

Product Disclosure Statement (PDS)

API PropSec

Discretionary Trust

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Welcome

What is this document?

This Product Disclosure Statement (PDS) is designed to assist you to understand the Discretionary Trust and to help you decide whether to become a Member of the Discretionary Trust. You should read this PDS carefully before making your decision.



Definitions

Reference throughout this document to:

A	Advocate	means API PropSec Pty Ltd ABN 86 679 305 054.
	ARMS	means Alternative Risk Management Services Pty Ltd ABN 70 649 963 191, AFSL 530893.
C	Claim	means any claim made by a person or entity on the Discretionary Trust.
	Claimant	means the Member who lodges a Claim.
	Cooling Off Period	means the period of fourteen (14) days after the date of payment of Membership Contributions during which a Member may cancel their cover and receive a full refund or their Membership Contribution.
D	Discretionary Trust	means the API PropSec Discretionary Trust.
F	FSG	means Financial Services Guide as defined in the Corporations Act 2001 (Cth).
	Fund	means the bank account created by the Trustee in which all of the Membership Contributions are held.
	Fund Period	means the period under the Trust Cover during which Claims will be considered by the Trustee. The Fund Period is 30 September 2026 to 30 September 2027. This period will usually follow the period of insurance under the Insurance Cover identified in section 2 of this PDS. Individual Member cover is always subject to the Period of Cover (as defined below).
G	GST	means the goods and services tax imposed by the A New Tax System (Goods and Services Tax) Act 1999 (Cth).
I	Individual Member's Deductible	means the amount of any Claim payable by a Member before the Trust Cover or Insurance Cover will respond.
	Insurance Broker	means Howden Insurance Brokers (Australia) Pty Ltd ABN 79 644 885 389, AFSL 539613.
	Insurance Cover	means the insurance cover, which is purchased by the Trustee for the Discretionary Trust and its Members.

	Insurance Policy	means the document/s issued by the Insurer which contains the terms and conditions of the Insurance Cover.
	Insurer	means the insurer identified in section 2 of this PDS and as specified in the Insurance Policy.
M	Member	means an incorporated body, person, company, trust or other legal entity, which has been admitted as a member of the Discretionary Trust.
	Membership Contributions	means the contributions payable by Members as detailed in the Tax Invoice.
P	PDS	means Product Disclosure Statement as defined in the Corporations Act 2001 (Cth).
	Period of Cover	means the period shown in the Tax Invoice (issued after the membership offer is accepted) which states the period during which a Member is covered. This is often referred to as 'Period of Insurance' in the Tax Invoice.
	Prospective Member	means an incorporated body, person, company, trust or other legal entity who is entitled to be, but has not yet been, admitted as a Member of the Discretionary Trust.
S	Single Event Limit	Means \$1,000,000 for each and every Claim.
T	Tax Invoice	has the same meaning as defined in the A New Tax System (Goods and Services Tax) Act 1999 (Cth) and which will include details of the amount payable, including GST, by a Prospective Member to become a Member.
	Trust	means the trust established under the Trust Deed.
	Trust Cover	means the discretionary cover component of the Discretionary Trust, which is not insurance. This is usually limited in value per claim up to the Single Event Limit, as well as in the aggregate for the Fund Period. Cover may also be limited in the time required for a Claim to be lodged on the Discretionary Trust.
	Trust Deed	means the deed establishing the Trust and by which ARMS declares itself as Trustee and manager thereof (as amended from time to time). A copy of the Trust Deed may be made available to Members or Prospective Members upon request to the Insurance Broker or the Trustee.
	Trustee	means ARMS as the trustee and scheme manager of the Trust.

General information

If the Prospective Member, having read this PDS, decides that the cover provided under the Discretionary Trust is suitable, the amount as detailed on the Tax Invoice should be paid.

The Tax Invoice will be sent separately.

This Discretionary Trust is subject to the Cooling Off Period.

This Discretionary Trust is distributed by:

Howden Insurance Brokers (Australia) Pty Ltd

Level 23, 20 Bond Street

Sydney NSW 2000

Telephone: +61 1300 904 503

as detailed in the FSG distributed by the Trustee and the Insurance Broker.

This PDS is issued by the Trustee. If you have not received all of this PDS or if you have any questions about this PDS, please contact the Trustee, whose details are as follows:

Alternative Risk Management Services Pty Ltd

ABN 70 649 963 191

Level 23, 20 Bond Street

Sydney NSW 2000

Telephone: +61 1300 904 503

Neither the Trustee nor the Discretionary Trust are authorised under or subject to the Insurance Act 1973 (Cth), nor are they regulated by the Australian Prudential Regulation Authority (APRA). The Insurance Act 1973 (Cth) establishes a system of financial supervision of general insurers in Australia, which does not apply to this Discretionary Trust.

