



**LM Investment Management Ltd**

The global pathway to Australian investment solutions

ABN 66 077 208 461 AFSL No. 220281

# LM Managed Performance Fund

ESTABLISHED IN DECEMBER 2001

**Information Memorandum** Issued 14 December 2012

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# Important Information

This Information Memorandum is issued by LM Investment Management Ltd ABN 68 077 208 461 (the "Manager" or "LM") on 14 December 2012 as trustee and manager of the LM Managed Performance Fund (the "Fund"). Investors should read the entire Information Memorandum and any supplementary documents before making a decision to invest.

LM Investment Management Ltd holds the licence required in Australia under the Corporations Act 2001 to carry on a financial services business as the trustee and manager of the LM Managed Performance Fund. The operations of LM are regulated under the Corporations Act 2001. As a trust, the LM Managed Performance Fund is also subject to Australian trust law.

The LM Managed Performance Fund is designed for investors outside Australia who are direct investors, operators of global platforms, global portfolio bonds, master trusts and wrap accounts or institutional investors. The Manager recommends that all investors seek professional investment advice prior to investing. Investors should base their investment decision on an independent assessment of the information contained in this Information Memorandum and any investigation of it they consider necessary. This Information Memorandum is available to provide information on the Fund and does not consider an investor's individual circumstances, objectives, financial situation or needs and is not a recommendation by the Manager or the custodian that any person should invest in the Fund. The Manager will not accept investments from Personal Investors that have not been made through a financial intermediary.

This Information Memorandum does not purport to contain all the information an investor may require to make an informed decision as to whether to invest or otherwise. In particular it is important that investors consider the risk factors that could affect the performance of the Fund. Past performance should not be taken as an indicator of future performance. Neither the Manager nor the custodian gives any guarantee with respect to the performance of the Fund, the payment of income, the repayment of capital by the Fund, or the taxation consequences of investing in the Fund.

No person is authorised to give any information or to make any representation in connection with the offer of units in the Fund described in this Information Memorandum which is not contained in this Information Memorandum. Any information or representation not so contained may not be relied upon as having been authorised by the Manager in connection with this offer.

All financial amounts shown in this Information Memorandum are expressed in Australian dollars.

This Information Memorandum does not constitute an offer or solicitation in any jurisdiction where, or to any persons to whom, it would be unlawful to offer this Information Memorandum. It is the responsibility of any overseas applicant to ensure compliance with all laws of any country relevant to their application. The return of a duly completed Application Form will be taken to constitute a representation and warranty that there has been no breach of such laws and that all necessary approvals and consents have been obtained. An application may only be accepted on an Application Form which forms part of this Information Memorandum.

The Manager has consented to the use of this Information Memorandum by operators of global platforms, global portfolio bonds, master trusts and wrap accounts ("Global Platform/Portfolio Bond Investors") in order to provide the clients of such operators with information about the Fund. However, those clients ("Indirect Investors") should read the disclosure document issued by the operator of the global platform, global portfolio bond, master trust or wrap account, in addition to this Information Memorandum, before directing the operator to invest in the Fund on their behalf.

The information in this Information Memorandum is up to date at the time of preparation. Some information can change from time to time. The Manager may change any of the terms and conditions in this Information Memorandum. Notice of material changes will be given to investors, normally in the form of a replacement or supplementary Information Memorandum. Indirect Investors will need to contact the operator of their global platform, global portfolio bond, master trust or wrap account for details of changes.

## About the LM Managed Performance Fund Established 2001

The LM Managed Performance Fund was established in 2001 as an Australian income fund suitable for global investors. This summary provides an overview of the key features of the Fund for investors. The entire Information Memorandum should be read before investing in the Fund.

<b>Investment Objective</b>	To provide investors with a competitive return by benefiting from the Fund's investment in commercial loans, direct real property and cash. Commercial loans include mortgages secured over real property (which are a type of debt instrument). Non-Australian dollar investments are either hedged in the relevant currency against Australian dollar currency movements or cash investments are held in non-Australian dollar currencies.
<b>Assets of the Fund</b>	The Fund currently invests in commercial loans, direct real property and cash. The Fund's assets are Australian.
<b>Who Can Invest?</b>	<p>The Fund allows for investment by:-</p> <ul style="list-style-type: none"> <li>&gt; Investors outside Australia ("Personal Investors") investing directly in the Fund.</li> <li>&gt; Operators of global platforms, global portfolio bonds, master trusts and wrap accounts and institutions ("Global Platform/Portfolio Bond Investors") investing the funds of their clients ("Indirect Investors").</li> <li>&gt; Invitation Only Wholesale Investors. The Manager may invite wholesale clients including related bodies corporate of the Manager and other managed investment schemes operated by the Manager to invest in the Fund. Refer to page 38 of this Information Memorandum ("Invitation Only Wholesale Investors in the Fund").</li> </ul>
<b>Currencies Available</b>	<p>Investment may be arranged for most currencies which include those listed below:-</p> <p>&gt; AED &gt; AUD &gt; CAD &gt; CHF &gt; DKK &gt; EUR &gt; GBP &gt; HKD &gt; JPY &gt; NOK &gt; NZD &gt; SEK &gt; SGD &gt; THB &gt; TRY &gt; USD &gt; ZAR</p> <p>For clarification on hedging a specific currency please contact the Manager. An investment in AUD is not hedged.</p>
<b>Currency Hedge</b>	Non-Australian dollar investments are either hedged in the relevant currency against Australian dollar currency movements through the use of hedging instruments chosen by the Manager and provided by a foreign exchange counterparty, and/or cash investments are held in the relevant non-Australian dollar currencies.
<b>Investment Terms</b>	<ul style="list-style-type: none"> <li>&gt; <b>Personal Investors</b> can choose the term of their investment by selecting one or more of the investment terms:- &gt; 1 Year &gt; 2 Year &gt; 3 Year &gt; 4 Year &gt; 5 Year</li> </ul> <p>and</p> <ul style="list-style-type: none"> <li>&gt; <b>Global Platform/Portfolio Bond Investors</b> invest in a continuous rolling 1 month investment term. Current timeframe options for such investments are 1 Year, 2 Year, 3 Year, 4 Year and 5 Year and the interest distribution rates will depend on the proposed timeframe chosen;</li> </ul> <p>and</p> <ul style="list-style-type: none"> <li>&gt; <b>Limited Offer Fixed Term Personal Investors.</b> From time to time the Manager may offer Personal Investors an investment term with different investment terms, distribution rates, withdrawal notice and/or early repayment conditions than those listed above. Refer to page 17 of this Information Memorandum ("Limited Offer Fixed Term").</li> </ul> <p>Investors may request other investment terms by applying to the Manager. If the Manager allows any other investment terms (including any investment terms determined by the Manager for Invitation Only Wholesale Clients), the other conditions of the investment will be the same as the Fund's investment conditions outlined in the Fund's constitution and the Information Memorandum in use at the time the other term commences.</p>

<b>Fund Performance</b>	<p>Fund performance is variable and will depend on the income earned, expenses paid by the Fund from time to time, and the type of investment chosen. Interest will be reflected in the unit price for the investment.</p> <p>Investors can obtain details of the historical performance of the Fund in respect of particular investment options from the Manager's regional offices or by telephoning the Manager's head office on +617 5584 4500 or from the Manager's website at <a href="http://www.LMaustralia.com">www.LMaustralia.com</a>. Past performance is not an indicator of future performance.</p>	
<b>Interest Distributions</b>	<p><b>Personal Investors</b></p> <p>Personal Investors apply for Accumulative units. For Accumulative units, interest distributions are continually reinvested.</p> <p>Interest distributions are calculated daily and reflected in the daily unit price for the investment.</p> <p>Investors can elect to have the number of units equivalent to the interest distribution redeemed/withdrawn monthly, quarterly or annually and paid to their nominated bank account. (Refer to page 17 of this Information Memorandum under the paragraph headed "Interest Distributions for Personal Investors" for further details).</p>	<p><b>Global Platform/Portfolio Bond Investors</b></p> <p>Global Platform/Portfolio Bond Investor can choose either Accumulative or Income units.</p> <p>For <b>Accumulative units</b> interest distributions are continually reinvested and interest distributions are reflected in the daily unit price for the investment. Investors can elect to have the number of units equivalent to the interest distribution redeemed/withdrawn at regular intervals (e.g. monthly) and paid to their nominated bank account.</p> <p>For <b>Income units</b>, interest distributions are automatically distributed each quarter to investors (by payment to the investor's nominated account).</p> <p>Interest distributions are calculated daily and reflected in the daily unit price for the investment (although for Income units interest distributions are paid out at the end of each quarter).</p> <p>Refer to page 20 of this Information Memorandum under paragraph headed "Interest Distributions for Global Platform Portfolio Bond Investors" for further details.</p>
<b>Classes</b>	<p>Both Personal Investors and Global Platform/Portfolio Bond Investors may apply for "B" class units (also referred to as "Accumulative" units) under this Information Memorandum. Only Personal Investors may apply for investment in the Limited Offer Fixed Term class which issues "F" class units. Only Global Platform/Portfolio Bond Investors may apply for "C" class units (also referred to as "Income" units) under this Information Memorandum. For further information on classes, refer to the paragraph under the heading "Unit Pricing" on page 14 of this Information Memorandum and the paragraph under the heading "Units" on page 38 of this Information Memorandum.</p>	
<b>Minimum Investment</b>	<p>AUD\$1,000 or relevant currency equivalent. Conditions apply, please refer to the "How to Invest" section on page 25 of this Information Memorandum for further details.</p>	
<b>Minimum Withdrawal</b>	<p>AUD\$1,000 or relevant currency equivalent.</p>	
<b>Minimum Balance</b>	<p>AUD\$1,000 or relevant currency equivalent.</p>	

**Automatic Rollover****Personal Investors**

For Personal Investors investing in the 1 year, 2 year, 3 year, 4 year or 5 year term (but not in the Limited Offer Fixed Term), if no maturity instructions are provided at the time of investment or at least 90 days prior to the maturity date, the following default process will apply:-

- > At the end of the investment term the investment is automatically reinvested in the originally nominated currency for further 1 Year investment terms at the distribution rate applicable for the nominated currency 1 Year term until either the investor notifies the Manager to reinvest the investment for a different investment term, or a withdrawal notice is received by the Manager within the prescribed withdrawal notice period. Refer to page 26 of this Information Memorandum ("How to Withdraw") for terms applying to withdrawals.

For Personal Investors investing in the Limited Offer Fixed Term, if no maturity instructions are provided at the time of investment or at least 90 days prior to the maturity date, the following default process will apply:-

- > At the end of the investment term the investment is automatically reinvested in the originally nominated currency for further 1 Year investment terms at the distribution rate applicable at that time for such further 1 Year terms until either the investor notifies the Manager to reinvest the investment for a different investment term, or a withdrawal notice is received by the Manager within the prescribed withdrawal notice period. Refer to page 26 of this Information Memorandum ("How to Withdraw") for terms applying to withdrawals. The Manager will advise the Investor before the rollover whether the distribution rate applicable at the relevant time for such further 1 Year term is a fixed rate or a variable rate.

Prior to rollover of the investment Investors should consider the current Information Memorandum.

**Global Platform/Portfolio Bond Investors**

Global Platform/Portfolio Bond investments will continually roll for further investment terms of the same length until a withdrawal notice is received. Refer to page 26 of this Information Memorandum ("How to Withdraw") for terms applying to withdrawals.

Prior to rollover of the investment Investors should consider the current Information Memorandum. Investors can obtain details of historical performance for the Fund in respect of each particular investment option and a copy of the Information Memorandum that will apply for the purpose of reinvestment from the Manager's website at [www.LMaustralia.com](http://www.LMaustralia.com). Past performance is not an indicator of future performance.

Investors can obtain details of historical performance for the Fund in respect of each particular investment option and a copy of the Information Memorandum that will apply for the purpose of reinvestment from the Manager's website at [www.LMaustralia.com](http://www.LMaustralia.com). Past performance is not an indicator of future performance.

<b>Withdrawal Notice</b>	<b>Personal Investors</b>	<b>Global Platform/Portfolio Bond Investors</b>
	<p>For <b>Personal Investors</b> a withdrawal notice must be received by the Manager at least 90 days prior to the maturity date of the investment term. Ordinarily, AUD investment withdrawal requests received within this time period are accepted by the Manager and proceeds are paid within 30 days after the maturity date, and non-AUD investment withdrawal requests are accepted by the Manager and proceeds are paid within 5 business days after the maturity date.</p> <p>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.</p> <p>From time to time the Fund may be unable to accept withdrawal requests and pay proceeds within the timeframes specified above, and redemption/withdrawal payments may effectively be suspended. To protect all Fund investments, the acceptance and payment of withdrawals is currently being managed outside the above timeframes. Please contact your financial adviser or the Manager for information regarding currently anticipated timeframes. For further details refer to the paragraph headed "Managing Withdrawal Timeframes" on page 14 of this Information Memorandum.</p>	<p><b>Global Platform/Portfolio Bond Investors</b> may request to withdraw units on at least 90 days' notice calculated from the last day of the month in which the Manager receives the withdrawal notice. For example, where the Manager receives a withdrawal notice from a Global Platform/Portfolio Bond Investor on 14 December, such redemption will generally be processed and paid by the Manager on 31 March. Where the Manager receives a withdrawal notice from a Global Platform/Portfolio Bond Investor on 30 March, such redemption will generally be processed and paid on 30 June.</p> <p>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.</p> <p>From time to time the Fund may be unable to accept withdrawal requests and pay proceeds within the timeframes specified above, and redemption/withdrawal payments may effectively be suspended. For further details refer to the paragraph headed "Managing Withdrawal Timeframes" on page 14 of this Information Memorandum.</p>
<b>Unit Pricing</b>	<p>The Fund issues units on application at a variable unit price calculated daily. Unit prices are issued in Australian dollars and presented to investors in the relevant currency equivalent of the Australian dollars. The daily unit price of each currency option and investment term is available from the Manager's website at <a href="http://www.LMaustralia.com">www.LMaustralia.com</a>. Refer to the paragraph headed "Unit Pricing" on page 14 of this Information Memorandum for further details.</p>	

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<b>Australian Taxation</b>	If an investor is not an Australian resident for taxation purposes, Australian taxation rates will not apply, however withholding tax is deducted from distributions at a rate of 10%. Non-resident investors may be entitled to claim a credit for withholding tax in their country of residence. Specific taxation advice should be obtained by investors. Refer to page 36 of this Information Memorandum under the heading "Non-Resident Investors" for further information.
<b>Fees</b>	The Manager receives a Management Fee which is currently calculated as a percentage of the net assets of the Fund. For full details please refer to page 28 of this Information Memorandum ("Fees and Costs").

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# LM Managed Performance Fund

## Investment Objective

To provide investors with a competitive return by benefiting from the Fund's investment in commercial loans, direct real estate and cash. Commercial loans include mortgages which are secured over real property (which are a type of debt instrument) Non- Australian dollar investments are either hedged in the relevant currency against Australian dollar currency movements or cash investments are held in non-Australian dollar currencies.

## Benefits of Investing

- > Medium to long term income;
- > Competitive income rates;
- > Choice of currencies with non-Australian currency hedged against movements in the Australian dollar;
- > Choice of investment term;
- > Funds management expertise - in Australian property;
- > Specialist property experience of the Manager.

## Who Can Invest in the Fund

The Fund allows for investment by:-

- > Investors outside Australia ("Personal Investors") investing directly in the Fund.
- > Operators of global platforms, global portfolio bonds, master trusts and wrap accounts and institutions ("Global Platform/Portfolio Bond Investors") investing the funds of their clients ("Indirect Investors").
- > Certain invitation only wholesale investors.

## Choice of Currency of Investment

Investment may be arranged for most currencies which include those listed below:-

>AED >AUD >CAD >CHF >DKK >EUR  
>GBP >HKD >JPY >NOK >NZD >SEK  
>SGD >THB >TRY >USD >ZAR

For clarification on hedging a specific currency please contact the Manager. An investment in AUD is not hedged.

## Currency Hedge

The Fund hedges non-Australian dollar investments made by investors against Australian Dollar currency movements through the use of hedging instruments chosen by the Manager and provided by a foreign exchange counterparty and/or holds cash investments in the relevant non-Australian dollar currencies.

## Investment Options Available for Investors

- > **Personal Investors** can choose the following investment terms:-  
>1 Year >2 Year >3 Year >4 Year >5 Year
- > **Global Platform/Portfolio Bond Investors** invest in a continuous rolling 1 month investment term. Current investment unit class options are 1 Year, 2 Year, 3 Year, 4 Year and 5 Year; and
- > **Limited Offer Fixed Term.** From time to time the Manager may offer Personal Investors an investment term with different investment terms, distribution rates, withdrawal notice and/or early repayment conditions than those listed above. Refer to page 17 of this Information Memorandum ("Limited Offer Fixed Term").

Investors may request other investment terms by applying to the Manager. If the Manager allows any other investment terms (including any investment terms determined by the Manager for Invitation Only Wholesale Clients) the other conditions of investment will be the same as the Fund's investment conditions outlined in the Information Memorandum in force at the time the other term commences.

