Intrinsic Investment Management

Intrinsically your choice

INTRINSIC

INVESTMENT MANAGEMENT

You’re our investment

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Dear Investor,

Even the richest person can't buy the minute that has just past. That's gone forever. It's the past.

Nor can a minute of tomorrow be bought. That's the future and uncertain.

Time can't be bought or sold yet it's the most precious thing we have because it's the stuff of life.

But time can be given. That's what we do.

We can make a real difference to your life by managing your equity portfolio the way you want it managed and by doing so give you more time to do the things that are really important to you.

If you want to know more turn the page.

ABOUT US

Investment Management your way!

We are Intrinsic Investment Management (ABN 97 095 183 184, AFSL 247 127) an independent specialist fund manager established to meet the needs of investors requiring personal management of Australian equity portfolios.

Intrinsic is founded on the twin pillars of personal service and a commitment to performance.

Our directors and portfolio management team are very experienced. They have held senior roles in Australia's largest funds management companies and average over 20 years industry experience. They are investment experts and have collectively managed more than $23 billion for some of Australia's most well regarded investment companies. We apply this level of experience and expertise to the management of each client portfolio. In order to deliver personal service and performance, each portfolio manager only manages the funds of a selected number of clients.

Who can be a client?

Anyone. We offer our portfolio management services to a wide range of investors including: individuals and couples and their family trusts; self managed superannuation funds; family companies; deceased estates, charities, corporations, master trusts and institutional superannuation funds.

Our objective

Our aim is to protect and increase the value of our clients' assets through the application of our proprietary Intrinsic investment decision-making process throughout the investment cycle.

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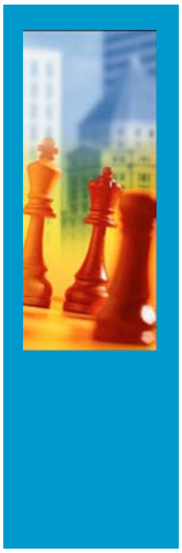

HOW OUR INVESTMENT MANAGEMENT SERVICES WORK

Investment management your way!

We listen to you

To us, you are different and unique and we firmly believe that your satisfaction lies in our understanding of your personal and financial circumstances.

We appreciate the importance of listening to you and working with you and your advisers to understand your investment preferences, tax position, and risk profile. Most importantly we want to properly understand how you want your portfolio managed.

We provide our advice

After gathering this information, we will provide you with a formal Statement of Advice. It will contain an investment program which we believe is appropriate for your specific requirements. If necessary, adjustments can be made to your investment program after consultation with you and/or your professional adviser. Alternatively, if you already know what investment program you want, you can merely complete our “create your own portfolio” option and we will implement your instructions (conditions apply).

Your own portfolio

Once the investment program is agreed, your personal portfolio manager will manage your portfolio separately from that of other clients. That is, your portfolio is not pooled with the portfolios of our other clients. Keeping portfolios segregated allows your portfolio manager to focus on managing your portfolio to your requirements.

Your own portfolio manager

Your portfolio manager is personally responsible for managing your investments, preparing investment reports for you and meeting with you and/or adviser for periodic reviews of performance, objectives, and future strategy.

Personal service

You or your adviser(s) are most welcome to contact your portfolio manager at anytime to discuss your portfolio, particularly in the event that your objectives or other circumstances change, so that your portfolio program can be adjusted accordingly. Our website is a key means of keeping clients updated on the progress of their investments and on our current market views. Investment reports are available 24 hours a day from our web site or by calling us directly.

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HOW WE MANAGE YOUR PORTFOLIO

Our Intrinsic investment process aims at delivering consistent, above average performance over the longer term. It is based on a qualitative assessment of the long term profit potential of individual companies and a quantitative assessment of the Intrinsic worth of these stocks. On a daily basis we exchange ideas, carefully analyse securities, economies and markets, and make changes to portfolios when required.

Within the boundaries established in your personal investment program, your portfolio manager will continuously apply our Intrinsic investment decision making approach, continuously monitoring your investments and taking advantage of opportunities as they arise. The same approach we use to manage institutional funds.

