



# LM Investment Management Ltd

The global pathway to Australian investment solutions

## LM Managed Performance Fund Disclosure Update 31 January 2013

Please read the information at the end of this document in conjunction before making any investment decisions. The following disclosure updates the information provided in the Information Memorandum (IM) dated 14 December 2012.

### Assets of the LM Managed Performance Fund

The Fund currently invests in commercial loans, direct real property and cash. The Fund's assets are Australian.

### Asset Allocation

The assets of the Fund as at 31 January 2013 totalled AUD 401,769,952 and were made up as follows:



\* Historically, cash levels in the Fund have ranged between 1.00% and 5.00%.

### Commercial Loan Portfolio Details as at 31 January 2013

Portfolio Details	Actual (%)
Total amount of commercial loans	385,202,820
Number of commercial loan assets	18
% of commercial loan with fixed interest rates	100%
Smallest mortgage	620,295
Largest mortgage	240,673,010
Average mortgage size	21,400,157

### Sector Diversification



### Geographic Diversification



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Geographic Guidelines	No. of Loans	Valued (AUD)	Actual (%)
New South Wales	8	55,275,843	14.35
Victoria	2	3,830,333	0.99
Queensland	5	285,499,093	74.12
South Australia	0	0	0
Australian Capital Territory	1	17,441,684	4.53
Western Australia	2	23,155,866	6.01
Northern Territory	0	0	0
Tasmania	0	0	0

### LM Managed Performance Fund Loans in Arrears

From time to time some of the commercial loans within the Fund may fall into arrears. The Manager utilises its property expertise and its arrears management policies and procedures to secure realisation and exit strategies for all arrears loans. As at 31 January 2013 loans in arrears totalled 4.37% of the net assets of the Fund.

### Strategic Asset Allocation

The Manager carefully selects assets for the Fund adhering to a rigorous due diligence process. In relation to mortgage assets, the Credit Committee for the Fund focuses on locations offering property growth opportunities, as well as property sectors which are expected to perform.

The Fund targets assets located in metropolitan and wider metropolitan areas throughout Australia, where population growth supports strong demand. The Fund does not seek to invest in remotely located or rural assets, nor in highly specialised properties such as service stations or licensed pubs or clubs, due to the limited use and contingency for this type of asset. The Fund does not seek to provide domestic housing finance to individual home buyers.

The ongoing strength of the Australian economy means that investment opportunities exist across all the main property sectors: residential, retail, commercial office and industrial.

### Managing Fund Assets

The underlying assets in the Fund generally have a realisation (or duration) of approximately 3 – 5 years. The investment mandate for the Fund is to match the duration of an investor's commitment with those of the underlying assets i.e. 3 – 5 years. Investors might from time to time have to remain invested for longer periods to match their investment with the assets and allow the Manager to manage the assets of the Fund in the most optimal way.

The prime objective of the Fund is to deliver income to investors whilst maintaining capital value of investment in the Fund. The priority is to protect all investors and all Fund capital. In order to do this and to protect the value of the Fund, from time to time it may be necessary to suspend the payment of withdrawals in accordance with available Fund cash flow, with usual due payment timeframes not being met. To protect all Fund investments, the acceptance and payment of withdrawals for investments by Personal Investors is currently being managed outside the timeframes ordinarily utilised by the Manager. Current redemption payment timeframes are available from the Manager.<sup>1</sup>

This document is intended as general information only, not as financial product advice. LM is the product issuer, is licensed to operate the Fund, and not as a provider of financial product advice. LM recommends investors seek independent financial advice which takes into account their personal financial situation, objectives and needs and read and consider the Fund's current Information Memorandum (IM), any Supplementary IM, and this update (available at [www.LMaustralia.com](http://www.LMaustralia.com) or by contacting LM on 1800 062 919 or [mail@LMaustralia.com](mailto:mail@LMaustralia.com)) before making any decision about the product and this update.

<sup>1</sup> In certain circumstances it may be appropriate to protect the Fund via the delay or suspension of withdrawals. For full details of withdrawals please refer to "How to Withdraw" and "Managing Withdrawal Timeframes" in the Fund's current IM.

For significant risk factors that may affect the liquidity of the Fund, see "Liquidity Risk" on page 24 of the Fund's IM.

An early redemption exit penalty will be applied to break of term redemptions.

Investors may lose some or all of their principal investment.

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