## Fund Performance

Fund performance is variable, and will depend on income earned and expenses paid by the Fund from time to time and on the type of investment chosen. Interest is reflected in the unit price for the investment.

Investors can obtain details of the historical performance for the Fund in respect of particular investment options from the Manager's website at [www.LMaustralia.com](http://www.LMaustralia.com). Past performance is not an indicator of future performance.

## Investments by the LM Managed Performance Fund

The Fund currently invests in:-

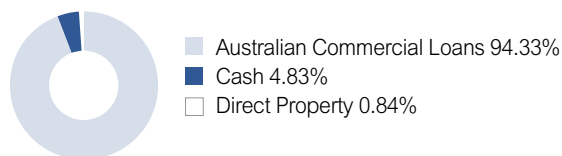
- > Australian commercial loans;
- > Direct real property; and
- > Cash held at banks.

The Manager is selective in its choice of assets for the LM Managed Performance Fund adhering to a rigorous due diligence process. The Fund's investment committee focuses on Australian locations offering property growth opportunities and property sectors which are expected to perform. Equally before disposing of assets, the Manager's investment committee follows a research driven approach to ensure that the disposal/sale is in the best interests of investors.

## Fund Assets

The assets of the Fund as at 30 September 2012 totalled \$379,297,296 and were made up as follows:-

### Asset Allocation



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

For further details of the Fund's current Australian assets refer to page 16 of this Information Memorandum "Snapshot of LM Managed Performance Fund's Current Australian Assets". Updated information regarding the Fund's assets is available from the Manager's website at [www.LMaustralia.com](http://www.LMaustralia.com) in the document titled "LM Managed Performance Disclosure Update, or a copy can be obtained free of charge by telephoning the Manager's regional offices or the Manager's head office on +617 5584 4500.

### Segregated Fund Assets

As Manager, LM's primary responsibility is to operate and manage the Fund's investments in the best interests of investors, in accordance with the Fund constitution and Australian trust law.

LM has an external custodian, The Trust Company (PTAL) Limited, to facilitate efficient and secure management of Fund assets.

The role of the custodian is to ensure that:-

- > Fund assets are held securely;
- > Fund assets are clearly identified and held separately from LM's assets and assets of any other fund; and
- > safe keeping of the investment documents (such as title deeds).

### Investment Approach

LM's investment approach for the Fund is to target opportunities arising out of its daily business as an Australian funds management company. The Manager employs alternative investment strategies and targets an expanded range of investment opportunities with no restrictions. All investment proposals are assessed by the Manager's investment committee based on its assessment of the expected risk adjusted return. The focus of the committee is to use its investment analysis and risk management skills to meet the performance objectives of the Fund.

Examples of types of investments the Fund may invest in are as follows:-

- > Commercial loans for the purchase and/or development of Australian real property;
- > Investment in the registered managed investment schemes operated by the Manager including but not limited to the LM Australian Income Fund, LM Australian Structured Products Fund, The Australian Retirement Living Fund and the LM Cash Performance Fund. Disclosure documents in relation to each of these funds are available from the Manager's website at [www.LMaustralia.com](http://www.LMaustralia.com). These documents provide detailed information about the structure, performance and risk of each of these funds;
- > Though it has not done so to date, the Fund could invest in various property syndicates and direct property trusts which own and manage commercial properties;
- > Funding secured by way of first and second ranking security behind other financiers including advances made by one of the funds operated by the Manager; and
- > Commercial loans to third parties approved by the Manager. The Fund has, and may continue to, make loans to the Manager in its own right (or to related parties including directors) provided they are secured and guaranteed and are on appropriate commercial arms length terms.

The Manager actively manages Fund assets to ensure that the optimum asset allocations are applied to the portfolio in accordance with the Fund's objective. The Manager follows a disciplined research driven approach to investing. This investment approach is also adhered to for all other funds of which LM Investment Management Ltd is the manager and/or responsible entity.

All decision making in relation to the assets of the Fund is handled through a collaborative discussion forum of committee structures, rather than resting with one person. Both the broad base of expertise involved in committee discussions together with the objectivity offered by voting members of the committees is designed for the ultimate protection of investor funds. The investment committee is integral to the risk management processes utilised by the Manager with respect to the selection of mortgage and property assets for the Fund. The investment committee calls for collaboration of a broad base of expertise from the property, finance, legal and accounting sectors when evaluating mortgage/property related assets for the Fund. The formal structure and collaborative decision making process provided by the investment committee ensures an informed assessment and objective decision regarding all Fund assets.

## 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.

## Liquidity Strategy

The Manager monitors and balances the Fund's portfolio of assets between commercial loans, cash and direct property in an endeavour to maintain:-

- > the delivery of consistent performance for investors;
- > sufficient liquidity for investors redeeming their investment in the Fund; and
- > sufficient liquidity to service the requirements of both existing and new mortgage securities and/or other assets.

The Manager continually monitors and manages the four variables that impact on liquidity which are: investor inflows; investor redemptions; loan draws and loan repayments.

To maintain a supply of loans for the portfolio, the Manager's Property Asset Management Department markets its property and lending expertise, through an established network of Australian loan originators, and Australian property business professionals.

The Manager has cash flow estimates for the Fund that demonstrates the Fund's capacity to meet its expenses, liabilities, margin requirements for the hedging instruments and other cash flow needs.

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. For further details refer to the paragraph headed "Managing Withdrawal Timeframes" on page 14 of this Information Memorandum.

For significant risk factors that may affect the liquidity of the Fund, see "Liquidity risk" on page 23 of this Information Memorandum.

## Asset Management

All decision making in relation to the assets of the Fund is handled through collaborative committee structures. Committees involved in the evaluation of assets and ongoing management of the Fund are as follows:-

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<b>Property Research and Analysis Committee</b>	Specifically assesses macro-economic information and targets locations offering property growth opportunities and property sectors expected to perform.
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<b>Funds Management Committee</b>	Responsible for setting the parameters of asset allocation.
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<b>LM Managed Performance Fund Credit Committee</b>	Responsible for approving and setting the terms and conditions of Fund assets, and driving the ongoing, proactive management of the Fund assets.
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## Loan Management and Valuation Methodology

The assets of the fund are commercial loans, direct real property and cash.

Utilising the Manager's inhouse property expertise and business relationships from the Australian property sector, the Fund extends a full range of finance facilities, with a specialist focus on development and construction facilities.

### LM Property Asset Management for the Fund

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<b>Commercial Lending</b>	<b>Loan Management</b>	<b>Development Management</b>
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## Commercial Lending

The Commercial Lending division has extensive experience in a range of property related fields. We provide structured lending solutions for a range of borrowers from property development, leased commercial buildings including retail shopping centres, office buildings, aged care and industrial.

- > First point of contact with the existing third party brokers;
- > Build relationships with new brokers and borrowers;

- > Business development and marketing of LM loan products;
- > Structure new lending applications;
- > Review lending product and competitors;
- > Property Market Research;
- > Co-ordinate new loan applications;
- > Co-ordinate Valuers, Quantity Surveyors, Legal and other third parties involved in new loan transactions;
- > Manage and Monitor the Commercial Lending Portfolios;
- > Identify new opportunities for LM funds;
- > Provide report and presentation to advisers and unit holders of LM funds on Commercial Lending.

### **Loan Management**

- > Manage Fund assets so as to maximise their value to the Fund.
  - Direct control by the Fund as owner of the asset;
  - Controlled management by experienced operators for specialised assets;
  - Regular site inspections and review of market conditions;
  - Knowing and understanding the on site managers and employees;
  - Direct control and review of income and expenditure;
  - Continual maintenance review program.

### **Development Management**

- > Deliver projects from conception to completion
  - Developing work-out strategies and undertaking feasibility studies;
  - Assembling, co-ordinating and directing project consultant teams;
  - Design development to maximise construction efficiencies and saleability;
  - Obtain all statutory, town planning and building approvals;
  - Tender, negotiate and document construction contracts;
  - Construction management (including commissioning and managing defects works post construction);

- Regular reporting on actual versus budget forecasts and project progress against the critical path;
- Assess monthly progress claims, variations and contractual claims etc;
- Formulate and manage sales and marketing campaigns to realise maximum profits from the project in accordance with the development budget programme.

### **Lending Principles**

- > Risk management is a priority.
- > LM manages risk in its lending procedures, which include being proactively involved with the borrower and the borrower's professional project team from setting the loan, through any relevant development/construction phase, in securing senior debt as required on development/construction assets, overseeing sales campaigns and generally working with the borrower team to ensure important timeframes are met and that the project performs throughout with successful repayment of the debt to the Fund.
- > The type of real estate offered for security must be acceptable to the Manager. Typical debt securities will include commercial, industrial, residential real estate and aged care property and development.
- > The ability of the borrower and/or the property or development to service the facility must be established to the satisfaction of the Manager.
- > To the extent that they may affect the value or performance of an underlying investment the Manager may take into account labour standards, or environmental, social or ethical considerations when making, retaining or realising an investment in the Fund. The Manager has no predetermined view about how far such matters will be taken into account, and the Manager will make a determination on such issues on a case by case basis.

### **Lending Procedures**

- > Assessment of the borrower - the Manager meets every borrower to assess character, experience and business acumen;
- > All mortgage securities are subject to a due diligence process including approval by the LM Managed Performance Fund's Credit Committee;
- > The due diligence process includes assessment of the financial capacity of the borrower and any guarantors. The assessment is carried out by review and substantiation of

assets, liabilities and income by reference to information provided by the borrower and independent searches and checks;

- > The due diligence process includes detailed analysis of project feasibilities, and valuations based on “gross realisable” value /“on completion” value, discounted cash flow analysis and capitalisation of interest;
- > Commercial loans are loans secured by income producing property. Non-commercial loans (not secured by income producing property) include construction/development loans and pre-development land. The capacity to service commercial loans is assessed primarily by reference to income produced from the security property, however income from all sources is also considered. The capacity to service construction loans is primarily dependent on the viability of the project, the project cash flow (including interest commitments) and all factors relevant to the project including valuation of the completed product, product demand, pre-sales contracts, marketing strategies, project costings/feasibilities;
- > Development loan procedures are required throughout the development stages of the loan to ensure the development is adequately monitored (for further details refer to the “Development Management” section on page 12 of this Information Memorandum).

### Methods of Valuation

The underlying security properties may be valued by one or a combination of:

- > Independent valuation reports;
- > Independent property reports;
- > Discounted cash flow projections;
- > Project feasibility studies.

Members of the valuation panel are appointed and removed in accordance with the Manager’s valuation panel appointment guidelines. The Manager is responsible for approving the appointment or removal of a panel valuer. Valuers selected by the Manager to perform relevant valuations on the security property are chosen based on independence, specialist industry expertise and geographic location. The valuer must have appropriate professional indemnity insurance.

### Development Valuations

The “as is” valuation is the market valuation of the property at a point in time. A “feasibility analysis” is undertaken including demolition, subdivision, construction, and other development costs, allowances for sales and marketing expenses,

interest and an allowance for profit and risk to arrive at a base value for the land. Due to the nature of the fund’s development assets, the feasibility analysis will be undertaken using the alternate technique of discounted cash flows.

### Discounted Cash Flow and Capitalisation of Interest

Where current loan asset valuations are made for development loans a discounted cash flow is utilised based upon the estimated “total net revenues of the project at completion”. The valuation methodology required is a “total realisation” valuation based on comparable sales and/or lease evidence for the individual components e.g. houses, units, allotments etc. and escalated where appropriate to reflect each development time frame, to assess future revenues and value.

The Manager will reasonably assess the appropriateness of the feasibility analysis by comparison with cost estimates verified by a competent external consultants selected by the Manager’s Development Management Team along with an assessment of likely project timeframe and levels of gearing required to complete the project.

The “on completion” value is the valuation figure used in the cost to complete calculations during the development phase. The “on completion” value may be revised during the term of development to reflect changes as approved by the Manager.

### Valuation Methodologies of Mortgage Securities (Debt Instruments)

Mortgage assets are valued using the following valuation techniques:

- > using comparisons to recent arm's length market transactions;
- > reference to the current market value of another instrument that is substantially the same;
- > discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible.

Valuation techniques include the use of mathematical models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement may be required in establishing fair values.

This includes considerations of liquidity and model inputs such as credit risk (both own and counterparty's) and volatility. Changes in assumptions about these factors could adjust fair value of financial instruments. The models are calibrated regularly and tested for validity using prices from any observable current market transactions in the same instrument or based on any available observable market data.

## Unit Pricing

The daily unit price for each investment option is available from the Manager's website at [www.LMaustralia.com](http://www.LMaustralia.com).

The Fund issues units on application at a variable unit price calculated daily. Unit prices are issued in Australian dollars and presented to investors in the relevant currency equivalent of the Australian dollars. The daily unit price of each currency option and investment term is available from the Manager's website at [www.LMaustralia.com](http://www.LMaustralia.com).

The calculation of the issue price for units in the Fund (which is contained in the Fund's Constitution) allows for the following different unit issue prices:-

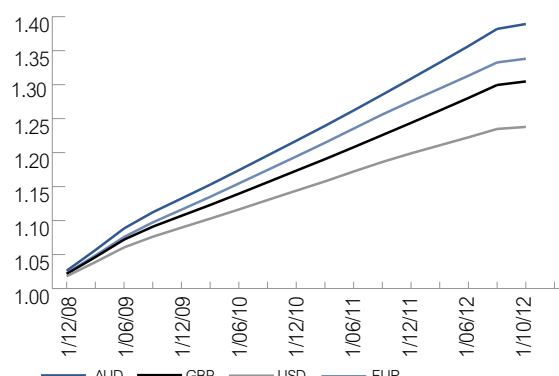
- > Various sub-classes of "A" class units have been issued to Personal Investors. The issue price for each sub-class of "A" class units will not reflect accrued but unpaid distributions. From 1 November 2011 "A" class units were no longer offered to investors who invest after that date.
- > Various sub-classes of "B" class units will be issued to Personal Investors and Global Platform/Portfolio Bond investors. The issue price for each sub-class of "B" class units will reflect accrued but unpaid distributions payable to the unit holders in that sub-class.
- > Various sub-classes of "C" class units will be issued to Global Platform/Portfolio Bond investors. The issue price for each sub-class of "C" class units will reflect accrued but unpaid distributions payable to the unit holders in that sub-class during each quarter. However, at the end of each quarter, any income distributions payable to the unit holders in that sub-class will be paid to those unit holders, which means that the issue price for that sub-class would be expected to decrease at the end of each quarter.
- > Various sub-classes of "D" class units will be issued to Invitation Only Wholesale Investors. The issue price for each sub-class of "D" class units will reflect accrued but unpaid distributions payable to the unit holders in that sub-class.
- > Various sub-classes of "E" class units will be issued to Invitation Only Wholesale Investors. The issue price for each sub-class of "E" class units will reflect accrued but unpaid distributions payable to the unit holders in that sub-class during each quarter. However, at the end of each quarter, any income distributions payable to the unit holders in that sub-class will be paid to those unit holders, which means that the issue price for that sub-class would be expected to decrease at the end of each quarter.

- > Various sub-classes of "F" class units may be issued to Personal Investors. The issue price for each sub-class of "F" class units will reflect accrued but unpaid distributions payable to the unit holders in that sub-class. Refer to page 17 of this Information Memorandum ("Limited Offer Fixed Term")

The unit price for "A", "B", "C", "D", "E" and "F" Class Units is determined each day and is calculated by dividing the value of the net assets of the Fund by the total number of units on issue that day (but not taking account of any accrued interest distributions when calculating the issue price for "A" class units, and taking account of relevant accrued (but unpaid) interest distributions for "B", "C", "D", "E" and "F" class units when calculating the issue price for "B", "C", "D", "E" and "F" Class Units).

Below is the historical performance of the Fund's Global Platform/Portfolio Bond Accumulative rolled up unit price for AUD, USD GBP and EUR. Please note the Global Platform/Portfolio Bond Accumulative unit class only commenced in 2008. Other currencies are available for investment in addition to the currencies displayed below.

### Global Platform/Portfolio Bond AUD, EUR, GBP & USD 1 Year Historical Unit Prices



*Past performance is not an indicator of future performance. The unit price may increase or decrease depending on the performance and value of the assets of the Fund. The above details are provided for information purposes only.*

### Managing Withdrawal Timeframes

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. Further information on the management mechanism for suspending withdrawals may be found in the paragraph headed "Withdrawal Delays" on page 38 of this Information Memorandum.

### **Updated Financial Information**

The yearly financial report for the Fund is available by telephoning +617 5584 4500. Information relevant to the Fund that is subject to change from time to time (including information in relation to the Fund's size and asset allocations contained in this Information Memorandum) will be updated by the Manager on its website at [www.LMaustralia.com](http://www.LMaustralia.com) and a paper copy of any updated information will be given to any person without charge on request.

If you are an Indirect Investor who invests in the Fund via a global platform, global portfolio bond, master trust or wrap account, you will have to contact the operator of that product for details of any information they receive about the Fund, as such information will not be provided to you directly.

# Snapshot of LM Managed Performance Fund's Current Australian Assets

Outlined below are further details in relation to the Fund's investments. This information is provided to investors of the LM Managed Performance Fund to ensure that investors have an overview of the Fund's current investments.