Further details can be found on our web site at www.intrinsic.net.au

Environmental, Social & Ethical Considerations

Clients of our Personal Investment Account and Private Investment Management service are able to exclude industries and companies that do not meet their own environmental, social, ethical or other standards and nominate a preference for those industries and companies that do.

We also offer the Intrinsic Crescent Ethical MDA for investors that want a faith based approach to investing.

TAILORED INVESTMENT MANAGEMENT

A portfolio built for you, not everyone!

We offer four investment management services. You can commence any account with a cash deposit or an existing portfolio of shares or a combination of cash and shares.

The 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) with commensurate a reduction in fees. The lower fee schedule makes our FIA an attractive alternative to smaller investors (e.g. with portfolios $50,000 or greater) and for large investors wanting professional portfolio management at wholesale prices.

Our FIA offers many of the important features of an individually managed account. For example, your portfolio is managed separately from that of our other clients and you retain beneficial ownership of your investments, plus you get your own portfolio manager.

The Intrinsic Personal Investment Account

If you have $100,000 or more to be managed, we offer our PIA. It offers investment choice and portfolio tailoring unsurpassed in Australia.

The Intrinsic Private Investment Management Service

Our PIM service is designed for people with more complex needs and is generally suited to clients with accounts of $1 million or more.

Like the managed investment account you can commence an account with a cash deposit or an existing portfolio of shares or a combination of cash and shares.

The PIM service provides you with additional tailoring of your portfolio to match your more complex needs.

Further if you wish, we can provide general advice about economies and currencies, and other asset classes such as bonds, international equity markets, alternative managed investment schemes, private equity opportunities and so on.

The Intrinsic Crescent Ethical MDA

The Intrinsic Crescent Ethical MDA is based on socially responsible investment principles.

The Crescent Ethical MDA offers you all of the same features and benefits of our normal MDA investment services. For example, our FIA; PIA and PIM are all available part of the Crescent Ethical MDA portfolio. The difference is that your equity investments are chosen from a universe of companies that satisfy certain faith based criteria.

TAILORED INVESTMENT MANAGEMENT

A portfolio built for you, not everyone!

Intrinsic Service Comparison

Managed Discretionary Accounts

INVESTMENT MANAGEMENT	FIA	PIA	PIM
Professional investment managers	✓	✓	✓
Professional investment process	✓	✓	✓
Professional risk management processes	✓	✓	✓
Choice of one or more investment styles	✓	✓	✓
FOCUS ON CLIENTS			
Independent advice	✓	✓	✓
Agreed investment program	✓	✓	✓
Complete review of investment program annually	✓	✓	✓
You own the investments directly	✓	✓	✓
Your portfolio is separately managed	✓	✓	✓
Web based access to your portfolio	✓	✓	✓
Rebate of any commission received on your CMT	✓	✓	✓
Monthly, quarterly, yearly saving plan	✓	✓	✓
Monthly, quarterly, yearly income plan	✓	✓	✓
New investments & withdrawals at anytime	✓	✓	✓
Change investment program at anytime	✓	✓	✓
Separation of investment and custody functions	✓	✓	✓
Your own Portfolio Manager that you can talk to anytime	✓	✓	✓
Selected tailoring of your portfolio	✓		
Deep tailoring of portfolio according to your requirements		✓	✓
Option to create your own portfolio		✓	✓
Deferred fee option		✓	✓
TAX MANAGEMENT			
Focus on your after tax returns	✓	✓	✓
PAYG reporting	✓	✓	✓
Option to aggregate fees against one account		✓	✓
Portfolio management to suit your tax circumstances		✓	✓
Tax planning– CGT, franking credits, div. reinvest. plans		✓	✓
ADDITIONAL PORTFOLIO SERVICES			
Elevated level of portfolio tailoring			✓
Access to Intrinsic risk analysis software			✓
Individual portfolio risk and return projections			✓
General economic advice			✓
General advice on managed investment products **(1)**			✓
Private investment briefings **(1)**			✓
Opinions on private equity investments **(1)**			✓

1. Contact us for further details

TAILORED INVESTMENT MANAGEMENT

A portfolio built for you, not everyone!

