

A large, abstract 3D graphic in shades of blue and grey, resembling a stylized cube or a modern architectural structure, is positioned in the upper half of the page. It has a dark blue top surface and lighter blue sides, with a grey base. The background behind it consists of a grid of thin, light grey lines that create a sense of depth and perspective.

IDPS GUIDE

Bennelong Ex-20 Australian Equities Portfolio

Non-Unitised Portfolio Disclosure Document for IDPS Investors dated 22 December 2011.
The Portfolio Manager is Bennelong Funds Management Ltd.

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Non-Unitised Portfolio

Non-Unitised Portfolio	Bennelong Ex-20 Australian Equities Portfolio
Code	BE0003
Inception date	4/12/2009
Manager	Bennelong Australian Equity Partners Pty Ltd ('BAEP') (AFSL 296806, ABN 39 111 214 085)
Benchmark	S&P/ASX 300 Accumulation Index ex the S&P/ASX 20 Leaders
Designed for	The Bennelong Ex-20 Australian Equities Portfolio is designed for investors who: <ul style="list-style-type: none"> • Are primarily seeking capital growth from a portfolio of Australian stocks; • Are seeking some income via dividends and franking credits; and • Have a high tolerance to investment risk.
Investment objective	The Bennelong Ex-20 Australian Equities Portfolio's investment objective is to grow the value of your investment over the long term via a combination of capital growth and income, by investing in a diversified portfolio of Australian shares, excluding the companies in the S&P/ASX 20 Leaders Index, which represents the 20 largest stocks by market capitalisation in Australia.
Investment strategy	Refer to BAEP's Ex-20 Australian Equities Portfolio's investment strategy below.
Investment universe	<ul style="list-style-type: none"> • ASX listed securities • Entitlements and placements associated with ASX listed securities • IPO's; and • Cash <p>The Non-Unitised Portfolio does not invest in derivatives.</p>
Typical number of stocks	Stock Count: typically 20 to 60 stocks Active Stock Limit \pm 10%
Asset allocation ranges	Australian shares: 90% - 100% Cash: 0% - 10%
Investment management fee	0.70% p.a. including GST
Performance fee	15% (inc GST) of out-performance of the S&P/ASX 300 Accumulation Index ex the S&P/ASX 20 Leaders

Bennelong Funds Management

Bennelong Funds Management Ltd ('BFM') is an investment organisation established to deliver excellence in asset management solutions for a diverse group of investors. BFM's aspiration is to incubate, support and grow a suite of high performing asset management teams that offer a range of non-correlated, innovative, value-adding investment strategies and products. Vital to the success of this strategy is equity participation of our asset management teams and the alignment that it creates with our investors.

Bennelong Australian Equity Partners Pty Ltd ('BAEP'), which is partly owned by BFM, is the Investment Manager in relation to the establishment and implementation of the Bennelong Ex-20 Australian Equities Portfolio and is a Corporate Authorised Representative of BFM. The BAEP investment team is led by Paul Cuddy (Chief Executive Officer) and Mark East (Chief Investment Officer).

Investment strategy

BAEP's investment process aims to consistently deliver above-benchmark returns over the medium to long term, while controlling risk within appropriate parameters. BAEP seeks to identify stocks that are likely to deliver above average earnings growth in the foreseeable future and are also attractively priced relative to the market.

BAEP's team of highly experienced analysts undertake comprehensive, ongoing research to assess the earnings prospects and relative valuations of the stocks in their investment universe. BAEP's analysts assess each company's competitive position and the relative attractiveness of the industry in which it operates.

Quantitative and qualitative assessments for each company are combined in an overall company score, which is a primary input into BAEP's portfolio construction process. Other inputs to this process include stock liquidity constraints, constraints on the size of individual stock positions, market sentiment and corporate/market activity considerations.

Risks

This summary is a guide only and is not an exhaustive list of all the risks:

Diversification risk

Lack of diversification across asset classes (for example shares, property, cash, fixed interest) over your entire portfolio of investments may result in more volatility of your portfolio return.