For updated information in relation to the Fund's asset allocation and performance please visit the Manager's website [www.LMaustralia.com](http://www.LMaustralia.com) or telephone the Manager's office on +617 5584 4500.

## Fund Assets



The assets of the Fund as at 30 September 2012 totalled \$379,297,296 and were made up as follows:-

## Asset Allocation



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

## The Fund's Commercial Loans

Commercial loans include the range of secured commercial loans generally available to the Australian commercial property and development sectors. The loan portfolio comprises commercial loans, including second ranking mortgages, over commercial, residential, retail, industrial and vacant land. Mortgages secured over real property are a type of debt instrument. The Fund is also active in development funding.

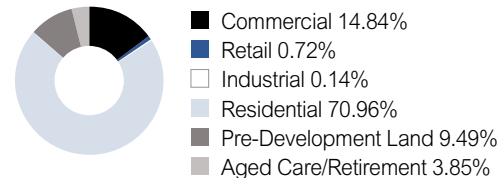
Set out below are further details in relation to the Fund's commercial loans.

## Commercial Loan Portfolio Details as at 30 September 2012

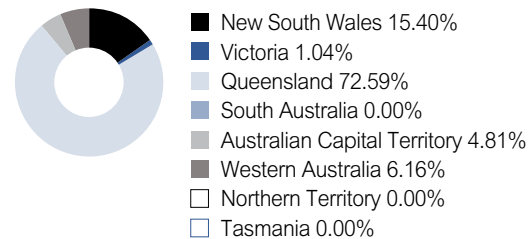
Total amount of commercial loans	\$357,791,394
Number of commercial loan assets	18
% of commercial loan with fixed interest rates	100%
Smallest loan	\$499,389
Largest loan	\$217,149,164
Average loan size	\$19,877,300

As at 30 September 2012 the commercial loan allocation was as follows:-

## Sector Diversification



## Geographic Diversification



## 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 30 September 2012 loans in arrears totalled 4.44% of the net assets of the Fund.

Updated information in relation to loans in arrears is included on the monthly disclosure update which is published on the Manager's website at [www.LMaustralia.com](http://www.LMaustralia.com).

## The Fund's Direct Property Investments

As at 30 September 2012, the Fund's direct property assets comprise 1 property. That property is prime residential beachfront land in Townsville with development potential for 17 blocks in a gated community.



## Details about Investment by Personal Investors

The Fund allows for direct investment by investors outside Australia ("Personal Investors").

### Interest Distributions for Personal Investors

Interest distributions are calculated daily and reflected in the daily unit price for the investment. Interest distributions are ratified monthly.

Investors can elect to have the number of units equal to the interest distribution redeemed monthly, quarterly, biannually or annually (for investments more than 1 year) or at the end of the term on rollover and paid to their nominated bank account in the nominated currency.

Payment will be made within 10 business days of the relevant period. The frequency of the payment is chosen by the investor. For example: If an investor requests payments be made quarterly, for a 1 year investment term commencing on 15 March, interest distributions will be paid within 10 business days following the 15th of each quarter (June, September, December etc).

Investors should note that if they elect to have the units equal to the interest distribution redeemed and paid to their nominated bank account, financial institutions may charge a remittance fee which will be deducted from their interest distribution.

### Limited Offer Fixed Term

From time to time the Manager may offer Personal Investors an investment option with different investment terms, distribution rates, withdrawal notice and/or early repayment conditions than the 1 year, 2 year, 3 year, 4 year or 5 year investment terms currently available for investment. Any of these offers will be a separate class of units from the 1 year, 2 year, 3 year, 4 year or 5 year investment terms. The withdrawal notice period may be different for investors in a Limited Offer Fixed Term investment option but any such investments in a Limited Offer Fixed Term investment option are otherwise subject to the withdrawal provisions outlined in the paragraph headed "Withdrawal Delays" of page 38 of this Information Memorandum.

As at the date of this Information Memorandum the Manager has opened a Limited Offer Fixed 2 Year Term for Personal Investors details of which are as follows:-

- > Fixed investment term of 2 years;
- > Minimum investment of \$500,000, or such lesser amount determined by the Manager in its discretion;
- > Currency options available for investment are AUD, EUR, GBP, USD, JPY, TRY, AED, CAD, CHF, DKK, HKD, NOK, NZD, ZEK, SGD, THB, and ZAR;

- > Fixed interest distribution rate for each currency option (AUD 10.00% pa, EUR 8.50% pa, GBP 8.50% pa, USD 6.50% pa, JPY 6.00% pa, TRY 13.50% pa, AED 7.50% pa, CAD 7.00% pa, CHF 6.50% pa, DKK 8.00% pa, HKD 6.50% pa, NOK 9.00% pa, NZD 9.00% pa, SEK 8.50% pa; SGD 6.00% pa, THB 8.50% pa and ZAR 12.50% pa);
- > Interest distributions are calculated daily and form part of the unit price for the investments. Investors can elect to have an annual payment of the interest distribution by redeeming the number of units equivalent to the annual interest distribution and have it paid to their nominated bank account;
- > If no maturity instructions are provided at the time of investment or at least 90 days prior to the maturity date, then at the end of the investment term the investment is automatically reinvested in the originally nominated currency for further 1 Year investment terms at the distribution rate applicable at that time for such further 1 Year terms until either the investor notifies the Manager to reinvest the investment for a different investment term, or a withdrawal notice is received by the Manager within the prescribed withdrawal notice period. Refer to page 26 of this Information Memorandum ("How to Withdraw") for terms applying to withdrawals. The Manager will advise the Investor before the rollover whether the distribution rate applicable at the relevant time for such further 1 Year term is a fixed rate or a variable rate.

This current offer for Limited Offer Fixed Term may not remain open for investors to apply for investment. The Manager has the discretion to no longer offer this investment term to investors. The Manager also has the discretion to offer different conditions in respect of such investments.

### Initial Investment for Non-AUD Investments

On receipt of the initial investment amount, completed Application Form and appropriate Anti-Money Laundering verification documentation (details of which are available from the Manager's website at [www.LMaustralia.com](http://www.LMaustralia.com)) the Manager will confirm receipt with the investor.

The non-AUD investment amount is held in the subscription account until the Manager exchanges the foreign currency into Australian dollars and simultaneously hedges the relevant currency using a hedging instrument chosen by the Manager.

All non-Australian dollar investments commence on the day the Manager settles the hedging instrument. For example, if the Manager receives the investment amount, properly completed Application Form and appropriate Anti-Money Laundering verification

documentation for a 1 Year term on 15 March and the hedging instrument settles on 17 March the commencement date will be 17 March.

### **Initial Investment for AUD Investments**

An AUD investment term commences on receipt of the cleared investment amount, completed Application Form and appropriate Anti-Money Laundering verification documentation (details of which are available from the Manager's website at [www.LMaustralia.com](http://www.LMaustralia.com)). Investors will be notified by the Manager of the commencement date of their investment in writing.

### **Additional Investments**

Additional investments can be made at any time to existing investments, provided it is to be invested in the same unit class and currency. Instead of starting a new investment account, the new investment amount will be added to, and from that date form part of, the existing investment. For example, if an investor makes an original 1 Year investment of \$100,000 on 15 March and then in 10 months' time adds another \$100,000, the entire \$200,000 investment will mature 1 year after the initial \$100,000 investment was made. When adding to an investment please remember to:-

- > provide the Fund account number and your designation/identification number – if an investor is unsure of the account number please contact the Manager;
- > state the full account name;
- > stipulate the amount to be added – payment can be made by any of the methods outlined under "How to Invest" on page 25 of this Information Memorandum. Any queries please contact the Manager on +617 5584 4500 or 1800 062 919 (Australia only); and
- > email the additional investment form to [mail@LMaustralia.com](mailto:mail@LMaustralia.com) and remit funds by telegraphic transfer to the relevant currency account for the Fund details of which are provided on the Manager's website at [www.LMaustralia.com](http://www.LMaustralia.com).

### **Automatic Rollover**

If the investor has not ticked the box in Section 13 of the Application Form to continue to rollover the investment for investment terms of the same length, or if the investor has not provided rollover instructions to the Manager at least 90 days prior to the maturity date of the investment term, the following default process will apply.

At the end of the initial investment term the investment is automatically reinvested and rehedged in the originally nominated currency for further investment terms of 1 year at the appropriate 1 year investment term distribution rate until the investor provides the

Manager with written instructions at least 90 days prior to the maturity date to reinvest for a different investment term or to redeem the investment. Refer to page 26 of this Information Memorandum ("How to Withdraw") for terms applying to withdrawals.

Prior to rollover of the investment Investors should consider the current Information Memorandum. Investors can obtain details of historical performance for the Fund in respect of each particular investment option and a copy of the Information Memorandum that will apply for the purpose of reinvestment from the Manager's website at [www.LMaustralia.com](http://www.LMaustralia.com). Past performance is not an indicator of future performance.

### **Withdrawal Notice Period for Personal Investors**

For Personal Investors a withdrawal notice must be received by the Manager at least 90 days prior to the maturity date of the investment term. Ordinarily, AUD investment withdrawal requests received within this time period are accepted by the Manager and proceeds are paid within 30 days after the maturity date, and non-AUD investment withdrawal requests are accepted by the Manager and proceeds are paid within 5 business days after the maturity date.

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.

From time to time the Fund may be unable to accept withdrawal requests and pay proceeds within the timeframes specified above, and redemption/withdrawal payments may effectively be suspended. To protect all Fund investments, the acceptance and payment of withdrawals is currently being managed outside the above timeframes. Please contact your financial adviser or the Manager for information regarding currently anticipated timeframes. For further details refer to the paragraph headed "Managing Withdrawal Timeframes" on page 14 of this Information Memorandum.

Withdrawal payments are made by direct credit to the investor's financial institution account. If an investor requires withdrawal proceeds to be deposited to an account other than the account nominated on the Application Form please provide the bank account name and number. The Manager may require further documentary evidence.

Where a request for withdrawal is received on any day that is not a business day, the request is deemed to have been received on the next business day.

## **Unit Pricing for Personal Investors**

The daily unit price for each currency option and investment term is available from the Manager's website at [www.LMaustralia.com](http://www.LMaustralia.com).

The Fund issues units on application at a variable unit price calculated daily. Unit prices are issued in Australian dollars and presented to investors in the relevant currency equivalent of the Australian dollars.

The Fund issues various sub-classes of "B" class units to Personal Investors and may issue various sub-classes of "F" class units to Personal Investors. The issue price for each sub-class of "B" and "F" class units will reflect accrued but unpaid distributions payable to the unit holders in that sub-class.

For further details in relation to unit pricing please refer to page 14 of this Information Memorandum under the heading "Unit Pricing".

## Details about Investment by Global Platform/ Portfolio Bond Investors

### Indirect Investors in Global Platforms, Global Portfolio Bonds, Master Trusts, Wrap Account Providers

The Fund allows for investment by operators of global platforms, global portfolio bonds, master trusts, wrap accounts and institutions ("Global Platform/Portfolio Bond Investors") investing the funds of their clients ("Indirect Investors").

Indirect Investors who gain exposure to the Fund through a Global Platform/Portfolio Bond Investor do not:-

- > become unit holders in the Fund nor do they acquire the rights of a unit holder in the Fund. The operator of the global platform, global portfolio bond, master trust or wrap account has those rights and can exercise, or decline to exercise them on behalf of the Indirect Investors. Accordingly, a number of statements made in this Information Memorandum (including but not limited to applications, withdrawals, interest distributions, voting rights, and monitoring of investments) pertain only to Global Platform/Portfolio Bond Investors or other direct investors, and not to Indirect Investors who gain exposure to this Fund through an operator of a global platform, global portfolio bond, master trust or wrap account;
- > receive any payments or reports directly from the Manager, nor do they directly participate in investor meetings or the winding up of the Fund. Withdrawal time frames for Indirect Investors are dependent on their global platform, global portfolio bond, master trust or wrap account operator.

Indirect Investors should consult with the operator of their global platform, global portfolio bond, master trust or wrap account to obtain information on how their operator deals with applications, withdrawals, payment of any amounts and monitoring of their investments. Such Indirect Investors should also read the disclosure document issued by the operator of the relevant platform, bond, trust or account.

### Interest Distributions for Global Platform/ Portfolio Bond Investors

Interest is calculated daily and is ratified monthly. For Accumulative ("B" class) units and Income ("C" class) units, interest is reflected in the daily unit price for the investment (although for "C" class units interest distributions are paid out at the end of each quarter).

Global Platform/Portfolio Bond Investors can choose either Accumulative ("B" class) units or Income ("C" class) units.

- > For **Accumulative units**, interest is continually reinvested. Investors can elect to have a number of units equivalent to the interest distribution redeemed/withdrawn monthly, quarterly, semi-annually, annually or at the end of the chosen investment term and paid to their nominated bank account.
- > For **Income units**, interest distributions are automatically distributed each quarter to investors by payment into the investor's nominated bank account. Payment of quarterly income will occur within 10 business days of the last day of each calendar quarter which is 31 March, 30 June, 30 September and 31 December. The income is paid to the investor's account nominated on the Application Form.

Investors should note if interest distributions are paid to the investor's account nominated on the Application Form, financial institutions may charge a remittance fee which will be deducted from their interest distribution.

### Initial Investment for Non-AUD Investments

On receipt of the initial investment amount and the completed Application Form and appropriate Anti-Money Laundering verification documentation (details of which are available from the Manager's website at [www.LMaustralia.com](http://www.LMaustralia.com)) the Manager will confirm receipt with the investor.

The non-AUD investment amount is held in the subscription account until the Manager exchanges the foreign currency into Australian dollars and simultaneously hedges the relevant currency using a hedging instrument chosen by the Manager.

All non-Australian dollar investments commence on the day the Manager settles the hedging instrument. For example, if the Manager receives the investment amount and properly completed Application Form and appropriate Anti-Money Laundering verification documentation on 15 March and the hedging instrument settles on 17 March the commencement date will be 17 March.

Hedging instruments are settled on a daily basis, excluding currency holidays which are non-trading days.

### Initial Investment for AUD Investments

An AUD investment term commences on receipt of the cleared investment amount and completed Application Form and appropriate Anti-Money Laundering verification documentation.

For example, if the Manager receives the investment amount and properly completed Application Form and appropriate Anti-Money Laundering verification documentation on 15 March the commencement date will be 15 March.

### **Global Platform/Portfolio Bond Investors – Automatic Rollover**

At the end of the initial investment term the original investment is automatically reinvested and rehedged (unless the investment is in Australian dollars) in the originally nominated currency for further investment terms of the same length at the appropriate investment term distribution rate.

Prior to rollover of the investment Investors should consider the current Information Memorandum. Investors can obtain details of historical performance for the Fund in respect of each particular investment option and a copy of the Information Memorandum that will apply for the purpose of reinvestment from the Manager's website at [www.LMaustralia.com](http://www.LMaustralia.com). Past performance is not an indicator of future performance.

### **Withdrawal Notice Period for Global Platform/Portfolio Bond Investors**

Global Platform Portfolio Bond Investors may request to withdraw units on at least 90 days' notice calculated from the last day of the month in which the Manager receives the withdrawal notice. For example, where the Manager receives a withdrawal notice from a Global Platform/Portfolio Bond Investor on 14 December, such redemption will generally be processed and paid by the Manager on 31 March. Where the Manager receives a withdrawal notice from a Global Platform/Portfolio Bond Investor on 30 March, such redemption will generally be processed and paid on 30 June.

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.

From time to time the Fund may be unable to accept withdrawal requests and pay proceeds within the timeframes specified above, and redemption/withdrawal payments may effectively be suspended. For further details refer to the paragraph headed "Managing Withdrawal Timeframes" on page 14 of this Information Memorandum.

Withdrawal payments are made by direct credit to the investor's financial institution account. If an investor requires withdrawal proceeds to be deposited to an account other than the account nominated on the Application Form please provide the bank account name and number. The Manager may require further documentary evidence.

Where a request for withdrawal is received on any day that is not a business day, the request is deemed to have been received on the next business day.

### **Unit Pricing for Global Platform/Portfolio Bond Investors**

The Fund issues units on application at a variable unit price calculated daily. Unit prices are issued in Australian dollars and presented to investors in the relevant currency equivalent of the Australian dollars. The daily unit price of each currency option and investment term is available from the Manager's website at [www.LMaustralia.com](http://www.LMaustralia.com).

Global Platform/Portfolio Bond investor can choose either Accumulative or Income units.

For Accumulative units - various sub-classes of "B" class units will be issued to Global Platform/Portfolio Bond Investors. The issue price for each sub-class of "B" class units will reflect accrued but unpaid distributions payable to the unit holders in that sub-class.

For Income units - various sub-classes of "C" class units will be issued to Global Platform/Portfolio Bond investors. The issue price for each sub-class of "C" class units will reflect accrued but unpaid distributions payable to the unit holders in that sub-class until payment of the income distributions. Income distributions are paid quarterly.

For further details in relation to unit pricing please refer to page 14 of this Information Memorandum under the heading "Unit Pricing".

## Investment Risks

While the Manager does invest in a range of conventional investments, investors should be aware that the Fund may participate in less conventional investment activities.

