

IDPS GUIDE

Clime Concentrated Australian Equities Portfolio

Non-Unitised Portfolio Disclosure Document for IDPS Investors dated 22 December 2011.
The Portfolio Manager is Clime Asset Management Pty Limited.

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Non-Unitised Portfolio

Non-Unitised Portfolio	Clime Concentrated Australian Equities Portfolio
Code	CLI001
Inception date	14/12/2010
Manager	Clime Asset Management Pty Limited (ABN 72 098 420 770 and AFSL 221146)
Benchmark	S&P/ASX 200 Accumulation Index
Designed for	The Clime Concentrated Australian Equities Portfolio is designed for investors who: <ul style="list-style-type: none"> • are after capital preservation with long term capital growth • want some tax-effective income from their investments • seek exposure to a diversified range of companies listed on the Australian Stock Exchange.
Investment objective	The objective of the Clime Concentrated Australian Equities Portfolio is to invest in a concentrated portfolio of excellent quality ASX-listed businesses that can generate high rates of return on equity and can be purchased at a discount to our estimation of intrinsic value.
Investment strategy	Refer to Clime Asset Management's Concentrated Australian Equities Portfolio investment strategy below.
Investment universe	<ul style="list-style-type: none"> • ASX300 • Listed Hybrids • Cash <p>The Non-Unitised Portfolio does not invest in derivatives.</p>
Typical number of stocks	Stock Count: typically 20 to 30 stocks
Asset allocation ranges	Australian equities: 50% - 100% Cash: 0% - 50%
Investment management fee	1.10% (inc GST)
Performance Fee	22% (inc GST) of out-performance of the S&P/ASX 200 Accumulation Index

Clime Asset Management

Clime is a value investor. This means that we invest in companies with **attractive investment characteristics** when the share price is lower than the value. While the price is freely available, the value has to be estimated. This is where the art – and the science – comes in. Clime has a **rigorous approach to investing**.

Clime does not have a mandate to be fully invested. When we cannot find attractive investments at fair value, **we preserve capital** by holding cash.

The company's **investment objective** is to generate returns for shareholders by investing in businesses with understandable economics and excellent growth and income potential that are run by capable management.

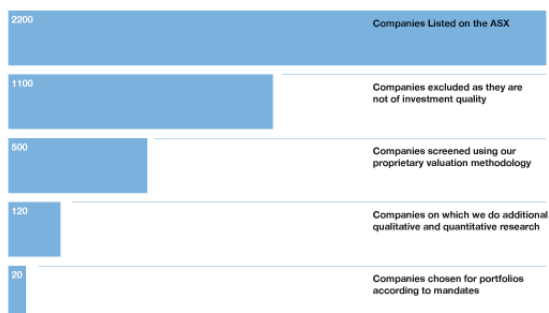
The company was formed to **provide access for all investors** to a strategy intended to create long-term wealth by purchasing, at rational prices, a portfolio of businesses whose earnings are expected to increase over the years.

Our investment objective is to preserve capital and to grow that capital in the medium term. The Clime investment process is driven by our investment beliefs and consists of three key components:

1. Stock selection
2. Attractive investment criteria
3. Risk management

Stock Selection

We take a great deal of care in choosing the companies that make up our investment universe



Attractive Investment Criteria

Before we invest, we assess each company against the

following 'attractive investment' criteria:

- Business Models that are easy to understand, so we can identify how a company generates its revenue.
- Profitability, as distinct from profit and measured by Return on Equity (ROE).
- Profit that can increase year after year, with companies that operate in growth industries and can grow their market share.
- Cash Flow from operating activities rather than financing or investing activities and dividend that is franked.
- Debt levels consistent with the company's business model and market position.
- Sensible Capital Management of both debt and equity.
- Solid Governance, and Management teams that have a track record of integrity

Risk Management

We believe that risk increases when no account is made of each individual investment. The risk in our portfolios is managed by:

- Strict adherence to our fundamental beliefs and value investment philosophy
- Disciplined application of our investment process
- Robust portfolio management systems
- An experienced investment team
- Margin of safety

Investment strategy

Clime Asset Management identifies attractive companies by a process of thorough investigation and methodical research.

Using our proprietary model we conduct detailed analysis to identify opportunities. We spend time understanding what drives a business and then look at the sustainability of the company in establishing its value.

We then look to acquire investments in these attractive companies at a price lower than our intrinsic valuations – ie with a margin of safety.

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 Clime Asset Management Manages risk

Clime Asset Management is bound by the mandate parameters of the Non-Unitised Portfolio. Clime Asset Management 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.

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.

Financial commentary contained within this document is provided by Clime Asset Management Pty Limited (AFS Licence No. 221146), who is the Portfolio Manager of this Portfolio. Clime Asset Management Pty Limited 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.

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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.

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

The trademark "ALTAR Score[™]" is a registered trademark unconnected with the Operator, its related parties or associates. It is associated with the Manager of the Non-Unitised Portfolio.

A large, decorative graphic consisting of a dark blue wave shape on the left, which transitions into a series of white lines that curve and intersect to form a grid-like pattern on the right. The background is white.

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