

Key Information

Investment Type A Registered Managed Investment Scheme or financial product managed fund regulated by the Corporations Act. It provides for discretionary management of separately managed accounts (SMAs) and an administration and reporting service.

Administrator & Responsible Entity OneVue Limited ("OneVue"), formerly Direct Portfolio Services Limited.

Custodian Citibank Pty Limited

Investment Options A choice of:

- EquityPortfolio Mandates (direct equity model portfolios)
- AssetPortfolio Mandates (managed fund model portfolios) or
- AdminPortfolio Mandate (administration and reporting service).

Rebalancing Regular rebalancing of portfolios in line with investment mandates.

Gearing Third-party financing from margin lenders is available.

Minimum Investment \$25,000 initially. No minimum additional amounts.

Distributions Dividends/distributions from EquityPortfolio and AssetPortfolio mandates are reinvested into the portfolio. Dividends/distributions from investments held in the AdminPortfolio are held in cash.

Withdrawals A regular withdrawal plan can be established.

Fees & Commissions

Contribution Fee Up to 3.30% of the investment amount can be paid to advisers. This can be reduced to zero, if agreed with advisers.

Administration Fee 0.11% - 0.495% pa based on investment amount.

Custodian Fee 0.055% pa.

Investment Costs 0 – 0.55% pa for EquityPortfolio Mandates. Nil for AssetPortfolio (Wholesale MER costs apply to managed funds within the AssetPortfolio models) and AdminPortfolio Mandates.

Audit & Compliance Fee \$99 per mandate pa.

What this Rating Means

➤ An Approved rating means the structure provides an adequate means for investors to gain exposure to the underlying investments

Scope of this Rating

➤ This rating applies only to the product structure as outlined in the Product Disclosure Statement and the roles played by the Responsible Entity and only those Investment Managers with a Lonsec rating as outlined on page 3. Any opinion contained herein is confined to these parties only. Lonsec provides no opinion in regard to the stock picking capabilities of the Above The Index Asset Management or Lonsec Limited. Lonsec recommends that investors make their own determination of the ability of these parties to carry out their respective investment mandates.

Lonsec Opinion of this Structure

➤ The separately managed account (SMA) structure in which an investor's underlying investments are held means investors are the beneficial owner of those underlying investments, in this case an equity (EquityPortfolio) or managed funds (AssetPortfolio) portfolio. Investors retain the benefits associated with direct ownership including transparency and potentially greater control over taxation matters (for EquityPortfolio Mandates). SMAs are a relatively new investment platform in Australia; however they have been commonplace in the US for many years.

➤ Administrator and Responsible Entity, OneVue Limited, was created in May 2008 after DirectPortfolio Services Limited (DPSL) merged with Pentafin Pty Ltd, a provider of integrated administration systems for the financial services industry. The combined group is able to offer a more enhanced suite of products and services in managed accounts than was previously the case when DPSL was the Administrator and Responsible Entity.

➤ Lonsec notes that the OzPort portfolio management system used by OneVue has been in use since inception of the business with modifications made in line with advancement of technology. In Lonsec's opinion SMA providers need to show significant commitment to R&D or risk losing market share competitors. OneVue is better able to make this commitment since merging with Pentafin.

➤ The Custodian used by OneVue is appropriate and well placed to perform duties in respect of both domestic and offshore securities. A global sub-custodian, a subsidiary of the Custodian, holds the overseas securities.

➤ Fees are transparent and reasonable for the administrative services provided.

Using this Product

- This is General Advice only and should be read in conjunction with the Disclaimer, Disclosure and Warning on the final page. Investors are advised to read the Product Disclosure Statement prior to making any investment decision.
- ShareInvest provides investors with the opportunity to gain exposure to a selection of managed funds or a portfolio of ASX listed shares managed by external investment managers. The AssetPortfolio mandates encompass six risk profiles ranging from Secure to High Growth.

Investor Suitability

- Investors should have a medium to long term investment time horizon of 5 to 7 years.
- Investors seeking greater control over the taxation of their investments.
- Investors utilising any investment or margin loans should be comfortable with the risks associated with borrowing to invest.
- The structure is suited to SMSFs.

Responsible Entity

The Responsible Entity is OneVue Limited ("OneVue"). OneVue commenced operations as Direct Portfolio Services in 1996 and its core business is the operation of SMA's. In May 2008 Direct Portfolio Services Limited merged with Pentafin Pty Ltd to form OneVue Limited, a provider of integrated administration systems for the financial services industry. Following the merger, the shareholding of OneVue Limited is Ascalon Capital Managers (comprising St George Bank and Kaplan Equity Limited) and Michael Cole owns over 90% of the shares in the company. The remainder is held by staff and committee members.

Michael Cole is the Investment Committee Chair and Board member of OneVue and has extensive wealth management experience. The other 5 members of the Board are also very experienced and appropriately qualified.

The combined group now employs 32 people, including 6 people in product development roles.

Citibank Pty Limited is the Custodian of ShareInvest.

How Does the Structure Work?

ShareInvest allows for the management of direct equity and managed fund portfolios on a discretionary basis. Most managed funds are structured as unit trusts where investors buy units in a fund. Investments with ShareInvest are beneficially owned by investors for tax purposes and separately accounted for in the ShareInvest administration system. The investment is known as a separately managed account or SMA. In

practical terms, this means the underlying investments are known, have a known cost base and acquisition date.

