

Financial Services Guide

Intrinsic Investment Management

Intrinsically your choice



**Intrinsic Investment Management
Pty Ltd**

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FINANCIAL SERVICES GUIDE

INTRINSIC INVESTMENT MANAGEMENT PTY LTD

Australian Financial Services Licence No. 247127

Date: 1st November 2009

Welcome.

This Financial Services Guide (FSG) is an important document.

As the holder of an Australian Financial Services Licence we are required to provide you with this FSG in order to assist you in deciding whether to use any of the services offered in this FSG. This document sets out information about Intrinsic Investment Management Pty. Limited ("Intrinsic", "we", "our" or "us") and the financial services that we can provide under our Licence.

This FSG complies with the policies of, and conditions stipulated by, the Australian Securities & Investments Commission (ASIC) in relation to managed discretionary account services including chapters 5C and 6D on Part 7.9 of the Corporations Act. These can be found on the ASIC website www.asic.gov.au

The matters covered by this FSG include:

- Who we are and how we can be contacted;
- The services and types of products we are authorised to provide;
- How we and other relevant parties are remunerated;
- Information about significant investment and other risks; and
- Our internal and external procedure for resolving disputes and how you can access them.

Who we are

The name of the entity providing financial services is Intrinsic Investment Management Pty. Limited ABN 26 095 183 814, AFS Licence Number 247127.

Intrinsic is specialist manager of Australian equities. It is an Australian company. Our Directors and senior staff all have extensive experience in the Australian equity market with major institutional funds managers and share brokers.

Further details about us can be found on our website www.intrinsic.net.au

How we may be contacted

If you have any questions about us or about this FSG, you may contact us as follows:

- by telephone on (03) 8616 8222 or 1300 168 222 during normal business hours, or;
- by writing to The Manager, Intrinsic Investment Management, Level 4, 99 Queen Street, Melbourne 3000 AUSTRALIA, or;
- by email to info@intrinsic.net.au

What financial services and products do we offer?

Managed Discretionary Accounts (MDAs)

Intrinsic offers a number of managed discretionary accounts (MDA service) as well as institutional portfolio management. (Other names for MDA services are separately managed accounts, individually managed accounts or managed accounts).

MDAs are different from traditional investment products. An MDA is an investment management service in which we manage a portfolio of equities and cash tailored to your individual requirements. Unlike a unit trust, your portfolio is not pooled with the investments of other clients - but is managed separately.

One of our portfolio managers will be responsible for managing your investments personally. You will be free to call him or her at any time to discuss your portfolio.

Investors using an Intrinsic MDA account retain the beneficial ownership of their assets which will generally be registered in the name of a third party custodian. When you cease using our portfolio management services, your portfolio of shares is returned to you in your name.

Intrinsic Foundation Investment Account

Our Foundation Investment Account (FIA) may suit investors wanting less of the features of our Personal Investment Account (PIA) or Private Investment Management service (PIM) (see below) with a commensurate reduction in fees. The lower fee schedule makes our FIA an attractive alternative to smaller investors (i.e. \$50,000) and for larger investors wanting active portfolio management at wholesale prices.

Our FIA offers some of the more important benefits of an MDA account such as beneficial ownership and control.

The FIA is only available online from our web site.

Intrinsic Personal Investment Account

Our PIA is likely to suit the requirements of most investors with \$100,000 to \$1m to be managed.

Our PIA is a fully featured MDA that offers investors a high level of portfolio tailoring designed to meet individual objectives, needs and preferences.

Intrinsic Private Investment Management Service

Intrinsic also offers all clients an MDA investment service known as the Intrinsic Private Investment Management service (PIM).

The PIM service is designed for clients with complex needs and while fully featured is more specialised than the PIA service. It is typically suited to clients with accounts of \$1 million or more.

Intrinsic Crescent Ethical MDA

The Crescent Ethical MDA finds its inspiration in faith-based standards for promoting general human well-being and socio-economic justice.

Institutional Portfolio Management

Intrinsic offers institutional investors a specialist portfolio management service. Our team has experience in managing a wide range of diverse portfolios for superannuation, life assurance, bank, trustee, building society, semi-government authority, friendly society and corporate clients.

How to use our services and products?

1. Complete an Application

To use one of our MDA accounts, you will need to complete the on-line application at our web site. Alternatively, an application booklet can be downloaded from our web site.

We will then send you a Statement of Advice for your consideration and an account opening pack.

2. Sign an Investment Management Agreement

If after considering our Statement of Advice you decide to become a client you will need to enter into a written Investment Management Agreement (IMA) with us.

