Discovery Investment Services
Customised Equity Portfolio Service

A tailored approach to Separately Managed Accounts

About the Service

The Discovery Investment Services Customised Equity Portfolio Service (the "Service") is a Separately Managed Accounts solution which offers Professional Investment Services financial advisers a simple service to manage the direct equity holdings of their clients' investment portfolios.

The Service enables your clients to tap into the advantages of professionally managed investment models whilst still retaining beneficial ownership of the assets held in their account.

How does the Service work?

Each client has a separate account into which their investments are allocated. This personal portfolio is constructed using one or a range of investment models, as selected by you, to meet your client's individual needs and objectives. BlackRock, which is the Responsible Entity of the Service, then purchases the securities so that they reflect the model or combination of models chosen.

On an ongoing basis, the investment teams (Model Portfolio Managers) manage the models, and BlackRock executes any trades required to reflect changes the teams make.

Why invest in the Service?

Professionally managed direct equity holdings

Your clients get exposure to the share market, and all the benefits of investing in this asset class, with the additional advantage of having their portfolio professionally managed through a choice of investment models.

Portfolio transparency

Your clients can see the underlying stocks they own as an individual portfolio online. They can also view the daily performance and valuations of their portfolio, dividends and franking credits as they are received, purchases and sales, and any associated brokerage costs.

Fewer trades

Each client's shares, across any number of investment models, are grouped so that they behave like a single share portfolio ("blending"). Shares are also "netted", ie. where prospective purchases and sales are netted against each other before market trades take place. Blending and netting occurs automatically at an individual level and across the entire Service.

Low brokerage fees

Trades are executed at wholesale rates (generally costing less than 5 basis points per trade) and the number of trades is reduced by the blending and netting that occurs within the Service.

Individual Tax Packaging

Each of your clients' individual tax circumstance is able to be optimised with the use of tax parcels. And unlike many other managed investment schemes your clients don't inherit other investors' capital gains.

Access to Barclays Global Investors iShares®

Your clients have access to international equity markets through the Service via a range of Barclays Global Investors iShares® Exchange Traded Funds (ETFs), into which the international Model Portfolios invest directly. These ETFs seek to replicate indices that offer exposure to the world's developed and emerging markets (see the next page for the list of international Model Portfolios available).

A comprehensive range of investment options

The Service has a diverse suite of Model Portfolios, from a number of leading Fund Managers and Research Houses, covering Australian equities, Australian listed property and international strategies (see the next page for the full list of Model Portfolios available).

Margin lending capability*

Your clients have the option to gear their investments with one of a number of Margin Lenders who are affiliated with the Service including:

- Macquarie Investment Lending
- Leveraged Equities

*Please note that not all Model Portfolios are available on each margin lender's recommended list.

Why use the Service?

Spend less time managing your clients' direct equity portfolios

Once your clients are signed-up to the Service and you have allocated them into one or a number of investment models, the Service is completely automated. Unless you choose to re-weight your clients' portfolios, they can be left to be managed by a professional investment manager.

Reporting at the click of a button

The automated reporting feature offers 15 basic reports. This means you can produce a range of reports (such as reports showing the underlying securities, model or portfolio performance or a clients' tax situation), at a click of a button. All the reports use data from the close of business the day before – or for any time period selected.

BlackRock

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Tax consequences easily managed

Capital Gains Tax (CGT) consequences are easily managed. This includes distributions of realised CGT tax free and tax deferred component when calculating CGT positions. As data is available from the close of business the day before, with the exception of LPTs, you can see your clients' tax positions instantly.

Easy to move clients into the Service and add to their current holding

Setting up a client in the Service is as easy as completing the application forms and have the clients transfer the money into a holding account. Should your clients already hold existing stocks, these stocks can be "in-specie transferred" into the Service and filtered into the chosen investment models. Your clients can add to their investment via a direct debit to the Service.

A flexible fee structure

You may have clients on different types of fee structures and on different rates. The Service is flexible and enables you to have each of your clients on a different pricing structure if you choose.

No additional licensing required

The Service is approved by Professional Investment Services, so you are licensed to advise in relation to the Service.

Your choice of investment models

There are 35 models available through the Service (listed below), each of which vary in their investment strategy. You can invest your clients in one, or a range, of these models in any weightings that you choose.

- BlackRock Index – Top 20
- BlackRock Property Securities Index
- Discovery Financials
- Discovery Value
- Discovery Resources
- Discovery Growth
- Aegis Australian Share Growth
- Aegis Australian Share Income
- Aegis Emerging Companies
- Ausbil Dexia Australian Active Equity
- Ausbil Dexia Australian Emerging Leaders
- Lonsec Core
- Lonsec Income
- Perennial Australian Property
- Perennial Value Australian Shares
- SPDR S&P/ASX 200
- SPDR S&P/ASX 200 Listed Property
- van Eyk Leaders
- van Eyk Income
- van Eyk Small Companies
- van Eyk Ethical
- ETF S&P Global 100
- ETF S&P 500
- ETF S&P Europe 350
- ETF MSCI EAFE
- ETF MSCI Emerging Markets
- ETF FTSE/Xinhua China 25
- ETF MSCI Hong Kong
- ETF MSCI Japan
- ETF MSCI Singapore
- ETF MSCI South Korea
- ETF MSCI Taiwan
- ETF Russell 2000
- ETF S&P MidCap 400
- ETF S7P SmallCap 600

Fees*

Minimum investment	Set by financial adviser
Service fees	Set by financial adviser (up to a maximum of 1.1% p.a.)

Fees when money is moved into or out of the Service

Establishment fee	Nil
Contribution fee^	Up to 4.40%
Withdrawal fee	Nil
Termination fee	Nil

Management costs^

Administration fee	First $500,000	0.60% p.a.
	$500,001 – $1,000,000	0.44% p.a.
	$1,000,001 – $5,000,000	0.33% p.a.
	$5,000,001 – $10,000,000	0.23% p.a.
	More than $10,000,000	0.05% p.a.
Investment fee	Each Model Portfolio has its own fee structure	
Performance fee	Each Model Portfolio has its own fee structure	
Research fee		0.25% p.a.

* *Details of these fees are available in the Discovery Investment Services Customised Equity Portfolio Service Product Disclosure Statement (PDS) dated 31 October 2007, which must be read in conjunction with the Supplementary PDS dated 14 April 2008.*

^ *Inclusive of GST*