

Important changes to Wrap Essentials

This notification dated 19 May 2014 provides information on changes that will be made to Wrap Essentials and the Investor Short Guide ('Guide').

Wrap Essentials will not be available to new investors after 30 May 2014.

As you are an existing investor, the closure will not impact your Wrap Essentials account. You will continue to have access to all features, functionality and investments.

Any material changes to your account after 30 May 2014 will be communicated to you online, via your adviser, by email or by mail.

Please review all changes carefully as these may affect your Wrap Essentials account, if you have any questions, call Wrap Customer Relations on 1300 657 010 or discuss them with your financial adviser.

1. Portfolio Service facility

From 1 July 2014, a new Portfolio Service facility will be introduced to help keep your portfolio aligned to your investment strategy. It allows your adviser and/or the distributor defined in the Guide to perform transactions to rebalance your investments as per the investment strategy you agreed with your adviser. This facility enables all or part of your Wrap Essentials account to remain tailored to your investment needs.

2. Changes to rebates, fees and costs

Expense recovery

The Administrator has discretion in deciding whether to pass on to investors all or a portion of the actual expenses properly incurred in each financial year by the Administrator in operating your fund. The Administrator intends to exercise its right to recover expenses in respect of your Wrap Essentials account. These expenses include complying with legislative standards and those in relation to the significant program of work undertaken to ensure Wrap Essentials is compliant with recent regulatory reforms such as the Future of Financial Advice ('FOFA').

Any recovery is payable to the Administrator and will not be passed on to the Distributor of your product, your adviser, or your adviser's dealer group. These expense recoveries will be deducted from your Cash Account at the time they are applied. They are estimated to be approximately \$10 per annum per account. The exact amount deducted from your account will be confirmed in your Annual Statement.

Cash Account disclosure

The current Cash Account fee disclosure is amended to better reflect the current monitoring process in respect of the rate paid on your Cash Account, which ensures that the rate of interest declared by the Administrator will not be lower than the average of the four major Australian banks for comparable cash transaction accounts (if available) with balances of \$10,000¹. Further, the disclosure in respect of your Cash Account is also amended to reflect that your Cash Account is not a separate bank account and is part of your investment in Wrap Essentials. Your cash may be pooled and deposited in one or more underlying bank accounts, maintained by the Administrator at Westpac, which may include term deposits, breakable only at Westpac's discretion.

¹ You can contact your adviser or Wrap Customer Relations on 1300 657 010 to confirm the current interest rate declared by the Administrator.

3. Other important information

Implications if you no longer have an adviser

Wrap Essentials is designed to be used by you together with your adviser. For that reason, you will need to have a relationship with the distributor or an authorised adviser to optimise account features and fee structures. If your relationship with your adviser or the distributor ends, and you choose not to appoint a substitute adviser within 30 days, you must notify us by completing the Advice Relationship Opt-out Form. This will assist in managing your account. In some cases, your adviser or the distributor may notify us that they no longer provide advice or other related services to you.

At least 30 days after we either process the Advice Relationship Opt-out Form, or alternatively, notify you that the relevant relationship has ended, the following changes will be made to your account:

- ▶ You will have the ability to place transactions online via investorwrap.com.au
- ▶ You will be able to manage your account directly
- ▶ The name and branding of your account may change (including on any communications which you will receive from us directly). However, other account details will remain the same

To request a policy document, free of charge, that outlines what will happen to investors who no longer have an authorised adviser or a relationship with the Distributor, please call Wrap Customer Relations on 1300 657 010. We may amend this policy from time to time.

Information is current as at May 2014. BT Portfolio Services Ltd (ABN 73 095 055 208, AFSL 233715) ('Administrator') operates and administers Wrap Essentials. An Investor Short Guide (Guide) is available for Wrap Essentials and can be obtained from your financial adviser. You should obtain and carefully consider the Guide and other related disclosure documents before deciding whether to acquire, continue to hold or dispose of interests in Wrap Essentials. The information in this notice regarding legislative changes is intended as a guide only, it is not exhaustive and does not constitute legal advice. It is based on our interpretation of the law currently in force on the date of this notification. Consequently, it should not be relied upon as a complete statement of all relevant laws, the application of which may vary, depending on your particular circumstances. The information in this notice also does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of the information having regard to these factors and, where appropriate, consult your adviser or obtain other independent professional advice before acting on this information. The Administrator is a subsidiary of Westpac Banking Corporation ABN 33 007 457 141 (Westpac). Apart from any interest investors may have in underlying bank accounts held at Westpac through a Wrap Essentials Cash Account or Westpac securities acquired through Wrap Essentials, an investment in, or acquired using, Wrap Essentials is not an investment in, deposit with or any other liability of Westpac or any other company in the Westpac Group. These investments are subject to investment risk, including possible delays in repayment of withdrawal proceeds and loss of income and principal invested. Westpac and its related entities do not stand behind or otherwise guarantee the capital value or investment performance of any investments in, or acquired through, Wrap Essentials.