Portfolio tailoring

Clients of our FIA service are able to select the investment objective, time horizon and investment style that best meets their needs.

Clients of our PIA and PIM services are able to access the full suite of deep portfolio tailoring options. In addition, PIM clients are able to access additional portfolio services, such as general economic advice.

Investment Styles

Clients can select one or a combination of the following investment styles:

Growth

Emphasis is on companies that are expected to have above average growth in earnings, return on equity and so on. Often in bullish conditions these stocks attract a price premium over the general market for extended periods. They can be weaker performers in bearish conditions.

Value

Emphasis is on companies that display the characteristics of value stocks (e.g. relatively high dividend yields, low price to book values and low price to projected earnings). Usually in bullish conditions these stocks are priced at discount to market averages. They can be relatively good performers, in bear market conditions and when investors re-rate value and cyclical companies forcing prices higher.

Style Neutral

We manage the portfolio with no preference for any particular investment style. Depending on expected market conditions, we will skew the portfolio towards the investment style we anticipate will do well in the short term, say towards value stocks. If we think market conditions are going to change, then we will skew the portfolio away from value toward say growth or cyclical or income stocks.

Absolute return

Strong focus on investment returns. Portfolio constructed without regard to the composition of a market index. Main focus is on return. We will skew the portfolio towards the investment style we anticipate will do well in the short term and the portfolio is likely to hold less than 30 companies (i.e. is more concentrated).

Income

Emphasis is on investments that produce above average income including income from property trusts, hybrid securities and franked dividends. These investments tend not to produce strong capital growth.

Fallen angels

Emphasis is on quality companies that have experienced a decline in market value often due to internal circumstances such as poor management or external factors like an economic downturn or falling resource prices. But they have potential to recover. These companies may under perform until their circumstances change or value is recognised by the market. The portfolio is likely to hold less than 20 companies (i.e. is more concentrated).

INTRINSIC INVESTMENT MANAGEMENT

TAILORED INVESTMENT MANAGEMENT

A portfolio built for you, not everyone!

We offer our clients a level of personal portfolio tailoring unsurpassed in Australia.

DEEP PORTFOLIO TAILORING*	Choice:	Example:
1. Investment Horizon You can choose the investment horizon of your portfolio	1 Year, 1 to 5 years, 5 years +	*I want a portfolio with an investment horizon of more than 5 years.*
2. Investment Objectives You can choose from a range of investment objectives	Capital Gain, Income, Beat the Market, Exceed CPI, Franked Dividends	*The objective of my portfolio is to generate capital gain.*
3. Range of investment styles You can choose one or more investment styles	Growth, Value, Style Neutral, Absolute Return, Income, Fallen Angels	*I want a growth portfolio.*
4. Exposure to the share market You can choose how much of your portfolio is invested in equities	Fully weighted, Less than fully weighted, Vary according to market conditions	*Always keep my portfolio fully invested in the share market*
5. Portfolio risk relative to the market For you portfolio with us, what risk level do you want relative to the share market?	Lower, Higher, Similar	*I want my portfolio to have less risk than the share market.*
6. Preferred & excluded comps. & industries* You can nominate companies and industries you do and don't want in your portfolio	Nominate Preferred companies & industries, Nominate Prohibited companies & industries	*Please focus on retailing and mining and BHP and Harvey Norman.* *I don't want any gaming companies or Foster's Group.*
7. Attitude to paying Capital Gains Tax You can tell us your attitude to paying capital gains tax (CGT)	Minimise where possible, Try to avoid, Not a consideration, Indifferent, <u>Flagging stock limits</u>	*Paying Capita Gains tax is not a consideration for me.* *Don't sell more than 10% of my ANZ shares.*
8. Attitude to share trading You can tell us how aggressively you want us to manage your portfolio	Trading, Passive, Normal	*I don't want you to "trade" my portfolio. I want a passive approach.*
9. Portfolio income levels You can tell us your preference for income including franked dividends, cash dividends or dividend reinvestment plans	Cash Dividends Dividend reinvestment plans	*Focus on companies paying cash dividends.*
10. Portfolio Concentration You can nominate the number of shares in your portfolio	10 to 20, 20 to 30, 30 to 50 companies	*I only want 10 to 20 companies in my portfolio.*
11. Attitude to falling share markets You can tell us what you want us to do if there is a significant fall in share market values	Substantially increase the portfolio Put some more money into the portfolio Expect the portfolio to recover Sell & reinvest in conservative assets	*If there is a significant fall in share market values, substantially increase the portfolio*
12. Attitude to changes in market confidence You can tell us what you want us to do when market sentiment changes	Reduce investment when risk has ↑ Increase investment when risk↓ Do nothing to my investment Act as Intrinsic sees fit	*If market sentiment changes act as Intrinsic sees fit.*