This agreement sets out the way you want your portfolio to be managed by us. The IMA includes an investment program that is prepared in accordance with the requirements of Division 3 of Part 7.7 the Corporations Act. The IMA includes an investment program containing amongst other things information about:

- The nature and scope of the discretions that we will be authorised and required to exercise;
- Any significant risks associated with the IMA;
- The basis on which the IMA contract is considered to be suitable for you;
- How you may give us instructions; and
- Warnings about the importance of any limitations relating to the IMA which you must consider before signing the IMA.

3. Appoint a Custodian

You will need to appoint our preferred custodian. (We do not provide custody services). The custodian provides the administration of your account. The custodian will receive dividends and trust distributions, settle transactions on your behalf, pay expenses (including our management fees) and maintain a record of your holdings.

The custodian is directly responsible for the safe custody of your assets. The custodian will provide you with a separate custody agreement and FSG.

4. Establish a Cash Management Account

You will need to have a cash management account (CMA) linked to your Intrinsic account. It will need to be dedicated to investment activities managed by us. The CMA will be used to make deposits and withdrawals, receive income and the proceeds of sales and settle purchases and pay expenses in connection with your Intrinsic account. Details are contained in our account opening pack.

What kind of advice will you receive?

Retail clients will receive a Statement of Advice (SOA) as part of, or separate from, the IMA. This document will provide you with personal financial advice, the basis on which the advice was given and the name of the entity providing financial services together with the remuneration payable to and relevant relationships of, that entity.

In order for Intrinsic to give you appropriate personal advice and service you will need to provide us with details of your objectives, current financial situation, needs and other relevant information. You have the right not to provide us with that information. However, if you do not do so the advice you receive will be general in nature and may not be appropriate for your circumstances.

If we make a recommendation that you acquire a particular financial product you will, if required, be provided with a Product Disclosure Statement (PDS) setting out information about the significant benefits, significant risks, costs, commissions, dispute resolution, taxation implications and cooling-off regime that applies.

What risks are involved in the Intrinsic MDA services? †

Investment risk

All investments, financial products and services contain an element of risk. Risk arises from the fact that no one is certain of what is going to eventuate in the future. As a result, the value of an investment may fall or be less than expected. Similarly, the amount of income from an investment may decline or be less than expected.

Aside from the risk of making a loss, there is also the risk that your investment portfolio may not perform as well as expected.

Many risks are outside of our (and your) control.

Economic and general risks

The value of investments made on your behalf, and the amount of income they generate, can be influenced by a number of factors including the level of domestic and international economic activity, interest rates, exchange rates, government policies, commodity prices, political events and technological change as well as circumstances specific to industries and individual companies. In addition, it is possible that your investment preferences may influence the value or income, or both of your portfolio preferences may influence the value or income or both, of your portfolio.

Transaction risk

There are other risks you should consider. The management of your portfolio involves participation third parties and their infrastructure. For example, your custodian and the provider of your linked cash management account. There maybe risks involved in using their products and services. In addition, we will need use services of share brokers on your behalf. They will inturn will be relying upon the services and products of the ASX, and its subsidiaries (e.g. the ACH and OCH), the SEGC; their rules and procedures. Thus, there maybe indirect risks, including the financial standing; service standards, infrastructure and product characteristics of any company providing financial products and services directly or indirectly to your portfolio or any stock exchange regulated by the ASIC.

† There maybe unforeseen risks not listed here associated with using our MDA service and other financial services.

Financial Market Risk

Financial markets may be affected mass hysteria, government; regulatory intervention and similar unusual events.

Advice

The advice you receive from us or others may turn out to be inappropriate and this may result in investment returns being different from those that may have been achieved had the advice not been inappropriate.

Authorisation

If there is another person authorised by you to act on your behalf (including another person in a joint account), we will be entitled to use and or act upon any information given to us by the authorised person and give information to the same as if we were receiving information from you or giving to you personally.

The authorised person may act in a way that is contrary to your intentions and your only recourse may be against the person you have authorised.

We will rely on your confirmation of the authorisation of any person until you advise us in writing that this has changed.

Human error

You or a person authorised to act on your behalf may make a mistake when giving us information, instructions and investment discretions. You or they may not properly understand information we give you or them including the content of this FSG and completing our application form. We may make a mistake when interpreting and using the information, instructions and investment discretions you give us.

You may not keep us up to date regarding your investment objectives, needs and preferences or move portfolio assets without letting us know in a timely manner. This may result from or cause human errors.

Third parties involved in the supplying products and services to your portfolio may make similar human errors.

As a result, the value of your investment may fall or be less than expected or may generate investment returns different from those which might have arisen had the human error not occurred.

ASX means Australian Stock Exchange; ACH means Australian Clearing House; OCH means Options Clearing House; SEGC means Securities Exchange Guarantee Corporation; ASIC means the Australian Securities and Investments Commission.

What information do you maintain about me?