Market risk

Movements in a market sector, due (for example) to interest rate movements, or economic factors may have a negative impact on your investment and/or on the returns generated by your investment. Market values may be volatile and loss of capital may occur.

Global risk

International factors such as exchange rate fluctuations and movements in international stock markets may affect the value of your investment if they are priced in foreign currency. Additionally, these investments may not be hedged effectively or hedged at all from exchange rate fluctuations.

Sector risk

Risk associated with a particular industry's specific products or services due (for example) to changes in consumer demand or commodity prices.

Liquidity risk

We may be unable to sell underlying investments in a timely manner, for example illiquid Securities that are rarely traded on the ASX or are restricted or suspended from trading may not be able to be sold, or property trusts where the underlying property asset requires a considerable amount of time to sell.

Specific asset risk

Risks associated with specific assets, for example certain investments may use leverage, undertake short selling or invest in sophisticated financial products (i.e. derivatives, futures, foreign exchange contracts and options), and such use may potentially cause losses that are large in proportion to the money invested in them. Before selecting any investment as part of your Investment Strategy, you must read the

relevant product disclosure document which will provide more details.

Inflation risk

Your investments may not keep pace with inflation so that over time your money has less purchasing power.

How 'BAEP' manages risk

BAEP is bound by the mandate parameters of the Non-Unitised Portfolio. BAEP is unable to eliminate all investment risk, but does analyse, manage and aim to reduce the impact of risks by actively monitoring investment markets and portfolios and throughout the use of carefully considered investment guidelines.

Performance fees (for actively managed non-unitised portfolios)

Investment Performance Fee

Some Managers may charge a performance fee in addition to the investment management fee, as an additional incentive for the Manager to outperform the Non-unitised Portfolio's Benchmark. Performance fees relate to the outperformance of the Non-Unitised Portfolio in relation to the relevant Benchmark and will generally be paid to the relevant Manager. Please refer to the relevant Non-Unitised Portfolio disclosure documents provided to you by your Adviser for more information including the performance fee % which is used to calculate the \$ amount of performance fee to be deducted from your Account.

Benchmark

Each Manager sets an appropriate Benchmark for the Non-Unitised Portfolio so that performance can be measured in relation to this Benchmark. For example, the "S&P/ASX 200" may be a Benchmark for an Australian shares fund. HUB24 obtains data on these indices from Standard and Poor's including performance data, and we use this to determine the Non-Unitised Portfolio Benchmark return % each day.

We calculate the Non-Unitised Portfolio performance by measuring the daily returns on a notional amount (\$10,000,000) invested in accordance to the Manager's instructions (i.e. in the Securities that make up the Non-Unitised Portfolio using the weights as advised by the Manager).

This identifies the Value Added (defined below) by the Manager compared to its Benchmark, without being distorted by the timing of contributions and withdrawals, and the timing and settlement of trades, all of which can vary for each investor. In this manner the same value added % is charged to each investor in a particular Non-Unitised Portfolio. The % return each day is termed the Non-Unitised Portfolio return %.

Note that dividends are assumed to be reinvested in the Non-Unitised Portfolio in the form of cash. The Manager must regularly rebalance the Non-unitised Portfolio to redistribute any cash weight among Securities as it sees fit. The Non-Unitised Portfolio weights will have in the meantime moved from the original set of weights due to price movements and (possibly) other corporate actions – this is referred to as a "floating Non-unitised Portfolio".

Calculation method

The Performance Fee is calculated as a set percentage applied to the Value Added by the Manager, so the higher the Value Added the higher the Performance Fee as the Manager shares the outperformance with the investor.

The fee is removed from the Account cash reserves at the end of each month (or on prior to full withdrawal from the Non-Unitised Portfolio).

Value Added is a dollar amount and is defined as Value Added % x your Non-Unitised Portfolio value, where Value Added % = (Non-Unitised Portfolio return % less the Non-Unitised Portfolio Benchmark return %) for that day.