The trustee makes no warranty or representation about any tax implications, if any, this product may have for you. Whether or not there are tax implications for you in purchasing this product varies on your individual circumstances and the type of cover that is available. Please ensure that you obtain your own tax advice regarding how this product may impact you or your business.

The Trustee is authorised under its own Australian Financial Services Licence 530893 to provide certain financial services in relation to this Discretionary Trust to the Members including issuing interests in the Discretionary Trust. The respective roles of the Trustee, the Insurance Broker and the Authorised Representative are set out in detail in the FSG.

This miscellaneous financial risk product is distributed by the Insurance Broker to Members only.

Section 1: Member information

API PropSec Discretionary Trust Overview

The Discretionary Trust is made up of two parts:

1

The Trust Cover

This is risk cover, but it is not insurance because the Trustee has a discretion as to whether or not to pay a Claim and how much to pay.

2

The Insurance Cover

The Insurance Cover, which is insurance. A Member has a third-party beneficial interest in the Insurance Policy which is purchased by the Trustee for the Discretionary Trust and its Members.

The Discretionary Trust has been established to help manage the Members' risk of professional indemnity claims.

There are risks that a Prospective Member or a Member should be aware of associated with the Discretionary Trust including:

1. The payment of benefits under the Trust Cover is at the sole discretion of the Trustee which means that the Trustee may exercise its discretion not to pay a Claim. Even if the Trustee decides to pay a Claim and that Claim exceeds the Trust Cover limits, any further payments are subject to the Insurance Cover and its various conditions and exclusions.
2. The Insurance Cover component has various conditions and exclusions. Therefore, if a Claim is in excess of the Individual Member's Deductible and the Trust Cover, and the Insurance Cover component comes into effect, the Claim may not be covered under the Insurance Cover component as a result of the conditions and exclusions.
3. Renewed membership of the Discretionary Trust is at the discretion of the Trustee and a Member's cover may cease after the expiry of the Period of Cover if renewed membership is not offered. If this happens, a Claim cannot be made after the expiry of the Period of Cover.
4. Should the funds within the Trust reach zero, a Claim cannot be paid under the Trust Cover, even if it is within the Period of Cover. However, the Claim may be addressed by the Insurance Cover (subject to its various conditions and exclusions).
5. Should a Claim not be notified to the Insurance Broker as soon as possible, you may risk not being covered under the Trust Cover and Insurance Cover.
6. The Trustee may, in its discretion, cancel a membership in certain circumstances. Details of the relevant grounds, consequences and withdrawal process are set out under "Withdrawal and Cancellation of Membership" below.
7. Please see further risks under the 'Claims Made Notice' section of this PDS.

A Prospective Member may become a Member of the Discretionary Trust by making the payment of the Membership Contributions within the date specified on the Tax Invoice, whichever is later, or such longer period as is determined by the Trustee. The Insurance Broker will forward the Membership Contribution to the Trustee.

The Trustee pools the Membership Contributions of all Members and holds them in the Fund. The Fund is used to meet Claims under the Trust Cover, purchase the Insurance Cover and meet the costs of establishing and running the Discretionary Trust.

Membership of the Discretionary Trust is for the Period of Cover, unless cancelled earlier. A Claimant is entitled to lodge a Claim for claims arising from acts or omissions committed or alleged to have been committed within the Members' noted retroactive date as listed in their Insurance Policy and other coverage documents, which are discovered after the Prospective Member becomes a Member and notified during the

Period of Cover. Please note that Claims must be notified to the Insurance Broker as soon as possible to avoid the Claim being rejected.

At the end of the Period of Cover the membership of each Member under the Discretionary Trust ceases and the Member ceases to be covered. The Trustee will determine and advise the Member as soon as reasonably practical prior to the end of the Period of Cover whether the Member will be offered renewed membership for the next period of cover and if so, the terms of the Trust Cover, Insurance Cover and to the extent possible, the Membership Contribution payable.

Withdrawal and cancellation of membership

A Member may withdraw from the Trust by giving the Trustee not less than 90 days' written notice. If this occurs, the withdrawing Member must continue to comply with the terms of the Trust during the notice period.

