

To invest in international securities, you should be an experienced investor. The risks involved with investment in international securities differ significantly from investment in securities quoted on the Australian Securities Exchange.

This Risk Disclosure Statement does not disclose all of the risks associated with investment in international securities. It should not be relied upon as a complete explanation of the risks involved. If you need further explanation regarding investment in international markets, you should seek appropriate professional advice.

FOREIGN CURRENCY RISK

Your international securities will be denominated in a currency other than Australian dollars. You should therefore understand the risks associated with foreign currency exchange when purchasing international securities. Adverse foreign exchange rate movements may more than off-set security price gains. The following illustrates how the A\$ value of your investment may change with foreign exchange rate fluctuations.

- You buy 100 shares at US\$50 per share for a total value of US\$5,000.
- You purchase US\$5,000 at A\$/US\$0.6000 and your initial investment cost is A\$8,333.33.
- If the A\$/US\$ strengthens to 0.7000, the value of your investment falls to A\$7,142.86 assuming no change in the price of the shares.
- If the A\$/US\$ weakens to 0.5000, the value of your investment rises to A\$10,000 assuming no change in the price of the shares.

You can see from this example that as the A\$ strengthens against US\$, the A\$ value of your US shares will fall. Of course the reverse applies – as the A\$ weakens against US\$, the A\$ value of your US shares will rise.

INTERNATIONAL CUSTODIAN

Your international securities will be held in the custody of an International Custodian, as appointed by us. Securities in the custody of an International Custodian may be subject to risk arising from change to the political, legal, regulatory or commercial environment of the country of the Custodian or International Stock Exchange.

Whilst we will use reasonable care in selecting International Custodians, we shall not be liable for any losses incurred by you by reason of any act, omission, fraud or negligence of any International Custodian in relation to the holding of or dealing with your international securities.

POLITICAL AND REGULATORY RISK

Trading conditions and your ability to buy and sell securities in a foreign market may be affected by political risk and regulatory risk in the country in which the overseas market operates. Political risk is sudden changes in laws and regulations imposed by the government, sometimes on short notice, and sometimes on a temporary basis. Regulatory risk is the risk that standards of conduct and disclosure in the overseas market may differ from standards of disclosure and conduct that apply to securities quoted on the Australian Securities Exchange. For example risks will be higher where companies are able to list on a foreign market with less initial and ongoing regulatory requirements than on the Australian Securities Exchange. As a result securities traded on such a foreign market may be susceptible to high volatility and there are no assurances that there will be a liquid market for your investments.

Australia, as a member state of the United Nations, is obliged to implement United Nations Security Council sanctions. Australia also may be required to implement other international sanctions and sometimes imposes unilateral sanctions. Sanctions can cover various subject matters including financial restrictions. Consequently, CommSec may be prohibited from dealing with certain persons or entities.

This means that if CommSec is aware that you are a proscribed person or entity, then CommSec may be required to suspend, cancel or refuse you services or close or terminate any account, facility, transaction, arrangement or agreement with you. We may also be required to freeze your assets. You could incur significant costs as a result of these actions.

TAXATION

CommSec does not provide taxation advice.

We recommend you obtain professional taxation advice to evaluate whether an investment in international securities is appropriate to your particular financial circumstances.

IN SUMMARY

You and your advisers should be aware of the following additional acknowledgements you are making by acknowledging this risk statement.

I acknowledge:

- (a) that investing in international securities carries risks, including but not limited to:
 - (i) gains from security price movements can be more than off-set by adverse foreign exchange movements;
 - (ii) intra-day price movements on international security and currency exchanges can be relatively volatile;
 - (iii) strong past performances are not necessarily indicative of future performance;
 - (iv) taxation implications can be different from investing in Australian securities and may vary depending on my individual circumstances;
- (b) that I accept without limitations all risk associated with investing in international securities and the holding of my international securities by International Custodians; and
- (c) I/We acknowledge neither CommSec or its Brokers give personalised advice, make personal securities recommendations or provide any foreign exchange or taxation advice, and that it is my/our own responsibility to assess and evaluate proposed transactions in International Securities in the light of my/our financial situation, investment objectives and particular needs. I/We acknowledge that CommSec and its Brokers recommend that I/we seek professional advice before investing in International Securities.