Investors will have no input into the type of investment activities of the Fund, and will be unable to designate where funds are invested. Investors who seek a level of certainty or control over how their funds are invested should not invest their money in this Fund.

### Risk Management

Investors should be aware that there is risk involved in investing in the Fund, due to its diverse investment mandate.

The Manager attempts to minimise such risk by:-

- > undertaking a comprehensive due diligence process and financial analysis for new investment opportunities prior to investing any funds, including legal and financial due diligence;
- > undertaking a detailed risk assessment of all new investment opportunities;
- > employing experienced, professional personnel;
- > maintaining a long term vision for the Fund;
- > complying rigidly with its internal compliance program; and
- > actively monitoring and managing the assets of the Fund.

Investors should be aware that there are a number of other risks associated with investments of this nature. The risks and comments set out in this section are intended as a guide only and the Manager recommends that investors seek professional financial advice. Given the diverse range of investment activities of the Fund, it is not possible to provide a description of material risks specific to each particular investment activity. Instead, investors must be aware of the general risks involved in the style of investment activities undertaken by the Fund, and be aware that the Manager is authorised to invest in any opportunity which it assesses as appropriate. This section sets out a number of risks which investors should consider before investing in the Fund. Investors who are not prepared to accept these risks and the wide investment discretion of the Manager should not invest in the Fund.

Potential Risk	Comments
<b>Capital Risk</b>	The investments of the Fund are not capital guaranteed, and there is a risk that the value of the investment might decline.
<b>Unit Price</b>	The unit price is variable and may increase or decrease depending on the performance of the investment portfolio of the Fund. The Manager is constantly assessing various investment sectors in order to determine which sectors have the best potential in terms of income, capital growth and/or capital security.
<b>Currency Risk</b>	Non-Australian dollar investments in the Fund are hedged in the relevant currency against Australian dollar currency movements. The Fund currency hedges a non-Australian dollar investment through the use of hedging instruments chosen by the Manager. Investors should however, be aware that any delay or shortfall in income or capital payments from the Fund may result in a loss for the Fund due to breaking a hedging instrument. In such an event, the investment will not be currency hedged and income and/or capital may be impacted.
<b>Property Market Risk</b>	Property market risk is the risk that negative movements in the property market may impact on the capacity to fully recover the amount owing on a mortgage security made by the Fund. The Manager manages this risk by strictly complying with its lending guidelines and the efficiency of its collections systems. Mortgage securities are reviewed on an ongoing basis with updated valuations obtained where appropriate.

If the Fund has directly acquired the property not only could the value of the property decline, there are also additional risks that the tenants fail to meet their lease obligations, tenancies cannot be re-leased in a timely fashion, property may be damaged by fire or some other disaster which either causes the property to lose value or requires additional expenditure. The Manager does not purchase direct real property without first having obtained an independent valuation, a full review of the tenants including any guarantor arrangements provided by third parties. As a matter of course, the property must be insured against fire and usual insurable risks and where necessary maintenance contracts will be entered into with suitably qualified contractors to ensure the ongoing efficient management and maintenance of the property.

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#### **Mortgage Investments**

The Fund will lend directly to some borrowers and will invest in other funds managed by the Manager. The Manager's mortgage based funds have a conservative lending policy in relation to mortgage securities and follow strict lending guidelines.

The Manager generally lends to borrowers seeking debt funding for business, development or investment purposes. Various types of real estate are offered as security for mortgages including residential, commercial, industrial or retail property. The Manager does not generally engage in lending activities that may be subject to the National Credit Code ie domestic mortgages.

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#### **Development or Construction Risk**

In development or construction mortgages held by the Manager on behalf of the Fund, there could be delays in payment of interest or repayment of capital due to the timing, completion and sale of the development.

In the case of development or construction mortgages, the Manager reviews all project feasibilities and monitors development progress throughout the term. The Fund holds value of development mortgages on an "on completion" or discounted cash flow methodology.

The Manager's personnel have considerable experience in dealing with construction and development mortgages. The Manager has specific procedures in place that will be adhered to both prior to and during a project to ensure that the security is maintained and risks minimised.

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#### **Interest Capitalisation Risk**

Loans made from the Fund's assets may require the interest to be paid by the borrower periodically during the term of the loan, or in the case of construction and development loans, an allowance for capitalising interest will typically be built into the facility. There is a risk that interest payments may not be recoverable because of:-

- > changed circumstances of the borrower;
- > changed circumstances of the security property or development feasibility study resulting in amendments to project costs or revenues.
- > other economic conditions.

Where this occurs, there may be insufficient cashflow in the Fund to meet interest distributions or other withdrawal/redemption requests. All loans will be monitored by experienced personnel employed by the Manager in its mortgage management division.

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#### **Liquidity Risk**

A delay in meeting an investor's withdrawal request is possible where there are a significant number of withdrawal requests received at the same time, which absorb the cash reserves of the Fund and if assets of the Fund are not sufficiently liquid.

In certain circumstances the Manager may effectively suspend withdrawals for such periods as it determines. Refer to the paragraph headed "Withdrawal Delays" on page 38 of this Information Memorandum.

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<b>Share Market Risks</b>	<p>The Fund may invest in specialist managed funds which in turn hold income bearing cash investments, long and short term securities (including equity securities and derivatives on securities) which may be quoted on recognised stock exchanges. The value of these investments might decline for reasons including domestic and international economic conditions, changes in government fiscal, monetary and regulatory policies, changes in interest rates, poor performance of equity markets, the rate of inflation or changes in the circumstances of the companies or funds in which the specialist managed funds invest. A return on investments in the Fund or repayment of capital invested in the Fund is not guaranteed.</p> <p>The Manager mitigates this risk by utilising specialist fund managers to invest the Fund's assets held in this sector. Each specialist is chosen following an extensive and rigorous research process that examines their investment style, the expertise of their investment team and a range of other factors. The Manager reviews each specialist fund manager's performance on an ongoing basis, ensuring that they operate within the mandated expectations and guidelines.</p>
<b>Default Procedures in Respect to Loans by the Fund</b>	<p>There is a risk that borrowers will fail to honour their obligations to repay the debt (or interest) when it is due or at all. Arrangements are in place to give a borrower a substantial incentive to effect timely payments, including a lower rate of interest applicable for prompt payment.</p> <p>If a borrower is late in effecting an interest payment or otherwise is in default, appropriate action is taken to protect the interests of investors. A default notice may be issued to the borrower and if not satisfied, the Manager may exercise rights under the loan agreement, such as exercising the power of sale of all property held as security.</p>
<b>Distribution Risk</b>	<p>Distributions to investors depend on the performance of the underlying investments. The Manager is unable to guarantee that investors will receive a return on their investment.</p> <p>The Manager manages distribution risk by investing in a diverse range of investment activities with various terms and projected returns. Investors should note that past performance is not indicative of future returns.</p>
<b>Borrowing Risk</b>	<p>If the Fund borrows, then reductions in Fund income, increases in interest rates or a refusal of a financier to extend the term of any facility could cause the Fund to default on its loan and the financier would have first right of recourse to the assets of the Fund.</p> <p>Under the constitution for the Fund there is no limit to which the Manager may borrow against the Fund assets. However, at the date of this Information Memorandum the Fund has no borrowings.</p>
<b>Government Policies</b>	<p>Investment performance may be affected by changes to government policy in relation to taxes, exchange rates, legislative changes, land tax, income tax and other government factors. These factors are generally beyond the control of the Manager.</p>



## How to Invest

If a properly completed Application Form, supporting documentation and accompanying investment funds arrive before 3:00pm Queensland time on any Gold Coast business day the application will be accepted that day; if later, then that application will be accepted on the next Gold Coast business day.

- 1 Complete and sign the Application Form attached to this Information Memorandum and applicable Anti-Money Laundering (AML) Form available from the Manager's website at [www.LMaustralia.com](http://www.LMaustralia.com).
- 2 Remit funds directly by telegraphic transfer (see the details outlined on this page under the heading "Depositing by Telegraphic Transfer").  
  
Investors may be able to **electronically direct credit** (investors should check with their financial institution to see if this facility is available) or **telegraphically transfer** investment funds to the relevant currency accounts. When remitting funds by direct credit or telegraphic transfer please supply the banking reference number or telegraphic transfer code provided by the remitting bank in Section 14 of the Application Form and attach a copy of the electronic direct credit receipt or telegraphic transfer.
- 3 Once the telegraphic transfer has been sent please fax the completed Application Form and appropriate Anti-Money Laundering Form and copy of telegraphic transfer or credit receipt to the Manager on +617 5592 4116 or scan and email the documentation to the Manager at [mail@LMaustralia.com](mailto:mail@LMaustralia.com) and send the original to the Manager by mail at LM Investment Management Ltd, PO Box 485 Surfers Paradise Qld 4217.

An Indirect Investor investing through a global platform, global portfolio bond, master trust or wrap account can only invest in accordance with the disclosure document of the global platform, global portfolio bond, master trust or wrap account.

### Depositing by Telegraphic Transfer

When making an investment using funds from an overseas account, we recommend an investor use telegraphic transfer. Telegraphic transfers can be arranged with an investor's financial institution by providing it with the details of the bank account to be credited which are listed on the Manager's website at [www.LMaustralia.com](http://www.LMaustralia.com). When remitting funds by telegraphic transfer please provide the telegraphic transfer reference code on the Application Form in Section 14 and attach a copy of the telegraphic transfer to the Application Form.

**Full details of all bank accounts for investment are available from the Manager's website at [www.LMaustralia.com](http://www.LMaustralia.com). Please ensure that funds are remitted in the currency to be invested.**

### Remittance Fee

Investors should note that financial institutions may charge a remittance fee which will be deducted from their investment. The Manager endeavours to ensure inter financier transfer processes are effected promptly, but cannot be held accountable for any delays within the banking system.

## How to Withdraw

### When requesting a withdrawal, investors please remember to:

- > provide the name of the Fund and the account number. If an investor has more than one account in the Fund or is unsure of the account number/s please contact the Manager;
- > state the full investment account name;
- > stipulate the amount to be withdrawn and how it is to be paid;
- > include a daytime telephone number; and
- > sign the request –
  - if it is a joint account both investors must sign the request;
  - If it is a company account either 2 directors, 1 director and company secretary, or sole director who is also the sole secretary must sign the request;
  - If it is a trust account it must be signed by the trustees in accordance with the trust deed.
- > You can send your signed withdrawal request by the following options:-
  - Faxing the signed withdrawal request to the Manager at +617 5592 4116; or
  - Scanning the signed withdrawal request and emailing it to the Manager at mail@LMaustralia.com; or
  - Mailing the original signed withdrawal request to the Manager at PO Box 485, Surfers Paradise, Qld 4217 Australia.

### Fax & Scanned Images - Terms and Conditions

You should understand that a person without your authority could send the Manager a fax or scanned image, and by pretending to be you, transfer or withdraw funds from your account for their own benefit or request any other changes to your account.

In using fax or scan facilities, you agree that the Manager is not responsible to you for any fraudulently completed communications and that the Manager will not compensate you for any losses.

You agree that should such a fraud take place you release and indemnify the Manager against any liabilities whatsoever arising from the Manager acting on any communication received by fax or scanned image in respect of your investment, to the extent permitted by law.

The Manager will not be liable for any loss or delay resulting from the non-receipt of any transmission.

These terms and conditions are in addition to any other requirements that may form part of your giving instructions relating to the completion of a particular authority.

By sending the Manager a fax or scanned image you signify your acceptance of these conditions.

### Withdrawal Notice Period

- > **For Personal Investors** the withdrawal notice must be received by the Manager at least 90 days before the end of the investment term. Ordinarily, AUD investment withdrawal requests received within this time period are accepted by the Manager and proceeds are paid within 30 days after the maturity date, and non-AUD investment withdrawal requests are accepted by the Manager and proceeds are paid within 5 business days after the maturity date. Withdrawal payments are made by direct credit to the investor's financial institution account.
- > **Global Platform Portfolio Bond Investors** may request to withdraw units on at least 90 days' notice calculated from the last day of the month in which the Manager receives the withdrawal notice. For example, where the Manager receives a withdrawal notice from a Global Platform/Portfolio Bond Investor on 14 December, such redemption will generally be processed and paid by the Manager on 31 March. Where the Manager receives a withdrawal notice from a Global Platform/Portfolio Bond Investor on 30 March, such redemption will generally be processed and paid on 30 June. Withdrawal payments are made by direct credit to the investor's financial institution account.
- > **Invitation Only Wholesale Investors** may request to withdraw units by notice at any time. Refer to page 38 of this Information Memorandum ("Invitation Only Wholesale Clients in the Fund").

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.

From time to time the Fund may be unable to accept withdrawal requests and pay proceeds within the timeframes specified above, and redemption/withdrawal payments may effectively be suspended. Currently Personal Investors' withdrawals are being managed outside of the usual payment timeframes. The Manager expects to satisfy all global platform

portfolio bond withdrawals within the usual timeframes. For further details refer to the paragraph headed "Managing Withdrawal Timeframes" on page 14 of this Information Memorandum.

If an investor requires withdrawal proceeds to be deposited to an account other than the account nominated on the Application Form please provide the bank account name and number. The Manager may require further documentary evidence.

Where a request for withdrawal is received on any day that is not a business day, the request is deemed to have been received on the next business day.

### **Overseas Remittance**

Investors should note that financial institutions charge a remittance fee which will be deducted from their investment. The Manager endeavours to ensure inter financier transfer processes are effected promptly, but is not responsible for any delays within the banking system.

### **Indirect Investors**

If Indirect Investors have invested through a global platform, global portfolio bond, master trust or wrap account, then to withdraw all or part of their funds they will need to complete the forms required by the operator of their global platform, global portfolio bond, master trust or wrap account and will need to check the terms on which they can withdraw with the operator, including the period of notice they will need to give their operator.

### **Breaking an Investment Term**

Partial or full withdrawals are generally NOT permitted during a fixed term investment. The Manager has complete discretion to allow a partial or full withdrawal during a fixed term investment. Investors will need to contact the Manager if they want to break the investment term, and if the Manager allows the early withdrawal then:-

- > For AUD investments the Fund will charge a breaking of investment term fee up to 10% of the investment amount; and
- > For non-AUD investments the Fund will charge a breaking of investment term fee up to 10% of the investment amount and in addition may also charge the investor any other fees or charges arising from the early withdrawal (including but not limited to those payable to the financial institution which provides the hedging instrument. The costs that may be incurred when breaking the hedging instrument will be calculated with reference to a number of variable factors, including currency market rates and length of time to maturity).

In addition, where an adviser is paid an upfront adviser fee, if the investment is redeemed prior to

the maturity date, the Fund will charge an additional fee equal to the upfront adviser fee, calculated on a pro-rata basis for the length of time remaining to maturity.

The above fees will be deducted from the investment amount.

Investors should note that the financial impacts on an investor who breaks an investment term with an early withdrawal could result in the investor receiving less than the original amount invested.

The Manager may at its discretion waive a breaking of investment term fee in the event of death or in cases of medical or financial hardship.

## Fees and Costs

### Indirect Investors

This section does not include any fees or costs that may be charged by an operator of a global platform, global portfolio bond, master trust or wrap account to a person who invests in the Fund through such a product ("Indirect Investor"). Indirect investors should contact the operator of the global platform, global portfolio bond, master trust or wrap account for details of fees and costs that may be charged by the operator.

### Management Fees

Under the Constitution for the Fund, the Manager is entitled to:

- > various management and other fees, which includes a fee from the Fund directly relating to development management of the mortgage assets of the Fund, and an administration fee; and
- > be indemnified out of Fund assets for any costs incurred in performance of its duties in relation to the Fund.

Based on current financial information the Manager currently considers 5% pa (exclusive of GST) of the funds under management to be a reasonable estimate of the annual Management Fee that will be payable for the financial year ending 30 June 2013, however this amount could change. The Fund's Management Fee will not exceed a maximum of 10% pa (exclusive of GST) of the net assets of the Fund.

The Manager is also entitled to a success fee (being the difference between the net profit of the Fund and target performance being met) but the Manager's current intention is not to seek payment of that success fee.

### Advisers/Intermediaries Fees Paid from Fund Assets

Adviser fees are fees paid to advisers for professional financial advice. Any such fees are paid from the Fund assets, as a lump sum and/or trail commission. Adviser fees are negotiated between an investor and their adviser and investors should discuss the payment of this fee directly with their adviser. The Manager does not allow Personal Investors to invest in the Fund without an adviser.

The Manager's reasonable expectation is that such fees may be up to 4.4% (including GST) for the first year and from the second year an ongoing fee of up to 3.3%pa (inclusive of GST) of the investment amount, but they could be higher or lower. For investments for the Limited Offer Fixed Term the Manager's reasonable expectation is that such adviser fees would be on a sliding scale with up to 5.5% (including GST) for the first year with no trail, but they could be higher or lower. If a Personal Investor adviser rebates all or part of the adviser

fee, the equivalent of such amount would be issued as additional units on a monthly basis over the term of the investment. If a Global Platform/Portfolio Bond Investor adviser rebates all or part of the adviser fee, the equivalent of such amount would be issued as additional units at the initial time of investment.

