Appendices and Schedules (together "the Agreement") which will govern my/our relationship with Trend when I am/we are investing in the MDA described in the MDA Contract. I/we agree that upon acceptance of this Managed Discretionary Account Application by Trend an agreement in the unamended form of the Agreement will be deemed to exist.

I/We acknowledge and agree that Trend is authorized to collect, use and disclose information about me for the purposes related to provision of the Financial Products and my account, as described in the MDA Contract. Where I/we have provided information about any other individual I/we agree to inform that individual of the provisions of the MDA Contract relating to disclosure of information. Trend may disclose information relating to my/our application as required by law. I/We acknowledge that I/we may request access to my/our personal information from Trend, and obtain further information by referring to the Trend Privacy Statement.

**SIGNED for and on behalf of the Client**

<b>Client Name:</b>		
<b>Signature:</b> [for a company 2 signatures are required (two directors or a Company Secretary) unless sole director company]	Individual or Director 1	Individual 2 (Joint account) or Director 2
<b>Name:</b>		
<b>Position:</b>		
<b>Date:</b>		

**SIGNED for and on behalf of Trend Investor Services Proprietary Limited**

<b>Name:</b>		
<b>Signature:</b>		
<b>Position:</b>		
<b>Date:</b>		

<b>OFFICE USE ONLY</b>			
ACCOUNT NAME:		ACCOUNT NUMBER:	
BASIS FOR SUITABILITY:			
ACCOUNT APPROVED BY:		TITLE:	
SIGNATURE:		DATE:	

## SCHEDULE 1: MDA Details

### MDA Manager

Pursuant to clause 2.1 of the Agreement the following person has been authorised by Trend as the MDA Manager:

Name of MDA Manager: Mr Alex Papas and/or Mr Mark Ewin

Authority given by Trend:  Representative  Authorised Representative  Sub-Authorised Representative

Business Number: (07) 5532 7118 Facsimile Number: (07) 5561 1688

Email Address: info@trendinvestorservices.com.au

### Execution and Clearing Broker

Pursuant to clause 2.1 of the Agreement the following AFS Licensee(s) is the Execution and Clearing Broker:

	Securities	Derivatives
Name of Execution and Clearing Broker:	<u>ETrade Australia Securities Limited</u>	<u>MF Global Australia Limited</u>
AFS Licence Number:	<u>238277</u>	<u>230563</u>

### COMMISSIONS, FEES & EXPENSES RATE TABLES

Pursuant to clause 12 of the Agreement the following commissions, fees and expenses are charged by Trend to the Client for the provision of the Financial Services described in the MDA Contract [Version 1.4, dated 9 August 2010].

#### (iii) Administration Fee

Trend will charge an Administration Fee each month. The Administration Fee will be payable in arrears on the last business day of the month and will accrue daily between such dates at the rate of  $\frac{1}{12}$  of 2% of the balance of the account(s) at the end of the month where end of the month is the last business day of the month. This fee is exclusive of GST.

#### (iv) Performance Fee

Trend will charge a Performance Fee of 20% when the MDA makes a new net profit within a month. The Performance Fee will be payable in arrears on the last business day of the month and will accrue daily between such dates. This fee is exclusive of GST.

This means that the Performance Fee will not apply to any month in which a trading loss is sustained and such a loss will have to be recovered before the Performance Fee is again applied.

### Disclaimer

The fees and commission set out above do not include fees and commission on Dealings executed through Execution and Clearing Broker or execution commission on trades executed via another broker other than Execution and Clearing Broker. Execution commission on trades executed via the Execution and Clearing Broker or any other Broker will be in addition to the above rates. Not less than thirty days notice will be given by Trend to the client of changes to the terms and conditions of the fees and charges set out under MDA Fees.

**ANNEXURE A: Correct forms of registrable title(s)**

Note that ONLY legal entities are allowed to hold Shares. Applications must be made in the name(s) of natural persons, companies or other legal entities in accordance with the Corporations Act. At least one full given name and surname is required for each natural person. The name of beneficial owner or any other registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms of registrable title(s) below.