The Trustee may, in consultation with a Member, cancel the Member's membership in the Trust where:

- (a) A Member has breached a term of the Trust Deed or any other terms, rules or conditions imposed by the Trustee that apply to a Member;
- (b) the Trustee suspects that the law prohibits membership by a Member;
- (c) the Trustee determines that the Member is creating a disproportionate administrative burden on the Trust, or the Trustee;
- (d) A Member has failed to pay the Membership Contribution to the Trust within 30 days of the due date for payment; or
- (e) the Trustee considers a Member to have acted in a manner that is prejudicial to or not in the interests of advancing the purposes of the Trust.

Prior to cancelling a Member's membership, the Trustee may require the Member to show cause within a designated period as to why their membership should not be cancelled. The Trustee retains the ultimate discretion as to whether a Member may remain a member of the Trust. The Trustee may also impose further conditions on a Member (including requiring further Membership Contributions on account of any financial impact caused to the Trust) where the Trustee permits a Member to remain a Member of the Trust.

Where a Member withdraws from or is removed from the Trust, the Member has no right to make any Claim against the Trust on or after the date of withdrawal or removal.

If the Trustee accepts a Claim, the Claimant must pay the Individual Member's Deductible as shown in the Insurance Policy and may be found on a Member's Tax Invoice (where it may be referred to as an 'excess', 'deductible', 'time deductible', as applicable). At the Trustee's discretion, the Trustee may pay the Claim and all associated expenses incurred under the Trust Cover.

Once the Trust Cover is exceeded, the Trustee will refer the Claim to the Insurer for the Insurer to decide whether or not to pay the Claim in accordance with the Insurance Cover (see below).

The Discretionary Trust is neither authorised under nor subject to the Insurance Act 1973 (Cth), nor is it regulated by the Australian Prudential Regulation Authority ("APRA").

Upon the closing of each Fund Period, any surplus in the Discretionary Trust will be disbursed for the benefit of the majority of the Members of the Discretionary Trust, at the discretion of the Trustee.

This could be applied in the following ways:

- As a rebate on contributions for subsequent years; or
- For expenditure on administrative or operational issues relevant to the Discretionary Trust; or
- On issues, which are relevant to Members and/or Member's businesses or which advance the purposes of the Discretionary Trust generally.

The Trustee can dissolve the Trust after the expiry of the Fund Period. Upon dissolution of the Trust, any Fund balance remaining after payment of all liabilities of the Trust must be paid to a charity at the Trustee's discretion to which gifts are deductible in accordance with the Income Tax Assessment Act 1997 (Cth).

Individual member's deductible

On any Claim accepted by the Trustee, a Member shall bear the Individual Member Deductible(s) as outlined in that Member's Insurance Policy, which may also be found on the Member's Tax Invoice.

For any Claim in excess of the Individual Member's Deductible and the Trust Cover, the Insurance Cover and any applicable deductibles/excesses may come into play.

Trust Cover

Due to the Trustee's discretion, a Claim can be lodged under the Trust Cover for any event, not only those events that would be covered under the Insurance Cover (see Section 2 of the PDS) and the Trustee will consider the Claim.

A benefit of the discretionary Trust Cover is that Claims, which may not be covered under the Insurance Policy wording of the Insurance Cover may be paid by the Trustee, subject to this being for the benefit of the Members. However, the Trustee, in its sole discretion, may not exercise its discretion in favour of the Claimant. For details of further risks associated with this product, please refer to Section 1 of this PDS.

In exercising its discretion, the Trustee cannot be influenced by anyone and is legally bound to conduct its duties and obligations in accordance with trust law. The Trustee must settle each Claim in accordance with the merits of the Claim.

Insurance Cover

Insurance is purchased by the Trustee for the Discretionary Trust and its Members and provides cover for a Claim, which is:

1. in excess of the Individual Member's Deductible and the Trust Cover; and
2. subject to the Insurance Policy terms and conditions.

Certain details of the Insurance Cover can be found in Section 2 of this PDS. A copy of the Insurance Policy is available on request from the Insurance Broker.

Any Claim not met by the Trust Cover and/or the Insurance Cover will be borne by the Claimant.

Making a Claim

All Claims or potential Claims must be notified to the Insurance Broker. All Claims and all incidents that may reasonably be expected to give rise to a Claim must be reported to the Insurance Broker as soon as reasonably practical and before the Period of Cover expires. If a Claim has not been notified as soon as possible, the Claim may be rejected. The claims team's details are set out below. A claim form can be obtained by contacting the Insurance Broker or claims team.

Claims Made Notice

Professional Indemnity policies contain 'Claims Made' provisions, which also applies to the Trust Cover. This means that the policies provide (subject to their terms and conditions) cover for Claims first made against a Member and notified to the Insurance Broker and Insurer during the Period of Cover, irrespective of when the incident causing the Claim occurred.