The individual distributions calculated in respect of the interests in the Fund held by investors will not vary as a direct result of any such adviser fees unless the adviser is in a country where it is not lawful for the Manager to pay the adviser an adviser fee. For an investor with an adviser in a country where it is not lawful for the Manager to pay an adviser fee, an additional percentage amount as nominated by the Manager (which for the first year will be up to but not exceed 4.4% (or 5.5% for investments in Limited Offer Fixed Terms) (including GST) and for the second year and ongoing will be up to but not exceed 3.3%pa (including GST) of the investment amount) will be added to the relevant distribution calculated for the applicable investment option. If the Manager does not nominate the maximum additional percentage of up to 4.4% (or 5.5% for investments in Limited Offer Fixed Terms) (inclusive of GST) for the first year and from the second year an ongoing fee of up to 3.3% pa (inclusive of GST) of the investment amount is to be added to an individual distribution, then the balance remains part of net assets of the Fund, and the Manager does not receive any part of this. For example, if an investor (from a country where it was not lawful to pay the investor's adviser) was to invest in the Fund in the existing 3 year Australian dollar investment option which at the time of investment had an historical annual effective distribution rate of 5.00% and the Manager nominated that a higher distribution amount would be allowed by an additional 2% pa then the ongoing historical distribution rate would be increased by 2% pa.

If no instructions are provided to pay an adviser fee in Section 20 of the Application Form and the Manager is not aware that the adviser is in a country where it is not lawful for the Manager to pay an adviser fee, the Manager will pay an adviser fee for the first year of up to 4.4% (including GST) and from the second year and ongoing up to 3.3%pa of the investor's investment amount to an investor's adviser.

For new investments received after the date of this Information Memorandum, the Manager's reasonable expectation is that adviser fees may be up to 4.4% (including GST) for the first year and from the second year an ongoing fee of up to 1.1%pa (inclusive of GST) of the investment amount. For investments in the Limited Offer Fixed Term the Manager's reasonable expectation is that adviser fees would be on a sliding scale of up to 5.5% (including GST) for the first year with no trail.

### **Advisers/Intermediaries Fees Paid from Investor's Investment Amount**

In Section 21 of the Application Form, investors may request their adviser be paid an upfront fee from their investment amount prior to their funds being invested and/or Personal Investors only, may request an ongoing amount be paid to their adviser from any interest earned in relation to their investment. If a Personal Investor chooses to pay an ongoing amount to their adviser, the number of units equivalent to the annual percentage nominated by the investor will be redeemed on a monthly basis (or at any other period as determined by the Manager) and paid to the investor's adviser. For example, if you agree with your adviser to pay them an ongoing fee of 1%pa of the amount of any distribution and a distribution of \$500 was paid on your units in the Fund, we will pay \$5 by way of redeeming the equivalent number of units from your investment account. The Manager will honour the investor's instructions to pay any such requested fee to their adviser as directed in Section 21 of the Application Form. If Section 21 is completed by an investor the fee nominated in Section 21 will apply to the initial investment amount and will also apply to any additional investments made to an existing investment.

### **Custodian Fees**

The Custodian fees for the Fund are the greater of 0.02% pa of the assets of the Fund or \$15,000 pa. This fee will be paid as an expense of the Fund.

### **Early Withdrawal Fee**

Withdrawal during an investment term is generally not permitted. The Manager may process a withdrawal request during an investment term at its discretion. The Manager will charge a fee up to 10% of the investment amount plus all associated costs if it approves an investor's early withdrawal request. Where an adviser is paid an upfront adviser fee, if the investment is redeemed prior to the maturity date the Fund will charge an additional fee equal to the upfront adviser fee, calculated on a pro-rata basis for the length of time remaining to maturity. These fees will be charged against the balance of the investor's funds to be withdrawn.

The Manager may at its discretion waive a breaking of investment term fee in the event of death or in cases of medical or financial hardship.

### **Bank and Government Fees and Charges**

Bank and government fees, charges and duties (for example Government Debits Tax) that are levied in connection with the receipt of an amount invested or sought to be invested, any withdrawal and the payment of interest are the liability of the Fund and will be deducted from the Fund by the Manager. A fee is charged if a special clearance of a cheque that is paid to the Manager is required, this may

include a courier delivery fee. A cheque dishonour fee will be charged if a cheque paid to the Manager is dishonoured because of lack of funds.

### **Marketing Fees**

The Manager may pay properly authorised advisers, operators of global platforms, global portfolio bonds, master trusts or wrap accounts a marketing reimbursement from time to time out of its own funds.

### **Changes to Fees**

The Manager may vary the fees specified in this Information Memorandum at any time at its discretion within the prescribed limits of the Fund's constitution.

### **Waiver of Fees**

The Manager may waive the whole or any part of its Management Fee in respect of any investor. The Manager's current intention is that it may exercise this discretion in favour of Invitation Only Wholesale Investors, but this can change at any time in the discretion of the Manager.

# Global Platform/Portfolio Bond Investors & Adviser Access to Investment Information

## Global Platform/Portfolio Bond Investors and Advisers can Monitor an Investor's Investment

To check maturity dates for investments advisers can access the Maturing Investment Reports for their clients by logging on to the LM Information Exchange which is accessed from the home page on our website at [www.LMAustralia.com](http://www.LMAustralia.com). If an adviser needs access to the LM Information Exchange the adviser can contact the Manager on +617 5584 4500.

## Correspondence & Information from the Manager

To assist investors to keep track of their investment the Manager will send:-

- > **On Receipt of Investment Funds, Application Form and AML Form:**  
The Manager will email the Global Platform/Portfolio Bond investors and advisers (for Personal Investors only) to confirm receipt of investment funds, Application Form and AML Form.
- > **On Investment:**  
On initial investment a Contract Note will be forwarded as requested by the investor on the Application Form (refer to Section 7 of the Application Form – which provides for correspondence to investor/s by email or post, or for correspondence to only be sent to the adviser).
- > **Distributions:**  
No correspondence is sent by the Manager. Interest is reflected in the unit price for "B", "C", "D", "E", and "F" class units (until distributions are paid each quarter for "C" and "E" class units). Investors that hold "B" class units can request the relevant number of units equivalent to the interest be redeemed on a monthly, quarterly or annual basis. The redemption will be paid to their nominated financial institution account. Advisers can access Transaction Statements from the LM Information Exchange.
- > **Notice of Maturity – Not Issued by the Manager**  
**The Manager provides advisers access to the Maturing Investments Report for their clients from the LM Information Exchange.**  
  
**No notice of maturity is provided to investors or advisers.** To check maturity dates for investments advisers can access the Maturing Investment Reports for their clients by logging on to the LM Information Exchange which is accessed from the home page on our website at [www.LMAustralia.com](http://www.LMAustralia.com).  
  
At maturity the investor's investment is automatically reinvested in the originally nominated currency (for details refer to section headed "Automatic Rollover" on page 18 of this Information Memorandum) unless a withdrawal notice is received as set out on page 26 of this Information Memorandum under the heading "How to Withdraw".
- > **Rollover Confirmation**  
Within 5 business days following rollover of the investment a Rollover Confirmation Notice/Contract Note will be forwarded to advisers.
- > **Transaction Statement** is available to investors:
  - from their financial adviser via the LM Information Exchange; or
  - by request to the Manager.
- > **Monthly Unitholdings Reports** for Global Platform/Portfolio Bond investors can be requested from the Manager.
- > **Exit Statement** with details of the investor's investment account will be sent to the investor.
- > **Annual Taxation Summary** will be sent to Australian investors or may be made available to their adviser on the LM Information Exchange by the end of September each year for the preceding Australian financial year.
- > **Withholding Tax Summary** advisers can obtain Withholding Tax Summary for their clients who are non-resident Australian investors from the LM Information Exchange or a Withholding Tax Summary can be requested from the Manager.

## Changing Details

Investors can advise the Manager of their change of address, email or telephone number/s by telephoning the Manager on 1800 062 919 (Australia only) or +617 5584 4500 or emailing the Manager at mail@LMaustralia.com.

All other changes including bank account details must be made by written request signed by the investor/s and sent to the Manager by:-

- > **Faxing** the signed request to +617 5592 4116; or
- > **Scanning** the signed request and **emailing** it to the Manager at mail@LMaustralia.com; or
- > **Mailing** the original signed request to the Manager at PO Box 485, Surfers Paradise, QLD, 4217 Australia.

Change of Details Forms can be obtained from the offices of the Manager or online at [www.LMaustralia.com](http://www.LMaustralia.com). Refer to page 26 for fax and scanned images terms and conditions.

## Indirect Investors

Information about investments in the Fund is only provided by the Manager to the actual investor in the Fund, which will be the operator of the relevant global platform, global portfolio bond, master trust or wrap account. Indirect Investors should consult their operator to obtain information about the investment.

# About LM Investment Management Ltd

LM - the global pathway to Australian investment solutions

LM Investment Management Ltd ("LM", "the Manager") is a privately owned, Australian specialist fund manager, trustee and responsible entity which has operated within Australia's business and property sectors since 1998.

LM distributes its suite of Australian investment solutions through an international network of licensed financial advisers, intermediaries, wholesale platforms, private banks, superannuation funds, corporate and institutional investment consultants spanning some 70 countries. Operating from its offices on the Gold Coast and Sydney Australia, in Hong Kong, Bangkok, London, Dubai, Johannesburg, and Queenstown, LM has developed international diversity in its distribution program. LM enjoys an established presence in the financial services markets throughout Australia, Hong Kong, Asia, the Middle East, the United Kingdom, Europe, North and South Africa, Canada and New Zealand.

LM is licensed with the Australian Securities and Investments Commission ("ASIC") as a Responsible Entity and Australian Financial Services Licensee.

Specialising in professional and responsive financial services, LM is a highly regarded provider of property related financial services within Australia.

LM's funds are available for Australian dollar and international currency investment. Details of the LM funds are available from LM's website [www.LMAustralia.com](http://www.LMAustralia.com).

The LM funds provide investors with access to a variety of Australian investment options, as follows:-

- > cash;
- > guaranteed income and/or capital guaranteed;
- > conservative income;
- > enhanced income;
- > Australian indexed based investment solutions; and
- > funds registered in other jurisdictions.

## Management Principles

The Manager's corporate vision is to be recognised globally as a leading, innovative and prudential funds manager, and specialist provider of Australian financial services. The management team has a common understanding of business principles to ensure the vision is upheld. These principles include:-

- > delivering a high level of service with clear communication and genuine empathy for clients;
- > offering innovative and qualitative investment and lending products; and

- > using a research driven approach to anticipate market changes and seek new opportunities.

The Manager's commitment to offering clients a competitive advantage with service is demonstrated by its use of information technology delivering 24 hour access to online investment reporting.

## Key Personnel

The directors of LM collectively offer considerable years of experience and specialist knowledge from the finance, insurance, legal and property sectors. The Manager also carries a vast depth of professional property and business related experience across all business units.

LM's personnel are strategic thinkers with the foresight to identify quality investment opportunities, while keeping abreast of developments in Australia's property and finance markets. The Manager blends this foresight with a sound investment philosophy to seek optimum results for investors.

The directors encourage the key decision makers at LM Investment Management Ltd to adopt a hands on and collaborative approach when seeking new investment opportunities and anticipating market changes.

Financial intermediaries and investors have direct access to staff who provide prompt professional assistance. LM's relationships are built on honest and open communication and a genuine appreciation of its clients' needs.

## Corporate Governance

The board of LM Investment Management Ltd generally meets 3 times a year to discuss the strategic direction of LM and the monitoring of its funds. LM has a strong commitment to corporate governance, compliance and risk management. To assist with protection of investor funds, LM has a committee based structure for all major decision making processes.

Executives and a representative of the board generally meet weekly to discuss issues pertinent to the Manager and its funds. Each executive is responsible to the board for the operation of their own business unit. The Funds Management Committee generally meets quarterly to analyse and review performance of the funds. The Compliance Committee generally meets 3 times a year to monitor and review compliance systems and processes to ensure that they are in accordance with the Compliance Program.

LM follows a disciplined research driven approach to investment. LM's Property Research and Analysis Committee ("PRAC"), specifically targets locations offering property growth opportunities and property sectors which are expected to perform.



The board approves all strategic independent relationships/partnerships ensuring alignment of business synergies, experience, professionalism and integrity.

The board and management also have access to a range of independent and professional advisers to assist on particular technical issues.

As an unlisted public company, the Manager is subject to yearly financial audits. The audits are a requirement under the Corporations Act 2001. These audits are performed by an international accounting firm. A financial audit is performed on an annual basis for the LM Managed Performance Fund. These audits provide independent verification to the Manager's and the funds' financial positions and the Manager's diligence in maintaining of processes and day to day management of the funds in accordance with the funds' stated policies.

### **The Custodian**

The Manager has appointed The Trust Company (PTAL) Limited as external custodian for all Fund assets. The Trust Company (PTAL) Limited ("the Custodian") is a wholly owned subsidiary of The Trust Company Limited. The Trust Company Limited is one of the oldest and largest independent statutory trustee companies in Australia having been established for over 125 years. The Trust Company is a public company listed on the Australian Securities Exchange, employs more than 250 people across Australia and Asia Pacific, and holds a market capitalisation in excess of \$180 million.

The role of the Custodian is to hold the commercial loan assets and any other assets of the Fund (for example bank accounts) and undertake other duties as nominee of the Manager. The Custodian has not been involved in the preparation of this Information Memorandum. Although referred to in this Information Memorandum, the Custodian has not authorised the issue of it. The Custodian does not give any guarantee with respect to the performance of the Fund. The Custodian has no interest in relation to the Fund and has not received any inducements other than the remuneration (by way of custodian fees) it is entitled to receive under the custody agreement it has with the Manager.

## The Directors



**Peter Charles Drake**  
Chairman and Chief Executive Officer

Peter founded LM in 1998, after 20 years' experience in Australia's financial services and life insurance sectors. As 100 per cent shareholder and CEO, Peter is principally responsible for the strategic vision, direction and structured growth of LM. Since its inception, Peter has been actively involved with LM's expansion to eight international offices, now servicing approximately 70 countries. Peter is particularly active in the design and marketing of LM's Australian dollar and currency hedged investment products. Working closely with LM's Portfolio Manager to manage the growth of funds under management, Peter also plays an integral role in LM's Funds Management Committee. With significant experience in direct property and joint venture property developments across Australia which makes him integral to the Credit Committee to ensure quality mortgages are chosen. Peter is also a member of LM's Credit/Investment Committee, responsible for approving and setting the conditions of mortgage securities within LM's mortgage portfolio. Peter's vision of an innovative and prudential funds manager holds true as LM continues its dynamic growth in Australia's financial services, business and property sectors. Peter is a member of LM's Credit/Investment Committee, Funds Management Committee and Property Research and Analysis Committee.



**Eghard van der Hoven**  
Executive Director

In 2003 Eghard joined LM as Portfolio Manager, responsible for the monitoring and ongoing performance of LM's various funds. As Executive Director, Eghard's sound understanding of the investment industry spanning almost 20 years includes extensive experience in stock broking, investment analysis, business strategy and policy planning. As the Chair of LM's Funds Management Committee, Eghard is responsible for joint decisions in relation to the asset allocation, geographic spread allocation, cash flow, delivery rate forecasting and budgeting of LM's funds. He holds a Master of Commerce, majoring in Economics, and a Bachelor of Commerce (Hons) in Economics from University of Pretoria, South Africa. Eghard is a member of LM's Property Research and Analysis Committee, Credit/Investment Committee and Arrears Committee. As a key member of the Credit Committee over the nine years with LM, Eghard has extensive knowledge and experience in dealing in mortgages. Eghard takes an active involvement in the Credit Committee to ensure that quality mortgage assets are selected based on thorough due diligence.



**Francene Maree Mulder**  
Executive Director, General Manager Distribution/Product

Francene commenced with LM in 1999, following a 20 year career in the commercial, legal and securities sectors. Prior to joining LM Investment Management Ltd, Francene held managerial positions focused on the areas of commercial mortgages, conveyancing and the property sector. Specific experience in mortgage securities and the marketing of financial products provided a solid background for Francene to successfully undertake her role within LM. As Executive Director, Francene is primarily responsible for the growth, marketing and expansion of distribution of the LM funds on a wholesale and retail basis, throughout Australia and international markets. Francene takes an active role in the direction of the company, all client communication, company communication, corporate literature and client service. Francene is a member of LM's Property Research and Analysis Committee, Funds Management Committee, Credit/Investment Committee and Arrears Committee.



**Katy Phillips**  
Executive Director, Global Operations

Katy joined the Australian Head Office of LM in 2000, and in 2005 relocated to LM Sydney, responsible for the growth of LM's licensed financial adviser network in the southern states of Australia. In 2007 Katy established LM London, successfully expanding LM's global IFA and institutional distribution network throughout the United Kingdom and Europe, now forming a significant component of total business inflows. In 2011 Katy was appointed Global Operations Manager, overseeing the daily operations and marketing direction of LM's seven international offices, whilst managing a global team of 30. Katy was appointed Executive Director in 2012, and continues to oversee the strategic marketing direction and operations of LM in global markets, and is actively involved with marketing strategy, product design and client communication. Katy brings with her significant international funds management experience, notably in London, UK.