Performance is calculated for the Non-Unitised Portfolio and the Benchmark in exactly the same way to identify the Value Added %.

The Value Added dollar amount is accumulated daily so that at the end of a given month, if the cumulative Value Added is greater than \$0 then a Performance Fee is payable on the Cumulative Value Added \$ x the Manager's performance Fee %, at which time the Cumulative Value Added is set to \$0. If the Cumulative Value Added is less than \$0 then a Performance Fee is not payable and the cumulative underperformance amount carries forward to the next month and must be made up before any outperformance fee can be charged.

Example

If at the end of the previous month the cumulative outperformance was negative or -\$1,000 (i.e. a cumulative underperformance) and this month's outperformance is \$1,500 then the cumulative outperformance is \$500. If the Manager charged a performance fee % of 25% then $25\% \times \$500 = \125 would be the performance fee for that month.

Say at the end of the previous month the cumulative outperformance was positive \$1,000 and a performance fee was charged of $25\% \times \$1,000 = \250 , then the cumulative outperformance is reset to \$0. If this month's outperformance is \$1,500 then the cumulative outperformance is $\$0 + \$1,500$ and another performance fee is due of $25\% \times \$1,500 = \375 .

The performance of the Manager's Non-Unitised Portfolio will usually differ to your actual Non- unitised Portfolio for many reasons including:

- cashflows – the timing of capital contributions into and out of your Non-Unitised Portfolio – the Manager's Non-Unitised Portfolio makes no allowance for capital contributions or withdrawals
- your Non-Unitised Portfolio will not be identical to the Manager's Non-Unitised Portfolio, and (minor) rounding adjustments and minimum trade sizes – the notional amount invested in the Manager's Non-Unitised Portfolio is assumed to start at \$10,000,000 which may be different to your actual Account size.

Important information

This document is intended only for purposes of providing an overview of the key features of the Non-Unitised Portfolio available via the IDPS Service operated by HUB24 Custodial Services Ltd (ABN 94 073 633 664, AFS licence No. 239 122) ("the Operator"). The information contained in this document is not intended to be a definitive statement on the subject matter nor an endorsement that this Non-Unitised Portfolio is appropriate for you and should not be relied upon in making a decision to invest in this Service.

Non-Unitised Portfolio information and Investment Strategy contained within this document is provided by Bennelong Australian Equity Partners Pty Ltd

('BAEP') (AFS Licence No. 296806), who is the Portfolio Manager of this Portfolio. BAEP does not guarantee the performance of the Portfolio, the repayment of capital or any particular rate of return.

You must read the IDPS Guide and the Financial Services Guide for this IDPS Service available from your Adviser, in particular, in relation to the risks associated with, and the amounts that may be payable for using, this Service. You must speak to your Adviser and obtain your own independent financial, legal or tax advice before considering whether an investment in this Non-Unitised Portfolio and this Service is suitable for you.

Refer to the IDPS Guide for a general overview of the general risks associated with investing in this Non-Unitised Portfolio via this Service.

No representations or warranties, express or implied, are made as to the accuracy or completeness of the information, opinions and conclusions contained in this document. In preparing this document, the Operator has relied upon and assumed, without independent verification, the accuracy and completeness of all information supplied by or obtained from third parties.

To the maximum extent permitted by law, neither the Operator, nor its directors, employees or agents accept any liability for any loss arising in relation to this document.

The information contained in this document does not take into account the objectives, financial situation or needs of any particular person. The Operator is NOT authorised to provide any personal financial advice. The investment strategy may or may not be successful and the Manager may or may not be successful in identifying investment opportunities.

The Operator, its associates and their respective directors and other staff each declare that they, from time to time, may hold interests in financial products and/or brokerage, fees or other benefits from transactions arising as a result of information contained in this Non-Unitised Portfolio Disclosure Document.

The Benchmark referred to above is a registered trademark unconnected with the Operator, its related parties or associates or the Manager.

A large, decorative graphic consisting of a dark blue wave shape with white lines radiating from its center, creating a sense of motion and depth.

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