Type of Investor	Correct Form of Registration
Individual – use given name(s) in full, not initials	Mr Richard Lee Johns
Joint – use given name(s) in full, not initials	Mr Richard Lee Johns & Mrs Jane Beth Johns
Partnerships – use partners personal name(s) – do not use the name of the partnership	Mr Richard Johns & Mr Mark Johns <Johns Partnership A/C>
Company – use company title, not abbreviations	ABC Pty Ltd
Trusts – use trustee(s) personal name(s) – do not use the name of the trust	Ms Anna Jones <Jones Discretionary Family Trust A/C>
Superannuation Funds – use the name of trustee of the fund – do not use the name of the fund	Baileys Pty Ltd <Superfund A/C>

## ANNEXURE B: 100 Point Identity Check

<b>100 Point Identity Check Description</b> (one form of primary identification and at least one form of secondary identification)	<b>Value</b>
<p><b>Primary Photographic Identification</b>            Name of the signatory and date of birth verified from one of the following:</p> <ul style="list-style-type: none"> <li>• A drivers licence or permit issued under a law of a State or Territory of Australia that contains a photograph of the person in whose name the document is issued</li> <li>• A passport issued by the Commonwealth</li> <li>• A passport or a similar document issued by a foreign government, the United Nations or an agency of the United Nations for the purpose of international travel that contains a photograph and the signature of the person in whose name the document is issued. If it is written in a language that is not understood by the person carrying out the verification, the document must be accompanied by an English translation prepared by an accredited translator.</li> </ul>	<b>70 points</b>
<p><b>Primary Non-photographic Identification</b>            Name of the signatory and date of birth verified from one of the following:</p> <ul style="list-style-type: none"> <li>• A birth certificate or birth extract issued by a State or Territory;</li> <li>• A citizenship certificate issued by the Commonwealth;</li> <li>• A birth certificate issued by a foreign government, the United Nations or an agency of the United Nations that, if it is written in a language that is not understood by the person carrying out the verification, is accompanied by an English translation prepared by an accredited translator; or</li> <li>• A pension card issued by Centrelink that entitles the person in whose name the card is issued, to financial benefits.</li> </ul>	<b>40 points</b>
<p><b>Secondary Identification</b>            Name of the signatory and address verified from one of the following:</p> <ul style="list-style-type: none"> <li>• a notice that was issued to an individual by the Commonwealth, a State or Territory within the preceding twelve months which contains the name of the individual and his or her residential address and records the provision of financial benefits to the individual under a law of the Commonwealth, State or Territory (as the case may be);</li> <li>• a notice that was issued to an individual by the Australian Taxation Office within the preceding 12 months which contains the name of the individual and his or her residential address and records a debt payable to or by the individual by or to (respectively) the Commonwealth under a Commonwealth law relating to taxation; or</li> <li>• a notice that was issued to an individual by a local government body or utilities provider within the preceding three months that contains the name of the individual and his or her residential address and records the provision of services by that local government body or utilities provider to that address or to that person.</li> </ul>	<b>30 points</b>

### CERTIFICATION

A document that has been certified as a true copy of an original document by one of the following persons:

- (a) a person who is enrolled on the roll of the Supreme Court of a State or Territory, or the High Court of Australia, as a legal practitioner (however described);
- (b) a judge of a court;
- (c) a magistrate;
- (d) a chief executive officer of a Commonwealth court;
- (e) a registrar or deputy registrar of a court;
- (f) a Justice of the Peace;
- (g) a notary public (for the purposes of the Statutory Declaration Regulations 1993);
- (h) a police officer;
- (i) an agent of the Australian Postal Corporation who is in charge of an office supplying postal services to the public;
- (j) a permanent employee of the Australian Postal Corporation with 5 or more years of continuous service who is employed in an office supplying postal services to the public;
- (k) an Australian consular officer or an Australian diplomatic officer (within the meaning of the Consular Fees Act 1955);
- (l) an officer with 5 or more continuous years of service with one or more financial institution (for the purposes of the Statutory Declaration Regulations 1993);
- (m) a finance company officer with 5 or more continuous years of service with one or more finance company (for the purposes of the Statutory Declaration Regulations 1993).
- (n) an officer with, or authorised representative of, a holder of an Australian financial services licence, having 5 or more continuous years of service with one or more licensees.