## Additional Information

### Payment and Other Instructions

Each investor releases, discharges and agrees to indemnify the Manager from and against all actions, proceedings, accounts, claims and demands whatsoever and howsoever arising from or in connection with or in any way related to the Manager in good faith accepting and acting on instructions received by facsimile transmission or by scanned image which are signed by or purport to be signed by an authorised signatory or signatories.

### Changes to Terms and Conditions and Performance

The distribution rates and fees that apply to investors' investment accounts can change from time to time without notice. Investment terms and conditions can also be changed by giving notice of the changes. Investors will be deemed to have received notice on the second business day after the mailing of the notice.

Indirect Investors who invest in the Fund via a global platform, global portfolio bond, master trust or wrap account will need to contact the operator of that product for details of any changes from time to time, as such information will not be provided directly to Indirect Investors by the Manager.

### Joint Investors

If an investment in the Fund is held jointly with one or more other persons, the Manager can send the joint investors notices, statements or other documents (including any changes to investment terms and conditions) by mailing them to any one of the joint holders (that is, you or any of the other joint holders) at their nominated correspondence address. Each of the joint investors will be deemed to have received the notice, statement or other document the second business day after it is sent. If the Manager gives these notices, statements or other documents to any one of the joint holders, their authorised delegate or adviser, they will be deemed to have been received by all of the joint holders.

Applications signed by several parties are deemed to be signed as joint tenants and unless otherwise agreed all parties must sign to authorise a withdrawal.

### Taxation Advice

As each investor's taxation position is different, the Manager recommends that each investor seek professional advice prior to investing in the Fund. The taxation information contained in this Information Memorandum is of a general nature only and does not apply to non-Australian resident investors (for income tax purposes). All tax liability rests with investors.

### Non-Resident Investors

If an investor is not an Australian resident for taxation purposes, the investor must (when completing the Application Form) provide their overseas residential address. Withholding tax will then be deducted from distributions before they are paid to investors. The tax rate will depend on the investors country of residence\*. Non-resident investors may be entitled to claim a credit for withholding tax deducted in their country of residence. Investors should consult their taxation adviser for further specific advice.

\*Withholding tax is generally deducted at a rate of 10% from interest distributions for most countries, however some exceptions do apply. Please refer to the relevant Australian Double Taxation Treaty for further information. Investors should consult their taxation adviser for further specific advice.

Entities such as charities that hold tax exempt status will not incur any Australian tax, including withholding tax.

### Tax on Distributions

The Fund does not generally pay tax on distributions to investors. It is the Manager's intention to distribute all income in the year received to investors. Income received by each investor will generally be taxable at the investor's own marginal tax rate.

### Capital Gains Tax

If the Fund disposes of an asset, any capital gain on the disposal must be included in the Fund's calculation of net capital gain. The net capital gain of the Fund will be distributed to investors as part of the investor's share of the Fund's taxable income for the year (in proportion to the investor's investment in the Fund).

Where the disposal of an asset results in a capital loss, the loss will be retained by the Fund and not distributed to investors. The capital loss will generally be available to the Fund to offset any future capital gains of the Fund.

If an asset of the Fund is disposed of after it has been owned by the Fund for more than 12 months, any capital gain derived by the Fund as a result of the disposal will potentially be reduced by 50% for the purposes of calculating the net capital gain of the Fund.

Investors may have capital gains tax (CGT) liabilities upon the disposal of units. The most likely method of disposal of units is by way of sale or redemption. The application of CGT is affected by whether an investor holds their units on revenue account as distinct from capital account. The taxation comments in this section do not apply to investors who hold their units on revenue account.

A capital gain will arise where the proceeds on disposal of a unit exceed the investor's CGT cost base for the unit. The cost base of a unit will be its issue price less incidental acquisition costs. If an investor realises a capital loss on disposal of a unit, they may use the capital loss to offset capital gains derived from other sources, in either current or future years.

Where a unit disposed of by an investor was held for more than 12 months at the time of disposal, a capital gain derived upon disposal of a unit may be reduced by 50% for individuals and trusts. Investors that are complying superannuation funds may be entitled to claim a 33<sup>1/3</sup>% CGT discount. Corporate investors are not eligible for a CGT discount and are required to include the full amount of the capital gain in their assessable income.

The receipt of tax deferred income, which may arise as a result of favourable timing of building depreciation and deductible capital expenditure or returns of capital to investors as part of a distribution, will reduce the CGT cost base of a unit. This will be important to the calculation of a CGT gain or loss that will arise on the future disposal of a unit. If the cost base of a unit is reduced to nil by non taxable distributions, further non taxable distributions will be assessable as a capital gain.

The Manager will send to each direct investor their annual taxation statement by the end of September each year. Investors should not complete their taxation returns until they receive this statement.

### **Goods and Services Tax ("GST")**

Goods and services tax ("GST") is not directly applicable to an investor's investment in the Fund when they invest or redeem their investment. Management and other fees charged by the Manager will be subject to GST. The Fund may incur GST in respect to various expenses and the Fund may not be entitled to input tax credits in respect to all the GST the Fund incurs.

### **Transfer Duty and Stamp Duty Generally**

The issue of or transfer of units may attract transfer duty or other stamp duty, depending upon the application of relevant State and Territory laws. Discharging obligations and the payment of stamp duties will be the responsibility of investors and will not be the responsibility or liability of the Manager or the Fund. Investors should seek their own advice on the application of stamp duty when acquiring and disposing of units.

### **Privacy – Use and Disclosure of Personal Information**

The privacy of an investor's personal information is important to the Manager. The purpose of collecting investor information on the Application Form is to process the application and manage an

investor's investment in the Fund. If the information an investor gives is not complete or accurate, the Manager may not be able to provide the products and services applied for.

In processing the application and managing investors' investments in the Fund, the Manager may disclose personal information to other parties such as an investor's financial adviser and/or IT service providers of financial advisers, the financial adviser's licensee or as required by law.

Investors are entitled to request reasonable access to their personal information. The Manager reserves the right to charge an administration fee for collating the information requested.

For further details on the Manager's Privacy Policy please visit the Manager's website at [www.LMAustralia.com](http://www.LMAustralia.com).

### **The Constitution**

The Fund is governed by a Constitution. The terms and conditions of the Constitution are binding on LM Investment Management Ltd and all those investors who from time to time apply for and are accepted as investors in the Fund.

The Constitution includes provisions which deal with:-

- > the rights of investors;
- > the duties and obligations of the Manager as the trustee;
- > investment and borrowing powers of the Manager;
- > the ability of the Manager to be indemnified by the Fund for all expenses, losses and liabilities arising in its capacity as trustee as a result of the performance of its duties;
- > the ability to remove the Manager;
- > unit issue and redemption/withdrawal procedures;
- > convening and conduct of the Fund's investor meetings;
- > the duration and termination of the Fund; and
- > rights to Fund interest distributions.

The statements in this Information Memorandum only provide a summary of some of the provisions of the Constitution. The Manager may change the Constitution in accordance with its terms and the law.

A copy of the Constitution and any amendments is available for inspection at the head office of the Manager upon request.

### **Appointment, Retirement or Removal of Manager**

The Manager may retire as trustee of the Fund on 3 months' notice. The holders of not less than 50% of the units on issue may by notice in writing appoint a new trustee to fill a vacancy in the office of Manager. The Manager may be removed as trustee as provided for by common law.

### **Units**

The beneficial interests in the Fund are divided into units. Different classes and subclasses of units may be issued with different rights and entitlements. The interest distribution rate offered or paid to the different classes may vary, as may the unit price payable on application or withdrawal. Each subclass of unit created by the Manager is treated as a separate class of unit. Classes of units offered or issued may depend on an investor's adviser group.

### **Invitation Only Wholesale Clients in the Fund**

The Manager may invite certain wholesale clients to invest in the Fund. Those invited wholesale investors may include other investment funds managed by the Manager, and at the date of this Information Memorandum, these are the only investors to which the Manager currently intends to offer such investment terms (although this can change at any time in the discretion of the Manager). Various sub-classes of "D" class units and/or various sub-classes of "E" class units will be issued to this investment class. The investment term of this investment class will be 1 day. Withdrawals will be processed on receipt of a written withdrawal notice (which can be given by the investor at any time and without any notice period having to expire) but is otherwise subject to the withdrawal provisions outlined in the paragraph headed "Withdrawal Delays" on this page of this Information Memorandum. The performance return of the Fund for such investors will be determined by the Manager from time to time. The Manager may also waive the whole or part of its Management Fee in respect of such investors.

### **Withdrawal of Units**

An investor in the Fund must give notice to the Manager of its intention to withdraw its units. The minimum notice period, and other conditions relating to withdrawal, will be as advised by the Manager from time to time in an Information Memorandum. The Manager may withdraw any units in the Fund at any time by giving notice to the relevant investor.

### **Withdrawal Delays**

The Manager may effectively suspend withdrawals (by not agreeing to any request for withdrawal) for such periods as it may determine in its sole discretion where:-

- > the Fund's cash reserves fall below 5% of the value of units on issue; or
- > in any calendar month the Manager receives net withdrawal requests equal to 10% or more of the value of the Fund's issued units; or
- > any other event or circumstance arises which the Manager considers in its absolute discretion may be detrimental to the interests of investors in the Fund.

### **Transfer of Units**

Investors may transfer their units provided the transfer is in accordance with law and provided the Manager otherwise has no right to refuse the transfer. The instrument of transfer will be required by the Manager as evidence of the transfer prior to updating the unit register. The Manager must refuse to register transfers in certain circumstances, and can suspend the registration of transfers for an aggregate of 30 days in any calendar year.

### **Transmission of Units**

If an investor in the Fund dies, the survivor (or survivors where the investor was a joint holder) and the legal personal representative of the deceased will be the only persons recognised by the Manager as having any title to the investor's interest in the Fund. The Manager may require evidence of an investor's death and grant of probate of the will as it thinks fit.

### **The Register**

The Manager will maintain a register of investors in the Fund and their holdings of units in the Fund. Every investor in the Fund must promptly notify any change of name or address to the Manager and the Manager must alter the register accordingly.

### **Manager's Powers**

The Manager has all the powers in respect of the Fund property as if it were the absolute owner of the Fund property and acting in its personal capacity. Whilst there are no restrictions specified in the Constitution (subject to the law) in how the Manager may invest Fund property, the Manager's current intention in respect of such investment (which intention can change from time to time without notice) is that Fund property may be used for:-

- > investing in managed investment funds, and/or
- > investing directly in securities, and/or
- > making loans to third parties (including related parties) approved by the Manager, and/or
- > investing in direct real property; and/or
- > working capital requirements of the Manager.

### **Distributable Income**

The distributable income of the Fund is income of the Fund less expenses and provisions of the Fund.

### **Manager Fees**

The Manager is entitled to be paid various fees as set out in the Constitution. These include a management fee of up to 10% pa of Net Fund Value, a success fee, and various other fees for performing other duties relating to the Fund.

### **Tax, Costs and Expenses**

The Manager may use the Fund assets to pay any tax, liability or expense incurred in performance of its duties in respect of the Fund.

### **Manager's Indemnity**

To the extent allowed by law, the Manager is indemnified out of the Fund assets against any claim, action, damage, loss, liability, costs, expenses or payment which the Manager incurs or is liable for, provided that it does not arise from the fraud, negligence or breach of trust of the Manager.

To the extent allowed by law the Manager is not liable for any loss or damage to any person (including any investor) arising out of any matter provided the Manager acts in good faith and in accordance with the Fund's Constitution. In any case, the Manager's liability in respect of the Fund is limited to the Fund property from which the Manager is entitled to be, and is in fact, indemnified.

### **Protection of Investors**

The Constitution limits the liability of investors to the unpaid issue price of the investor's units unless the investor agrees otherwise in writing. However, the Manager cannot give an absolute assurance on this matter as the issue of the investor's liability has not been fully resolved by the courts.

### **Financial Statements**

The Manager must cause proper accounting records to be kept. The Manager must prepare and make available to all investors the financial statements of the Fund for each financial year.

### **Power of Attorney**

Under the Constitution each investor, by signing the Application Form, appoints the Manager and any of its directors, officers, attorneys or substitutes as its attorney and agent at the time the investor signs the Application Form. The power of attorney provides the attorney with the right to sign documents in relation to any subscription or redemption agreement, to sign documents of transfer or transmission of units, to sign variations of the Constitution and to sign any document required by the law to be executed by an investor in respect of the Fund.

### **Changing the Constitution**

The Constitution may be modified, repealed or replaced by the Manager where the Manager reasonably considers the change will not adversely affect investors' rights or is deemed necessary to conduct the affairs of the Fund by the Manager.

### **Term of the Fund**

The Fund will be wound up 80 years from the commencement date or on any earlier date which the Manager may determine at its absolute discretion.

### **Governing Law**

The laws of Queensland, Australia govern the Constitution.

### **Complaints Procedure**

If an investor has a complaint they should generally first contact their adviser. If the adviser is unavailable, unwilling, or unable to assist, or if the investor wishes to directly contact the Manager, and the complaint relates to the Fund or the Manager, then the investor should contact the Client Relations Department at the office of the Manager on free call 1800 062 919 (Australia only) or +617 5584 4500. Complaints may be made in writing or by telephone. The Manager will respond within 30 days of receiving the complaint. The Manager is a member of the Financial Ombudsman Service.

Indirect Investors who invest in the Fund via a global platform, global portfolio bond, master trust or wrap account should contact the operator of their product if they have a complaint related to their indirect investment in the Fund.

### **Related Parties**

Broadly, the definition of "related party" includes an entity, company or person that controls LM Investment Management Ltd ("LM") the Manager of the Fund and an unlisted, public company. In relation to the management of this Fund, related parties include other funds managed by LM and LM's directors.

The Fund is able to enter into related party transactions either directly or through joint ventures. The Manager has chosen to do this on a number of property related transactions through the loan structure which ensures the yield is delivered to investors through the Fund as income only for taxation purposes. For this reason, the majority of the Fund's transactions in respect of the Fund's assets will be classified as related party transactions.

The property related (joint venture) assets of this Fund are held as commercial loans. Each loan is structured with a separate special purpose vehicle (company) which is an "LM" related entity. This

structure means that returns of the joint venture are passed to the Fund from the special purpose vehicle as interest and are distributed to investors as income.

All Fund investments follow the same due diligence and credit assessment process. Where a related party is involved in a transaction, the transaction is evaluated from a due diligence and credit assessment process as if it were not a related party transaction. The Manager will only enter into a related party transaction if it is satisfied that the transaction is on commercial arm's length terms. The Manager monitors related party transactions in order to ensure that these transactions continue to comply with this policy.

Following are the related party transactions within this Fund:-

- > Since inception of LM Investment Management Ltd, LM Administration Pty Ltd has been engaged by LM Investment Management Ltd to provide administration services at a commercial fee. LM Administration Pty Ltd also provides administration and funds management services to the Fund and directly receives a management fee from the Fund for that service. Peter Drake, a director of LM, is the beneficial owner of LM Administration Pty Ltd.
- > As at 30 September 2012 the Fund had 5 loans to related entities to the value of \$270,474,460. All loans were granted on commercial terms and conditions.
  - 92.64% of the related party loans were granted to structured special purpose vehicles (companies) which are "LM" related entities.
  - 7.36% of those loans were to LM related entities and granted on commercial terms and conditions.
- > Other funds managed by LM or its related or associated parties may be members in the Fund, for example, Invitation Only Wholesale Investors.

Where the asset of the Fund is a second mortgage, that mortgage may rank behind a first mortgage security held by a primary financier of that particular asset. Should that first mortgage security be provided by another LM managed fund, such position is also classified as a "related party" finance transaction. In this situation the entitlements of such a related party would be restricted and limited to the legal entitlements under its own mortgage security, as would be the case for any third party first mortgage security holder. As at 30 September 2012 there were 14 such loans totalling \$90,657,664.

## Disclaimer

This Information Memorandum has been prepared by the Manager based on information within its own knowledge or provided to it by its advisers. Other than as required by law, no responsibility is taken by the Manager or any parties mentioned in this Information Memorandum for any statement made in relation to the Fund other than those statements made in this Information Memorandum. Neither the Manager, nor such party gives any guarantee with respect to the performance of an investment or the Fund. The Manager has authorised the issue of this Information Memorandum. The Manager does not purport to advise investors in relation to their investment in the Fund or their taxation position.

## Interests of the Custodian

The role of the Custodian is to hold the assets of the Fund and title documents as agent for the Manager. It is not the role of the Custodian to protect the rights and interests of the Fund's investors.

The Custodian has no interest in relation to the Fund and has not received any inducements other than the remuneration it is entitled to receive under the custody agreement or the Constitution by way of custodian fees.

The Custodian does not guarantee the return of any investment, any tax deduction availability or the performance of the Fund.

## Notices

All notices must be in writing and addressed to the head office of the Manager at PO Box 485, Surfers Paradise Qld 4217, Australia. Notice is only taken as given on receipt by the Manager at its head office.