The Trust Cover and Insurance Cover will not cover:

- any claim made, threatened or intimated against a Member prior to the commencement of the Period of Cover;
- any circumstances which could reasonably be expected to give rise to a Claim which were known prior to the commencement of the Period of Cover;

- any claim or circumstance which could reasonably be expected to give rise to a Claim, reported or which should have been reported to an insurer under any insurance policy entered into before the commencement of the Period of Cover;
- any claim or circumstance which could reasonably be expected to give rise to a Claim which is noted in a Member's proposal form (provided by the Insurance Broker) or any previous proposal form;
- any claim made against you after the expiry of the Period of Cover (unless that Claim arises from circumstances properly notified during the Period of Cover);
- acts, errors or omissions that occurred prior to the Insurance Policy retroactive date (if one is specified in a Member's Insurance Policy).

If a Member, inadvertently or otherwise, fails to notify the Insurance Broker and Insurer before the expiry of the Period of Cover about any new facts or circumstances, which may give rise to a claim, the Trustee and Insurer may refuse to pay any subsequent Claim, notwithstanding that the events giving rise to it or the circumstances alleged in it may have taken place during the Period of Cover.

Members should implement a procedure to ensure that all Claims and circumstances which could reasonably be expected to give rise to Claims are identified and notified to the Trustee and all relevant insurers immediately (via your Insurance Broker) and within the Period of Cover to ensure your rights to coverage under the Trust Cover and Insurance Cover are not prejudiced.

Service provider details

The Trustee uses various third parties to assist it in carrying out its functions:

- **Risk Management and Training Services:** API Propsec Pty Ltd (ACN 679 305 054)
- **Claims Management Services:** Claims X Pty Ltd (Claims X), ABN 57 649 962 701, AFS Licence No. 530894, e-mail claims.aus@claimsx.com.au or Telephone: + 61 1300 375 723. Claims X may appoint assessors, adjusters, financial or other experts or legal advisers to assist in the review and assessment of any Claim made.
- **Insurance Broker:** Howden Insurance Brokers (Australia) Pty Ltd, ABN 79 644 885 389, AFS Licence No. 539613. Telephone: +61 1300 904 503.
- In performing the functions described in this PDS, the Insurance Broker acts for the Trustee in placing the Insurance Cover for the Discretionary Trust and distributing the Discretionary Trust to Members. The Insurance Broker may engage other third parties, to assist it in providing certain non-promotional services to the Discretionary Trust, such as risk consulting advice or support, as the industry expert.

The Insurance Broker does not act as an individual broker to Members for the covers provided in this Discretionary Trust. If Members separately engage Howden to arrange insurance or provide services outside of the Trust (Non-Trust Cover/ Service), Howden will act as the individual insurance broker in respect of that cover. These are separate roles, and the fees, obligations and duties applicable to each are different. This information will be set out in the tax invoice that is issued for each respective fee and service.

- **Auditor:** BDO Audit (SA) Pty Ltd, Level 7, 420 King William Street, Adelaide SA 5000.
- **Bank:** ANZ Banking Group
- **Legal Advisers:** Thomson Geer Lawyers, 19 Gouger St, Adelaide SA 5000.
Piper Alderman Lawyers, Level 23, Governor Macquarie Tower, 1 Farrer Place, Sydney NSW 2000

Fees, Expenses and Charges

As each Member risk is individually assessed, the total cost of becoming a Member of the Discretionary Trust is detailed in the Tax Invoice and will include the cost of the Member's insurance as well as cover under Trust Cover. The full cost will only be known once the Member's individual risk is selected and assessed.

The cost of membership includes costs and fees paid to third parties to provide professional and other support services to assist with the risk management and administration of the Discretionary Trust.

The cost of membership may vary due to changes in your risk during the Period of Cover, which will be outlined in subsequent tax invoices.

The cost of Membership is outlined below, excluding taxes and statutory charges and rounded to nearest dollar. Actual amounts may vary from month to month, including the tax and statutory charge calculations, which will be outlined in Your tax invoice.

Trust Cover	22%
Advocate Fees	1.25%
Insurance Cover	64.66%
Third Party costs	0.57%
Trustee Fee	3.10%
Insurance Broker Fees	8.41%
Total Howden Group fees	11.51%

Reports

The accounts of the Trust are audited annually by an external auditor. A Member may request the accounting and other records of the Trust.

A copy of the quarterly financial report and the annual audited report will be provided to a Member upon request. The Trustee must ensure the Members have reasonable access, which may include the uploading of such information to a designated website, data room or another form of digital server.