*** NOTE: Options 4 to 12 not available for the Foundation Investment Account**

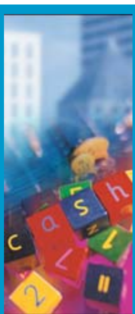
FEATURES OF OUR MANAGED ACCOUNT SERVICES

You're our investment

Both our managed accounts several convenient features.

For example, you can:

- Choose a regular savings plan allowing you to make new investments monthly, quarterly or yearly;
- Decide on a regular income plan paid monthly, quarterly or yearly;
- Make new investments and withdrawals at anytime;
- Change your investment program at anytime;
- Choose our deferred fee option, meaning that we will not withdraw our first management fee until, we have generated sufficient income (Not FIA);
- Choose which of your intrinsic accounts you wish us to bill our investment management fee against (assuming you have more than one account) (Not FIA)
- Choose how you wish your professional adviser to be renumerated and the level of remuneration, (if you have used a professional adviser in relation to your becoming a client);



WHAT MAKES OUR INVESTMENT MANAGEMENT SERVICES BETTER THAN OTHER INVESTMENT STRUCTURES?

You're in control

You retain beneficial ownership of your investments allowing greater flexibility in the management and structure of your portfolio.

You can add or subtract investments from your portfolio at anytime and without charge.

You have continuous access to your portfolio which is valued each day and all trades shown. Unlike pooled investments where you own units and not the underlying investments, you will always know which securities you own and what we have done in managing individual securities.

We manage your portfolio the way you want us to manage it. Thus, you get what you want.

Your own investment program

Only managed discretionary account services like ours can provide an investment program tailored to your individual requirements and preferred investment style(s).

In addition, your investment program can be tailored to reflect your person values. Specific stocks and/or sectors can be excluded from your portfolio at your request.

Your own portfolio manager

As a client you will have your own portfolio manager who is directly responsible for the implementation of your investment program and its on-going management.

You can call your portfolio manager at anytime to discuss your portfolio. You can make changes to your investment program at anytime.

Your tax position is better managed

Because you own the underlying securities in the portfolio, you and your portfolio manager have control over when you want to realize capital gains, allowing you to better manage gains and losses within and outside of your equity portfolio. For example, you may wish us to realise any book losses on your equity portfolio, if you have made a capital gain on an investment property and vice versa.

Your portfolio is managed separately

Your portfolio is managed separately from that of other investors. We will provide regular personalised investment reports and at least annually, review the appropriateness of your unique investment program.

Your portfolio is expertly managed

We use the same investment management process to manage your portfolio as used to manage institutional clients. Like them you will have your own investment management agreement specifying the way you want your portfolio managed within the boundaries you have set us.

INTRINSIC
INVESTMENT MANAGEMENT

WHY USE US?