## Electronic Information Memorandum

This Information Memorandum is available in electronic form at [www.LMAustralia.com](http://www.LMAustralia.com) to financial advisers. Any person receiving this Information Memorandum electronically will on request be sent a paper copy of the Information Memorandum (and attached Application Form) by the Manager free of charge during the period of the offer. Applications must be made by completing a paper copy of the Application Form which forms part of this Information Memorandum.

The Manager will not accept a completed Application Form if it has reason to believe that the applicant has not received a complete paper copy or electronic copy of the Information Memorandum or if it has reason to believe that the Application Form or electronic copy of the Information Memorandum has been altered or tampered with in any way. While the Manager believes that it is extremely unlikely that during the period of the offer the electronic version of the Information Memorandum will be tampered with or altered in any way, the Manager



cannot give any absolute assurance that this will not occur. Any investor in doubt concerning the validity or integrity of an electronic copy of the Information Memorandum should immediately request a paper copy of the Information Memorandum direct from the Manager or their adviser.

**Consent**

The directors of LM Investment Management Ltd have authorised and consented to the issue of this Information Memorandum for the Fund.

## Anti-Money Laundering Procedures

The Australian anti-money laundering legislation helps combat money-laundering and the financing of terrorism.

Under the legislation the Manager as trustee of the Fund needs to identify the underlying owner of each investment. For example, a private company will need to provide supporting documentation to identify the company as well as the usual account opening information. The Manager is also required to identify certain other parties to the investment such as a trustee or power of attorney.

### What Documentation Needs to be Submitted with an Application

Investors' financial advisers will be able to assist investors in providing the necessary verification documents. Below is an outline of the minimum verification documents that may be required. All verification documents must be certified and translated if not in English - see page 43 of this Information Memorandum for suitable certifiers and translators. **Please check the website for your country and investor type requirements at [www.LMaustralia.com](http://www.LMaustralia.com). Alternatively, telephone the Manager's regional offices or head office on +617 5584 4500.**

For wholesale investors e.g. superannuation or pension funds, operators of global platforms, global portfolio bonds, master trusts, wrap account providers ("Global Platform/Portfolio Bond Investors") different documentation is required. If not already completed the latest investor form for financial institution investors which includes Anti-Money Laundering details is available from the Manager's website at [www.LMaustralia.com](http://www.LMaustralia.com) or by telephoning the Manager's regional offices or the Manager's head office on +617 5584 4500.

Type of Investor	Investment Account Must Be in the Name of	Signature(s) Required	Verification Documents Required (in Support of the Application Form)
<b>Individual Account and Sole Traders</b>	The individual e.g. John Citizen	The individual's	Certified copy of any of the following that verify your name, date of birth and/or current address:- <b>Option 1:</b> Current Passport or Driver's Licence
<b>Joint Account</b>	Both or all joint applicants e.g. John Citizen and Jane Citizen	All joint applicants'	<b>Option 2:</b> Either Birth Certificate, Citizenship Certificate or Pension Card <b>And</b> Notice issued by a government body within the preceding 12 months or utility provider issued within the preceding 3 months
<b>Pension Fund</b>	The trustee(s) of the fund and name of the Pension Fund e.g. ABC Trustees atf John Citizen Super Fund	All Trustees' or that number of Trustees as required by the Trust Deed	Certified copy of the first page, schedule (and any relevant pages including the page that lists details in relation to who can sign on behalf of the Trust) of the Trust Deed confirming name and trustee(s) signatures. For <b>one</b> individual trustee, please also provide the same type of information requested for an <b>Individual Account</b>
<b>Trust</b>	The trustee(s) of the trust and name of the trust e.g. ABC Trustees atf John Citizen Trust		<b>Or</b> For <b>one</b> corporate trustee please also provide the same type of information requested for a <b>Company</b> .
<b>Company</b>	The name of the company e.g. ABC Pty Ltd	Two directors; or a director and a company secretary or if there is only one director, by that director	> Certified copy of the Certificate of Registration <b>Or</b> > ASIC (or equivalent regulatory body) search within the last 30 days confirming name, registration and identification number
<b>Partnership</b>	All partners e.g. John Citizen and Jane Citizen	Two partners	> Certified copy or certified extract of a partnership agreement <b>Or</b> > Certified copy or certified extract of minutes of a meeting confirming partnership <b>And</b> > Confirmation of current membership if regulated by professional association by current membership certificate or confirmation from relevant association. For <b>one</b> individual partner, please also provide the same type of information requested for an <b>Individual Account</b> .

### Suitable Certifiers for Copies of Verification Documents

The investor's identification documents need to be certified by one of the persons below. The Manager suggests that the person certifying the document(s) for the investor use the following statement on the copy being certified:-

"I certify this to be a true and correct copy of the [Name of Document] the original of which, was produced to me at the time of signing and it is a true likeness of the identified (where there is a photo id)".

The document must also be dated and have the signature, printed name, occupation, and employer or address of the person certifying the document.

Some of the persons who may certify copies of the original documents are:-

- > A Finance Company Officer with 2 or more continuous years of service with one or more finance companies (may include such professionals as Financial Adviser if their adviser group currently holds a terms of business agreement with LM);
- > A Legal Practitioner;
- > A Judge of a Court;
- > A Magistrate;
- > A Chief Executive Officer of a Commonwealth Court;
- > A Registrar or Deputy Registrar of a Court;
- > A Justice of the Peace;
- > A Notary Public (for the purposes of the Statutory Declaration Regulations 1993);
- > A Police Officer;
- > An Australian Consular Officer or an Australian Diplomatic Officer;
- > An Officer with, or authorised representative of, a holder of an Australian financial services licence, having 2 or more continuous years of service with one or more licensees;
- > A Member of the Institute of Chartered Accountants or the National Institute of Accountants;
- > Dentist;
- > Medical practitioner;
- > Nurse;
- > Optometrist;
- > Pharmacist;
- > Physiotherapist;
- > Bank officer with 5 or more continuous years of service;
- > Building society officer with 5 or more years of continuous service;
- > Commissioner for Affidavits;
- > Commissioner for Declarations;
- > Credit union officer with 5 or more years of continuous service; or
- > Teacher employed on a fulltime basis at a school or tertiary education institution.

## Translation of Documents

### Ensure Documents that are Not in English are Translated

The translator must at minimum confirm in English: the investment name, and as applicable: registration date, registration number and company (public / private, listed / unlisted) /type of an investing company; name, inception date, trust type and trustees of an investing trust; and the name, date of birth and/or address of individuals including Directors / Secretary, Shareholders, Trustees, Beneficiaries.

The following statements should be used (for other entity types please use similar statements):

#### > Company or Trust

"I hereby confirm that I have translated this [name of document] and confirm the company/trust name, registration/inception date and number, company/trust type and trustees (omit as applicable or add information that requires translation) on the document are as follows: (provide details of the company/trust name, registration/inception date, identification number, company/trust type and trustees or other details translated as applicable)."

#### > Individual

"I hereby confirm that I have translated this [name of document] and confirm the name, address, date of birth (omit as applicable or add information that requires translation) on the document are as follows: (provide details of the name, address, date of birth or other details translated as applicable)."

The translator must provide their name, occupation, and employer or address, and sign and date the translation.

## Persons Who can Translate Documents

An accredited translator: or

The financial adviser verifying the identity of the investor may translate the documents if he or she is qualified to do so.

## Queries

Should you require information in relation to what documents need to be submitted with an application or if you are unsure which classification your application falls under please contact your financial adviser or the Manager's regional offices or head office on +617 5584 4500 prior to submitting an application.

## Incomplete Applications

An application cannot be processed by the Manager unless the appropriate verification documentation and information is supplied with the application or if the Manager is not satisfied with the legitimacy of the verification documentation or information supplied. The Manager takes no responsibility for any delay in processing an incomplete application. The Manager will contact advisers as soon as practicable and ask them to supply any necessary additional information for the investor in order for the application to be processed.

The Manager reserves the right to refuse or cancel applications at any time if it believes that the application breaches any anti-money laundering/counter-terrorism financing law or the money laundering or terrorism financing risk is unacceptable to the Manager. The Manager may also request any further information at any time throughout the investment, including on making of additional deposits or change of details from an investor that it considers necessary for it to satisfy any applicable anti-money laundering/counter-terrorism financing laws. If the Manager has requested an investor to provide further information, the processing of their application may be delayed until the information is received.

# Application Form Checklist

To ensure the Manager is able to process an investor's application quickly and efficiently please check the Application Form is completed as set out below and that all additional information in relation to Anti-Money Laundering requirements is provided.

- Section 1** Nominate the type of investment and type of investor/s to open a new account.
- Section 2 Individual and Joint Investor/s Details** - Provide the investor/s' full name/s. Joint investors must each provide their full names and sign the Application Form. All correspondence about the investment (including interest distributions and withdrawals) may be sent to the first person named on the Application Form. Joint investors are treated as joint tenants. This means that if one of two joint investors dies, only the other joint investor will be recognised as having any claim to the investment.
- Section 3 Sole Trader Investor Details**
- Section 4 Company Investor Details and Details for Operators of global platforms, global portfolio bonds, master trusts and wrap accounts.** Any operators of global platforms, global portfolio bonds, master trusts and wrap accounts or corporate trustees should complete Sections 4 and 5 on the platform/trust/bond and the underlying operator/trustee as applicable.
- Section 5 Trust Investor/Pension Fund Details** – only the trustee has rights and obligations under the Fund's constitution.
- Section 6 Partnership or Association Investor Details**
- Section 7** Provide contact details for the investor/s.
- Section 8** Provide the investor/s' residential street address or if applicable business street address.
- Section 9** Country of residence.
- Section 10** Nominate the investment option and amount to be invested.
- Section 11** For **Personal Investors only** to nominate if they want to regularly redeem units equivalent to the interest distributions monthly, quarterly or annually (if investment term is longer than 1 year) which will be paid to their nominated bank account.
- Section 12** For **Global Platform/Portfolio Bond Investors only** to choose if they want Accumulative or Income unit class.
- Section 13** Please tick the appropriate instructions in relation to maturity/rollover.
- Section 14** Nominate how the investment amount is to be paid.
  - > **Telegraphic Transfer or Electronic Direct Credit** - Details of the financial institution account to be credited are contained in the "How to Invest" Section of this Information Memorandum. Once you have forwarded the telegraphic transfer or electronic direct credit you must fax the completed Application Form, AML Form with supporting documentation and copy of the telegraphic transfer (and forward the original by mail) or electronic direct credit receipt (and forward the original by mail) to the Manager on facsimile number +617 5592 4116.
  - > **Cheque - For United Kingdom GBP bank account holders only** - If investing via cheque please cross your cheque "Not Negotiable" and make payable to the Great British Pound bank account listed on the Manager's website at [www.LMaustralia.com](http://www.LMaustralia.com).
- Section 15** Politically Exposed Persons.
- Section 16** Provide details of where the funds for this investment came from.
- Section 17 Power of Attorney** - If the Application Form is being signed under a Power of Attorney the Attorney must provide personal details in this section.
- Section 18** Complete details of the investor/s financial institution account to which distributions and withdrawals will be paid.

**Section 19** Please read this section for details on how the Manager can use the investor/s personal information provided on the Application Form.

**Section 20** Special instructions if any.

**Section 21** Please read this section and execute the Application Form in acknowledgement. Ensure that **if you are investing under a joint account** both applicants have signed and dated the form. **If the investor is a company** please ensure that the Application Form is executed by either 2 directors, 1 director and company secretary, or the sole director who is also the sole secretary. **If signing under a Power of Attorney**, please attach a certified copy of the Power of Attorney Document together with a Declaration by the attorney that the Power of Attorney has not been revoked and forward with this Application Form to the Manager.

**Section 22** Complete details of the investor's financial adviser.

#### **Once you have Completed and Executed the Application Form**

Please send the form and your prescribed method of payment to either:-

Your financial adviser

or

The Manager:  
LM Investment Management Ltd  
PO Box 485  
Surfers Paradise Qld 4217  
Australia

# Application Form

## LM Managed Performance Fund AFSL No. 220281

Please ensure the appropriate Anti-Money Laundering identification documentation which is available from the Manager's website at [www.LMaustralia.com](http://www.LMaustralia.com) is completed with this Application Form.

Units in the Fund will only be issued on receipt of this Application Form, issued together with the Information Memorandum for the Fund dated **14 December 2012**.

Please phone LM Investment Management Ltd's Client Relations Department on +617 5584 4500 or your adviser with any enquiries.

Office use only

**Please complete this form using BLACK INK and print well within the boxes in CAPITAL LETTERS. Mark appropriate answer boxes with a cross like the following . Start at the left of each answer space and leave a gap between words.**

### 1 Investment Details

---

#### Type of investment

AUD Investment                       Non-AUD Investment

EXISTING INVESTOR - New Investment

Existing Investor ID \_\_\_\_\_

#### Investor Type

Operator of global platform / global portfolio bonds or pension funds / master trusts / wrap account

Individual / Joint Investors - complete details in Section 2 and then go to Section 7 and complete all sections.

Sole Trader Investors - complete details in Section 3 and then go to Section 7 and complete all sections.

Company Investors - complete details in Section 4 and then go to Section 7 and complete all sections.

Trust (including Family or Unit Trusts) Investors - complete details in Section 5.

Partnership Investors - complete details from Section 6 onwards.

Association Investors - complete details from Section 6 onwards.

**Please ensure** appropriate investor identity verification documents are attached to this Application Form – refer to the Anti-Money Laundering requirements at [www.LMaustralia.com](http://www.LMaustralia.com).

## 2 Individual and Joint Investor Details

---

**Investor 1** Mr  Mrs  Miss  Other \_\_\_\_\_

First Name(s)

---

Last Name

---

Date of Birth (dd/mm/yy) \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_ Gender Male  Female

Current Occupation

---

Country of Citizenship

---

**Investor 2** Mr  Mrs  Miss  Other \_\_\_\_\_

First Name(s)

---

Last Name

---

Date of Birth (dd/mm/yy) \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_ Gender Male  Female

Current Occupation

---

Country of Citizenship

---

## 3 Sole Trader Investor Details

---

**Sole Trader** Mr  Mrs  Miss  Other \_\_\_\_\_

First Name(s)

---

Last Name

---

Date of Birth (dd/mm/yy) \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_ Gender Male  Female

Current Occupation

---

Country of Citizenship

---

Full Business Name

---

Company Number (if applicable)

---



#### 4 Company Investor Details

Full Organisation Name

---



---

Country in which the organisation was established

---

If Entity is a Company -  Public  Private  Listed or  Unlisted

Business/Type/Activity of Company

---

If Regulated Company – provide the name of the Regulator and License number

---

Company Number (if applicable)

---

If listed company provide the name of the market/exchange

---

If majority-owned subsidiary of a listed company – provide name of listed company and name of market/exchange

---

**If Proprietary/Private Company provide** Names and Residential or Principal addresses of Individual Company Shareholders who are beneficial owners with over 25% ownership. **If more than 2 Shareholders, attach list** of shareholders' names and addresses to this Application Form or refer to the website at [www.LMaustralia.com](http://www.LMaustralia.com) for an additional shareholders form.

**If any shareholder is a company** details of the underlying individual owners of that company are required. Attach details of interrelated companies as necessary to show ownership.

##### Shareholder 1

First Name(s)

---

Last Name

---

Residential or Principal Street Address

---



---



---

Country

---

**Shareholder 2**

First Name(s)

---

Last Name

---

Residential or Principal Street Address

---



---

Country

---

**If Proprietary Company provide names of All Company Directors. If more than 4 Company Directors attach a list to this Application Form.**

First Name(s)

Last Name

---

First Name(s)

Last Name

---

First Name(s)

Last Name

---

First Name(s)

Last Name

---

**5 Trust (Including Family Or Unit Trusts) /Pension Fund Investor Details**

Full Organisation Name of Trust/Pension Fund

---



---

Identification Number (if applicable)

---

Country in which the organisation was established

---

Type/Activity of Trust

---

**Names and Residential or Principal addresses of All Trustee/s.** If more than 2 trustees, attach a list to this Application Form of trustees, names, date of birth and addresses or refer to the website for an additional trustee form.

**If the Trustee is a Company please complete the Company details for the Trustee in Section 4 of this Application Form.**

**Trustee 1**

First Name(s)

---

Last Name

---

Date of Birth (dd/mm/yy)    \_\_\_ / \_\_\_ / \_\_\_    Gender    Male     Female

Residential or Principal Street Address

---

---

Country

---

**Trustee 2**

First Name(s)

---

Last Name

---

Date of Birth (dd/mm/yy)    \_\_\_ / \_\_\_ / \_\_\_    Gender    Male     Female

Residential or Principal Street Address

---

---

Country

---

**Names of All Beneficiaries or class of beneficiaries of the Trust or Pension Fund.** If more than 4 Beneficiaries of a Trust/Pension Fund, attach a list to this Application Form or refer to the website at [www.LMaustralia.com](http://www.LMaustralia.com) for an additional beneficiary form.

First Name(s)

Last Name

---

First Name(s)

Last Name

---

First Name(s)

Last Name

---

First Name(s)

Last Name

---

Class of Beneficiaries (if applicable)

---

## 6 Partnership / or Association Investor Contact Details

Full Organisation Name of Partnership/Association

---



---

Country in which the organisation was established

---

Country in which business activity is conducted if different from above

---

Business/Type/Activity of Partnership/Association

---

If Regulated Partnership – provide name and membership details of professional association

---

Company Number (if applicable)

---

**Names and Residential or Principal addresses of All Partners / Association's 2 public officers.** If more than 2 partners or public officers, attach a list to this Application Form.