In preparation of the Discretionary Trust's annual financial report, the Trustee will declare Members' de-identified claims data to the Advocate and the service providers referred to above under "Service Provider Details".

Complaints Handling

If a Member or Claimant has a complaint about this Discretionary Trust, including but not limited to a complaint about any non-payment of a Claim by the Trustee, any fees or charges under the Discretionary Trust, this can be communicated to the Trustee or the Insurance Broker in the first instance.

Alternatively, if the Member or Claimant is not satisfied with the outcome, they may request a review of the decision by notifying:

The Complaints Officer	
Free call:	+61 1300 904 503
Mail or in person:	Level 23, 20 Bond Street, Sydney NSW 2000
Email:	complaints.pacific@howdengroup.com

The complainant will be asked to provide comprehensive details to help investigate their complaint. All information will be treated in the strictest confidence. The complaints officer will review the complaint and

contact the complainant if additional information is required. The complaints officer will provide the complainant with a response to the complaint within the timeframes required by the law.

The Trustee is a member of an approved external dispute resolution scheme designed to provide independent assistance to the complainant, namely the Australian Financial Complaints Authority (AFCA). Subject to eligibility, the AFCA provides a free service for consumers with complaints concerning the financial services industry. If the complainant is dissatisfied with the way in which the complaint is handled by the complaints officer, they can refer the complaint to the AFCA.

Australian Financial Complaints Authority (AFCA)	
Free call:	+61 1800 931 678
Mail or in person:	Australian Financial Complaints Authority GPO Box 3, Melbourne, VIC 3001
Email:	info@afca.org.au

The matter will then be reviewed by the AFCA.

Privacy

The Insurance Broker and the Trustee (together, **we**) are committed to protecting privacy and are bound by the Australian Privacy Principles for the handling of personal information.

The Insurance Broker's Privacy Policy can be viewed on the Internet at <https://www.howdengroup.com/au-en/privacy-policy> or is available on request from the Insurance Broker.

The Insurance Broker collects personal information about individuals connected with Members directly. The Trustee collects personal information about individuals connected with Members through the Insurance Broker.

We collect personal information for the purpose of operating the Trust. If we are not provided with the requested personal information, we may not be able to admit an applicant as a Member of the Trust and we may not be able to process a Claim. We usually disclose personal information about individuals connected with Members to (re)insurers.

We may disclose personal information about individuals connected with Members to other Howden group companies.

We may also disclose personal information to contractors who supply services to us and the providers of our administration and broking systems which are maintained by organisations in Australia, New Zealand, Canada, the Philippines and Vietnam.

In administering the Discretionary Trust, we may declare Members' detailed claims data to the Advocate and service providers referred to in Section 1 under "Service Provider Details".

We will disclose personal information which we hold about individuals connected with Members upon written request by the individual concerned. If we receive a written complaint about the collection or handling of personal information, we will try to respond within 30 days.

Section 2: Insurance cover information

For full details of all covers, limitations, exclusions or conditions, please ensure you carefully read the Insurance Policy, which is available on request from the Insurance Broker. Further important information surrounding Insurance Cover may also be found on the Tax Invoice, Insurance Policy and supporting documentation provided.

Insurance Cover	The Insurance Cover is placed in excess of the Individual Member's Deductible and the Trust Cover. The cover provided by the Insurer is governed by the Insurance Policy terms and conditions. Any claim against the Insurance Cover is not subject to the Trustee's discretion.
Contact Details	For advice relating to the Insurance Cover, simply phone the Insurance Broker whose details are given under 'General Information' within this PDS.
Insured	Alternative Risk Management Services Pty Ltd as trustee for the API PropSec Discretionary Trust and its Members are the insured under the Insurance Policy. A statutory right to make a Claim under the Insurance Policy may also arise pursuant to section 48 of the Insurance Contracts Act 1984 (Cth), where the Claimant is specified or referred to in the Insurance Policy as a person to whom the Insurance Cover extends.
Insurer	Liberty Mutual Insurance Company trading as Liberty Specialty Markets ABN 61 086 083 605 ARBN 086 083 605 Sydney: Level 38, Governor Phillip Tower, 1 Farrer Place Sydney NSW 2000 Melbourne: Level 17, 530 Collins Street Melbourne VIC 3000
Period of Insurance	Please refer to the Policy Wording or contact the Insurance Broker.
Class of Insurance	Professional Indemnity.

The product issuer of the API PropSec Discretionary Trust ABN 42 427 271 175 is:

Alternative Risk Management Services Pty Ltd

ABN 70 649 963 191 AFS Licence 530893

Level 23, 20 Bond Street,

SYDNEY NSW 2000