You're our investment

- We are INDEPENDENT, professional investment managers;
- We specialise in the management of equity portfolios and providing advice on the same;
- Our service is highly personalised and we provide impartial advice;
- Our team are passionate about investing and we have a history of delivering competitive investment returns at some of Australia's largest fund managers and collectively we have managed more than $23 billion dollars;
- We apply our Intrinsic investment process to your portfolio. The same process we use to manage institutional portfolios;
- Only quality investments are included in your portfolio;
- There is separation of the investment management and custodian functions. That is, we do not hold your money, providing an additional level of protection to you and allowing us to focus on managing your money and listening to you.
- For our PIA and PIM services we levy one fee only†. An investment management fee. There are:
    - No establishment, switching, withdrawal or termination fees;
    - No administrative, contribution or expense recovery fees;
    - No adviser service fee or fee for reviewing your portfolio.
- For our FIA we charge a small establishment fee in addition to our investment management fee.
- We make it easier for you. Every thing you need is available on-line including your portfolio. You can even make an application to become a client on-line.
- You live. We'll take care of the details!

Finally, we can make a real difference to your life by giving you something precious – TIME. More time to do the really important things in your life.

Intrinsically yours,

Glenn Woolley

Glenn Woolley,
Managing Director

Investment product comparison*	Sharebroker	Financial Services Companies	INTRINSIC
Product	Direct Equities	Unit Trusts	MDA Portfolios
INVESTMENT MANAGEMENT			
Professional investment managers	x	✓	✓
Professional investment process	x	✓	✓
Professional risk management processes	x	✓	✓
Choice of one or more investment styles	x	Sometimes	✓
Access to many sources of alternative broker research	x	✓	✓
Institutional sized portfolio management expertise	x	✓	✓
Intrinsic investment process	x	x	✓
FOCUS ON CLIENTS			
Independent advice	x	Sometimes	✓
Agreed investment program	x	x	✓
Complete review of investment program annually	x	x	✓
You own the investments directly	✓	x	✓
Web based access to your portfolio	Sometimes	x	✓
Rebate of any commission received on your CMT	x	x	✓
Deep tailoring of portfolio according to your requirements	x	x	✓ **
Your own Portfolio Manager that you can talk to anytime	x	x	✓
Opportunity to receive additional private portfolio services	x	x	✓
TAX MANAGEMENT			
Focus on your after tax returns	x	x	✓
PAYG reporting	Sometimes	Sometimes	✓
Option to aggregate fees against one account	x	x	✓
Portfolio Management to suit your tax circumstances	x	x	✓
Tax planning – CGT, Franking Credits, Div Reinvest Plns	x	x	✓
FOCUS ON THEIR OWN INTERESTS			
Paid to sell you another product	✓	✓	x
Provide both investment management & custody to you	✓	✓	x
Incentive to sell you in-house products/new floats	✓	✓	x
Paid for turning your portfolio over	✓	✓	x
No orders from you, no service from them	✓	✓	x
Paid for turning your portfolio over	✓	✓	x
Portfolio management to meet pooled product objectives	✓	✓	x

***** This comparison table makes generalized observations of three rival types of investment products. There may be some circumstances where our assessment does not apply. The information contained in this table should not be construed as financial advice. You should seek advice from your professional adviser before making any decision based on this table.

****** Not available for foundation investment account.

Note: "Unit Trust" refers to a managed investment scheme whereby your cash is pooled with that of other investors. "Financial services companies" refers to national groups which are or often owned by Banks and Insurance companies. "Sharebroker" refers to advisers employed by participating organisations of the Australian Stock Exchange. "MDA Services" refers to the Intrinsic Private Investment Account and the Intrinsic Private Portfolio Management service.

Next Steps

If you are interested in becoming a client you can contact your professional adviser for any other information and to obtain a financial service guide and an application booklet. Or you can simply complete our online application form found at www.intrinsic.net.au

You can call us during business hours on 1300 168 222 or 03 8616 8222. You will find a real person will speak to you and no phone menus!

Further details can also be found on our web site at: www.intrinsic.net.au including the financial services guide and the application to become a client booklet.
Both can be downloaded to your computer.

† **FEE NOTE:** We have certain fee sharing arrangements with distributors such as financial planners, accountants and fund managers which may result in a different fee schedule from our normal schedule.

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