### Partner 1 / Public Officer 1 / President

First Name(s)

---

Last Name

---

Date of Birth (dd/mm/yy)    \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_

Gender    Male     Female

Residential or Principal Street Address

---



---

Country

---

### Partner 2 / Public Officer 2 / Secretary

First Name(s)

---

Last Name

---

Date of Birth (dd/mm/yy)    \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_

Gender    Male     Female

Residential or Principal Street Address

---



---

Country

---

## 7 Investor Contact Details - This is Address Correspondence will be Sent to

Contact Name

Postal Address

Email 1

Email 2

Phone (Business/Home)

Phone (Mobile)

Please indicate your preferred method of receiving correspondence

Email

Post

OR

All correspondence to Adviser only

## 8 Residential / Principal Business Street Address of Investor/s

**Individual investors must provide** their residential street address and if sole trader their principal business address (if different). **Company, partnership, pension fund, association or trust investors must provide** their principal business street address and registered office address (if different). **Post office boxes are not acceptable.**

**Investor 1 / Company / Trust / Pension Fund / Partnership / Association / Sole Trader**

Residential / Principal Business Street Address

Country

**Investor 2 / Company / Trust / Pension Fund / Partnership / Association / Sole Trader**

Residential / Registered Office Street Address

Country

**9 Country of Residence**

**Investor 1 / Company / Trust / Pension Fund / Partnership / Association / Sole Trader**

If a foreign resident for tax purposes, specify country of residence

**Investor 2 / Company / Trust / Pension Fund / Partnership / Association / Sole Trader**

If a foreign resident for tax purposes, specify country of residence

**10 Investment Details**

The investor may use this Application Form to select either one or a diversified range of currency investments. (Investment may be arranged for most currencies. For clarification on hedging a specific currency, contact the Manager.)

Investment Amount - Tick for currency selection	Specify Investment Term e.g. 1 Year, 2 Years, 3 Years	Tick for Limited Offer Fixed term
<input type="checkbox"/> USD Amount _____ .	_____ Year/s	<input type="checkbox"/>
<input type="checkbox"/> GBP Amount _____ .	_____ Year/s	<input type="checkbox"/>
<input type="checkbox"/> EUR Amount _____ .	_____ Year/s	<input type="checkbox"/>
<input type="checkbox"/> SGD Amount _____ .	_____ Year/s	<input type="checkbox"/>
<input type="checkbox"/> HKD Amount _____ .	_____ Year/s	<input type="checkbox"/>
<input type="checkbox"/> CAD Amount _____ .	_____ Year/s	<input type="checkbox"/>
<input type="checkbox"/> JPY Amount _____ .	_____ Year/s	<input type="checkbox"/>
<input type="checkbox"/> THB Amount _____ .	_____ Year/s	<input type="checkbox"/>
<input type="checkbox"/> AUD Amount _____ .	_____ Year/s	<input type="checkbox"/>
<input type="checkbox"/> Other Currency _____		
Amount _____ .	_____ Year/s	<input type="checkbox"/>
<input type="checkbox"/> Other Currency _____		
Amount _____ .	_____ Year/s	<input type="checkbox"/>

## 11 Personal Investors Only - Interest Distribution Via Regular Redemption Of Units

Interest Distribution via Regular Redemption of Units No  or Yes

> **If Yes please nominate** nominate frequency below, the redemption will be credited to the bank account nominated in Section 18

Redeem units and pay to the nominated bank account:

Monthly  Quarterly  6 Monthly  Annually (for terms longer than one year) or  
 At Rollover of further Investment Terms

Please note Limited Offer Fixed Term investors can only select interest distributions be paid to their nominated bank account annually or at rollover of further term.

Please complete Section 13 for maturity/rollover instructions.

## 12 Global Platform/Portfolio Bond Investors Only – Accumulative Or Income Units

Global Platform/Portfolio Bond Investors must select Accumulative or Income unit pricing.

**Accumulative Unit Price** - Interest is calculated daily and reflected in the unit price with compulsory reinvestment of income distributions.

OR

**Income Unit Price** - Interest is calculated daily and reflected in the unit price with compulsory reinvestment of income distributions.

Please complete Section 13 for maturity/rollover instructions

## 13 Maturity / Rollover Instructions

Please tick the appropriate instructions.

On the anniversary of each investment term **continue to reinvest the investment amount for further investment terms of the same length until notified otherwise by the investor** by the appropriate notice.

**Example:** On maturity of USD 1 Year Term distribution will be credited to the investor's investment account and principal investment amount will be rolled for further USD 1 Year Terms until notified otherwise by the investor.

On the anniversary **redeem the investor's investment amount** and electronically credit the Investor Account nominated in Section 18 of this Application Form.

Note: See page 26 of this Information Memorandum ("How to Withdraw") for details of the notice periods required, any withdrawal delays and the restrictions on breaking an investment term, which also apply to investment terms resulting from a rollover.

Note: Investors should consult with their adviser to obtain details of the latest Information Memorandum prior to reinvestment. Investors can obtain details of historical performance for the Fund in respect of each particular investment option from the Manager's website at [www.LMAustralia.com](http://www.LMAustralia.com). Past performance is not an indicator of future performance.

## 14 Payment Details

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How will this investment be made? NOTE: Cash is not acceptable

**NON-AUSTRALIAN DOLLAR CURRENCY HEDGED PAYMENT MAY BE MADE BY TELEGRAPHIC TRANSFER OR ELECTRONIC DIRECT CREDIT** (Investors should check with their financial institution to see if this facility is available)

Please attach a copy of the telegraphic transfer or electronic direct credit receipt to the Application Form and provide the telegraphic transfer reference code provided by the bank or electronic direct credit reference code provided by the bank:-\_\_\_\_\_.

**UNITED KINGDOM BANK ACCOUNT HOLDER PAYMENT OPTIONS FOR INVESTING GREAT BRITISH POUNDS:-**

**Cheque**  Make cheque payable to the Fund's GBP bank account details of which are listed on the Manager's website at [www.LMaustralia.com](http://www.LMaustralia.com):-

**Electronic Direct Credit or Telegraphic Transfer**  Please attach a copy of the electronic direct credit receipt or telegraphic transfer to the Application Form and provide the electronic direct credit reference code provided by the bank or telegraphic transfer reference code provided by the bank:-  
\_\_\_\_\_.

### THIRD PARTY PAYMENTS

The Manager expects funds to come from the investor's own account. Please provide an explanation if payment is made from a third party and provide evidence of source, such as bank statement and transfer of funds between parties.

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## 15 Politically Exposed Persons

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Are you or anyone named on this form or any of your or their close personal or business relationships, associates or family members politically exposed persons e.g. Heads of State, senior politicians, judicial or military officers, senior executives of state owned corporations?

Yes  No

If yes please provide details \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



## 16 Source Of Investment Funds - Must Be Completed For Anti-Money Laundering Requirements

Please tick the appropriate box to provide information on where funds for this investment came from.

Savings     Sale of Assets     Profit

Other - please specify e.g. gift, donation:- \_\_\_\_\_

If source of investment funds is via sale of assets, gifts, donation etc supply date of receipt of funds and payer details:

\_\_\_\_\_

\_\_\_\_\_

Investments from certain countries need to submit evidence of source of funds, please check the website at [www.LMaustralia.com](http://www.LMaustralia.com).

## 17 Power Of Attorney

If this application form is signed under Power of Attorney please ensure a certified copy of the Power of Attorney and an identity verification document (e.g. Certified copy of current Passport) for the Attorney is attached.

### Name of Attorney

First Name(s)

\_\_\_\_\_

Last Name

\_\_\_\_\_

Date of Birth (dd/mm/yy)    \_\_\_\_ / \_\_\_\_ / \_\_\_\_    Gender    Male     Female

Nationality

\_\_\_\_\_

Current Occupation

\_\_\_\_\_

Residential or Principal Street Address

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Country

\_\_\_\_\_

## 18 Investor Account Details (for payment of withdrawals from the Fund)

---

Account Name (Payments are only able to go to the investor's own account)

---



---

Bank Name

---

Bank Address

---



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---

BSB Number (Australia Only)

Bank Account Number

Currency    Swift Code

Sort Code

Routing Code/Fedwire (US banks only)

---

IBAN Number (*International Bank Account Number*) (*Mandatory for all UK and EU bank accounts*)

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Intermediary Bank Name (*For overseas bank accounts using an intermediary bank, if applicable*)

---

Intermediary Bank Address

---



---

Intermediary Sort Code

Intermediary Swift Code

---

Intermediary Account Number

---

## 19 Personal Information

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The privacy of an investor's personal information is important to the Manager. The purpose of collecting investor information on the Application Form is to process the application and manage an investor's investment in the Fund. If the information an investor gives is not complete or accurate, the Manager may not be able to provide the products and services applied for.

In processing the application and managing investors' investments in the Fund, the Manager may disclose personal information to other parties such as an investor's financial adviser and/or IT service providers of financial advisers, the financial adviser's licensee or as required by law.

Investors are entitled to request reasonable access to their personal information. The Manager reserves the right to charge an administration fee for collating the information requested.

For further details on the Manager's Privacy Policy please visit the Manager website at [www.LMaustralia.com](http://www.LMaustralia.com).

## 21 Adviser Fee Instructions for Adviser Fee Paid from Investor's Initial Investment Amount or Investment Account

Investors may request their adviser be paid an upfront fee from their investment amount prior to their funds being invested and/or if the investment class chosen by the investor has distribution/s payable during the investment term, request an ongoing amount be paid to their adviser from any such distribution/s in relation to their investment.

Please nominate the percentage the investor requests be paid to their adviser as set out below:

- > **Insert percentage to be paid upfront from Initial Investment Amount:** \_\_\_\_\_% of investment amount to be deducted prior to investment and paid by the Manager to the investor's adviser.
- > **Insert ongoing percentage to be paid from any Distribution Amount:** \_\_\_\_\_% of the distribution amount to be deducted from any distribution paid by the Manager in relation to the investor's investment and paid by the Manager to the investor's adviser. For investments held in the Accumulative (B, D or F Class), to facilitate this payment to advisers the Manager will redeem/withdraw units equivalent to this payment and pay the adviser.

Please note, where an investor is placing additional funds into an existing investment without a new Application Form the same percentage of the investment amount will be deducted and paid to the adviser as a fee for service.

## 22 Signing Area

I/We declare that:-

1. This Application Form is completed according to the declaration/appropriate statements in the Application Form and I/we agree to be bound by the Fund's Constitution, the terms, conditions and contents of the Information Memorandum of the Fund including the limited power of attorney.
2. The return of this Application Form with the Application Money will constitute an irrevocable offer to subscribe for units in the LM Managed Performance Fund.
3. I/We acknowledge that I/we have read this Information Memorandum to which this application relates.
4. I/We consent to the Manager collecting the information provided in this document and attachments and declare that the information is true and correct. I/We agree to provide the Manager with any further information required and confirm LM may obtain further information to confirm my/our or our organisation's identity for the purpose of my/our investment or for the purposes of compliance with any laws.
5. I declare that the money invested in the Fund is not part of any money laundering or terrorist financing schemes.

\_\_\_\_\_  
**Signature of Investor 1 / Company Officer** (please nominate office held eg. Director)/Trustee

\_\_\_\_\_  
**Date**

\_\_\_\_\_  
**Signature of Investor 2 / Company Officer** (please nominate office held eg. Director)/Trustee

\_\_\_\_\_  
**Date**

*If signed under Power of Attorney, the Attorney certifies that he or she has not received notice of revocation of that power. Trustees of trusts giving a power of attorney certify that they are authorised to do so by their trust deed. A copy of the power must be forwarded to the Manager with this Application Form including an express authority to grant the limited power of attorney as set out in this Application Form. If signing on behalf of a corporation, the party signing must indicate the capacity (i.e. director or secretary) after their signature in the above box.*

### 23 Financial Adviser Details - To be Completed and Signed by Adviser

Title Mr  Mrs  Miss  Other \_\_\_\_\_

First Name(s)

Last Name

Australian Financial Services Licensee or Equivalent Adviser Group Name

Adviser Email

Telephone Number (Business)

Facsimile Number

Mobile Telephone Number (Business)

Australian Financial Services Licence No or Equivalent

LM Adviser ID No. (Optional)

Postal Address

Adviser Stamp

Is the Adviser in a regulatory environment that enables it to be paid an Adviser Fee from the net assets of the Fund?

Yes  or No

**PLEASE ENSURE ADVISER FEE DETAILS ARE COMPLETED IN SECTION 20 (including any alternative fee arrangements)**

#### Australian Financial Adviser Investor Identity Verification Declaration

I certify that in accordance with the IFSA/FPA Industry Guidance Note 24 that:-

**(tick the appropriate box)**

1. My licensee has an agreement in place with LM where I have collected, verified and retained the appropriate customer identification documentation to confirm the identity of all investors associated with this application to meet my obligations in respect of the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 ('AML/CTF laws') and agree to provide access to these records as required.

**OR**

2. My licensee has an agreement in place with LM and as such I have attached a copy of the IFSA/FPA industry "Customer Identification Form" which confirms that I have sighted and verified all of the documentation required to identify a customer under the AML/CTF laws.

**OR**

3. I have attached a copy of the source documents from which I have identified the customer as required by the AML/CTF laws.

**If no box is marked, I agree Option 3 applies.**

#### Financial Adviser Declaration

I confirm that I have provided a copy of the Information Memorandum to the investor/s and have represented the terms and conditions of an investment in the Fund strictly in accordance with the Information Memorandum.

Adviser Signature

Date

## OPTIONS FOR ANTI MONEY LAUNDERING IDENTIFICATION AND SOURCE OF FUNDS CONFIRMATION

**One of the options for investor identification** which may be provided to confirm residential address is a certification from the investor/s' financial adviser that they have visited the investor/s' residential address on page 53. If you wish to use this option the financial adviser should sign the certification below.

*As the investor's Financial Adviser, I confirm our adviser group has a current Terms of Business Agreement with LM Investment Management Ltd and that the residential address stated on page 55 is the permanent residential address of the investors on the application.*

*I can confirm that I have known the investor/s for \_\_\_\_\_ years and I have visited the investor/s' residential home. My last visit was on \_\_\_\_\_ (date must be within the last 6 months) to provide my financial services to the investors.*

---

**Adviser Signature**

---

**Date**

---

**Adviser Group**

**One of the options for verification of investor source of funds**, where there are multiple sources of funds or it is difficult to get confirmation on the source of funds, is for the investor/s' financial adviser to provide confirmation. If you wish to use this option the financial adviser should sign the certification below.

*The source of funds for this investment is as follows:-*

**Examples:** *The client has multiple bank accounts (list the accounts); or*

*The client's investment funds are from the sale of a property plus various savings accounts (list details).*

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*As the Financial Adviser of the investor/s in this application, I confirm our adviser group has a current Terms of Business Agreement and the source of investment funds information is unavailable by other verification methods provided by LM.*

*I understand that we are required to retain evidence of the investor/s' source of investment funds information noted above on file for seven years. LM may request copies of relevant documentation and I will produce the above information as evidence of the investor/s source of investment funds within 14 days.*

---

**Adviser Signature**

---

**Date**

---

**Adviser Group**

## Contact Details

---

### Gold Coast - Head Office

Level 4, 9 Beach Road  
Surfers Paradise  
QLD 4217  
Australia

Toll Free: 1800 062 919

T: +61 7 5584 4500  
F: +61 7 5592 2505

### Bangkok

21st Floor  
2105, Interchange 21  
399 Sukhumvit Road  
Klongtoey-Nua, Wattana  
Bangkok 10110 Thailand

T: +66 2259 5520  
F: +66 2259 5521

### Dubai

Level 42  
Emirates Towers  
Dubai  
United Arab Emirates

T: +971 4 313 2330  
F: +971 4 313 2385

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### Hong Kong

Suites 3807-3808  
38/F Two International  
Finance Centre  
8 Finance Street  
Hong Kong

T: +852 2501 0262  
F: +852 2530 1076

### Johannesburg

Regus Fourways Palazzo  
Tower West Monti Casino  
Boulevard Fourways  
Gauteng 2086  
South Africa

T: +27 11 510 0067  
F: +27 11 510 0000

### London

64 Knightsbridge  
London  
SW1X 7JF  
United Kingdom

T: +44 20 7590 9624  
F: +44 20 7590 9626

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### Queenstown

Level 2 Steamer Wharf  
88 Beach Street  
Queenstown 9300  
New Zealand

T: +64 3 409 0387

### Sydney

LM House  
333 Sussex Street  
Sydney NSW 2000  
Australia

T: +61 2 8268 0100  
F: +61 2 9264 8729

### Toronto

100 King Street West  
Suite 1600  
Toronto Ontario M5X 1G5  
Canada

T: +1 416 862 7525  
F: +1 416 862 7661



W: [www.LMAustralia.com](http://www.LMAustralia.com)  
E: [mail@LMAustralia.com](mailto:mail@LMAustralia.com)