The Custodian, Citibank Pty Limited, holds all ASX listed assets. Managed funds and overseas assets are recorded within the OzPort system, with assets held by the managed fund custodians with ShareInvest recognised on the register as the institutional owner. OzPort is a multi-asset, multi-currency, multi cash account portfolio management system owned internally by OneVue which has been in use and continually developed for 10 years. The system has been stress tested for large numbers of portfolios (>250,000) and transactions (>2 million per year). There are currently approximately 1500 investors. In terms of reporting, investors receive quarterly summaries of any activity and an audited summary tax report containing all of the information required to complete a tax return at the end of the financial year. Investors also have access to these reports and daily portfolio valuations online.

Investors choose from:

EquityPortfolio Mandates - several direct equity mandates and several "tax aware" internally managed mandates actively managed by internal or external investment managers.

AssetPortfolio Mandates – a range of wholesale managed fund mandates actively managed to a pre-determined investment strategy. There are 6 mandates ranging from Secure to High Growth risk profiles. Risk profile descriptions and investment manager weightings are outlined in the PDS.

AdminPortfolio Mandate – an administration and reporting only service for listed securities and managed funds.

A cash account is also established for each investor. All investment mandates target a percentage cash allocation which varies according to the mandate.

Rebalancing occurs periodically in order to re-weight portfolios back in line with investment mandates. Rebalancing also needs to take place following the receipt of dividends or the proceeds of sales. The ShareInvest system calculates what needs to be bought and what needs to be sold for each portfolio. Where possible, buy and sell transactions between investors in the same stock are netted.

Investors' portfolios are also rebalanced in line with investment mandates following material deposit or withdrawal requests.

Equity Portfolio Mandates

Investors choose from the following underlying investment managers:

Investment Manager	Mandate	Lonsec Rating
Equity Mandates		
Above The Index Asset Management	Deep Value	Not Rated
Above The Index Asset Management	High Yield	Not Rated
Ausbil Dexia Limited	Emerging Leaders	Highly Recommended
Ausbil Dexia Limited	Active Equity	Highly Recommended
Lonsec Limited	Core	Not Rated
Lonsec Limited	Income	Not Rated
Property		
Renaissance Property Securities	Property Securities	Investment Grade

OneVue purchases a new portfolio for each new investor under a single Holder Identification Number or HIN. This provides some major advantages over traditional managed funds including:

- avoiding inheritance of an existing tax position on entry which can allow for more effective management of an investor's taxation affairs.
- a withdrawal by one investor does not trigger a tax event for other investors.
- potential for more tax effective management of investments.

Each Investment Manager provides OneVue with their initial and subsequent investments for their mandates. OneVue then executes the instructions received from the Investment Managers. Any changes advised by the Investment Managers are usually replicating those made in their equivalent wholesale pooled funds.

OneVue also internally manage a number of "tax aware" mandates. These are internally managed mandates not rated by Lonsec.

Asset Portfolio Mandates

The selection of the managed funds and their weightings in a portfolio is undertaken by managed fund research houses. Due to a conflict of interest Lonsec has not rated the capabilities of these research houses for the purposes of model portfolio construction. The selections and weightings are subject to regular review and from time to time fund recommendations may change. Managed fund portfolios cover a range of different risk profiles.

Liquidity

Timing of any withdrawals will be determined by the liquidity of the underlying investments. OneVue generally pays electronic cleared funds to a nominated bank account on the same or subsequent business day of receiving a withdrawal (but not a termination) request rather than awaiting proceeds from the sale of underlying securities.

Sales of managed funds can involve longer settlement periods.

Risks

An investment in ShareInvest carries a number of standard investment risks associated with international and domestic investment markets. These include economic, political, legal, tax and regulatory risks. These and other risks are outlined on pages 6-7 of the PDS and should be read in full and understood by potential investors. Lonsec considers the following to be the major risks:

- **Performance risk** – The value of any investment can be affected by many different factors including but not limited to interest rates, economic policies, political events, war and natural events. There is no guarantee that the portfolios selected will increase in value.
- **Mandate and style risk** – Different styles of investing are suited to different times eg value managers tend to outperform growth managers in periods of falling values, while growth managers tend to outperform value managers in periods of rising prices.
- **Gearing risks** – Investors borrowing to invest should be aware that both losses and gains are magnified.

Taxation

Investors should generally be taxed on any income received at marginal rates.

Any disposal of shares resulting in a capital gain or loss should generally be taxable at marginal rates. Where the asset disposed of was held for more than

12 months, eligible investors may be able to claim concessional tax treatment.

These comments constitute 'General Advice' only and Lonsec advises potential investors to consult a taxation specialist before making a decision to invest based upon these taxation considerations. Investors should refer to pages 32-33 of the PDS for more information regarding the taxation of shareholders.

Contact Information

Further information can be found at:

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Analyst Disclosure & Certification

Analyst remuneration is not linked to the rating outcome. The Analyst(s) may hold the products(s) referred to in this document, but Lonsec considers such holdings not to be sufficiently material to compromise the rating or advice. Analyst(s) holdings may change during the life of this document. The Analyst(s) certify that the views expressed in this document accurately reflect their personal, professional opinion about the financial product(s) to which this document refers.

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Analyst: Michael Elsworth

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