We maintain a record of your personal profile that includes the information you have provided to us, such as your objectives, financial situation and needs. All personal information collected from you will be used and stored by us in accordance with our Privacy Policy. The information is kept private and not shared with third parties, except where necessary to manage your portfolio, (e.g. with your custodian). You may obtain a copy of the policy on request or from our website.

How do you give us instructions?

Any instruction or other communication with Intrinsic should be sent to your Portfolio Manager by telephone, in writing or by email as set out above. You should note that Intrinsic will not cast proxy votes on your behalf. If you wish to exercise your voting rights you should make an appropriate arrangement with your custodian.

How are we paid for the services we provide?

Details of our fees will be set out in the contract you have with us and in our Statement of Advice to you.

We receive portfolio management fees that are usually based on the value of assets managed.

How are our employees paid?

Our employees and directors receive salaries and bonuses and are eligible to participate in the share option performance plan, which is linked to individual performance. Depending on an individual's role, the assessment of performance is measured by client satisfaction, investment returns, income generation, compliance with internal policies and contribution to the business.

What other fees and taxes you might you pay?

Aside from our agreed fees there are no other fees or charges payable to us.

However, the management of your portfolio involves other financial services businesses, such as share brokers, custodians and banks. These companies charge fees for the provision of these services and you are responsible for payment. For example, brokerage on share transactions and bank fees on your linked CMA. Some of these companies may pay us a fee rebate for using their product or service.

Naturally, statutory fees and charges such as government taxes (e.g. goods and services tax, capital gains tax) related to the management of your portfolio are payable by you.

What relationships do we have with issuers of financial products?

Intrinsic is an independent investment manager. We do not have any formal associations or relationships with the issuers of financial products. We do not receive the benefit of commissions from issuers of financial products and we have no conflicts of interest that will influence the way in which we provide our services.

Will anyone be paid for referring you to us?

Intrinsic may pay fees or commissions to other persons who have introduced or referred you to us. Those payments will be made from the fees paid to us. These may be one-off or on-going payments.

What do you do if you have a complaint?

If you have a complaint about the service provided, you should take the following steps:

- First, raise the issue with your Portfolio Manager by ringing (03) 8616 8222.
- If the complaint cannot be resolved over the phone, put your complaint in writing and send it to:

The Managing Director,
Intrinsic Investment Management Pty. Ltd.
Level 4, 99 Queen Street,
Melbourne VIC 3000

Upon receipt of the complaint the Managing Director will within 14 days acknowledge the receipt in writing and confirm the process for its resolution.

Within 45 days of the complaint being made, we will advise you in writing of the determination, any action taken or proposed.

- If we do not resolve your complaint to your satisfaction, you have the right to lodge your complaint with the Financial Ombudsman Service (FOS), GPO Box 3, MELBOURNE, VIC 3001. This is an independent body established to provide free advice and assistance to consumers and investors to help them to resolve complaints relating to members of the financial services industry.

Other information

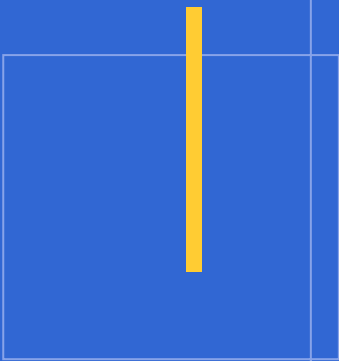
Separation of our portfolio management service from your assets

It is important you note that we do not hold any of your assets. We do not provide custody services. Your assets are held on your behalf by your custodian (i.e. your securities) and by your CMA provider (i.e. your cash). To use our MDA or other investment services you will become clients of your custodian and CMA provider (i.e. a Bank). Thus, you will be subject to their product and service terms and conditions, fees and charges as well as risks disclosed in their FSGs and their other disclosure documents.

The custodian is directly responsible for the safe custody of your assets. Intrinsic is responsible for the investment management of your assets according to your investment program and any advice we provide in relation to the same. This includes placing orders to purchase and sell securities with brokers and taking up new issues.

The settling of all transactions is organised and recorded by your custodian. Surplus cash from investing activities is held in your CMA. Deposits (including cash dividends) and withdrawals to pay for purchases are made into, and from, your CMA is organised by your custodian. You should refer to the Financial Services Guide of your custodian to see the risks involved in using their services and products and other information. In addition, you will have a cash management account linked to your portfolio. You should review the relevant documents, such as the Product Disclosure Statement (PDS) to see the risks involved in using their product and other information.

If you do not have a custodian, we can arrange for you to appoint a suitable one. The custodian will provide you with a separate custody agreement. Our preferred custodian provider is StoneBridge Securities Limited (AFSL 238148, ACN 067 161 755).



Important Note

This FSG is provided to assist you in any decision to use the investment services of Intrinsic Investment Management. It should not be construed as financial product advice.

We update this FSG at least annually and these are available for your perusal from our web site.

Investors should consider obtaining independent advice before making any financial decisions.

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