

LM Investment Management Ltd

LM Managed Performance Fund

An Enhanced Income Fund
Summary Flyer

Intermediary / Adviser Information Only

ABN 68 077 208 461 Responsible Entity & AFSL No. 220281

“ultimate protection of investor funds”



LM Investment Management Ltd (LM) is a privately owned Australian fund manager and responsible entity which has operated within Australia's business and property sectors since 1998. During this time, LM has developed significant property expertise through the management of its prime income funds, the LM First Mortgage Income Fund (FMIF), the LM Managed Performance Fund (MPF) and the LM Currency Protected Australian Income Fund (CPAIF).

about the fund

Established in 2001 as a high performance income fund, the MPF has a proven track record for the provision of attractive investor returns with zero volatility on its unit price.

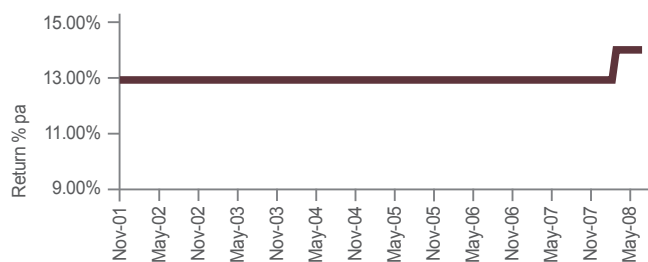
LM utilises its property expertise and its business relationships spanning Australia's property sector, to select MPF investors a premium yield.

Since established in 2001, the LM Managed Performance Fund holds an impeccable track record for delivery of its performance objectives. The Fund aims to:-

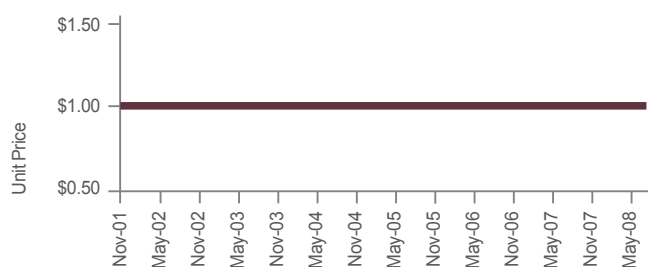
- > Provide a steady, premium income stream; and
- > Provide an investment with a stable unit price.

reliable attractive income

Historical Fund Adviser Return for an AUD Investment



Zero Unit Price Volatility Since Inception



Rates are available on the LM website at www.LMaustralia.com



investment strategy

LM utilises its expertise in property and lending and its business relationships from within the Australian property industry in the selection of assets for the MPF. LM adopts a hands on approach in relation to the selection and management of the Fund's assets.

The LM Managed Performance Fund invests in:-

- > Commercial loans;
- > Direct real property;
- > The LM First Mortgage Income Fund (assets of which are Australian first registered mortgages, cash and 'at call' securities); and
- > Cash.

A snapshot of investments is updated monthly and available on our website at www.LMaustralia.com.

key information

The Fund takes investments in a range of currencies, eliminating the risk of movements in its underlying AUD investment through the use of Forward Foreign Exchange Contracts (FFEC's).

Key features include:-

- > No currency risk;
- > Investment details are reported in the investment currency;
- > Withdrawal notice at least 90 days prior to the maturity of the investment;
- > Facility to invest directly, or via Portfolio Bonds and international investment platforms;
- > Minimum investment of AUD\$5,000 currency equivalent;
- > Minimum withdrawal of AUD\$5,000 currency equivalent;
- > Minimum balance of AUD\$5,000 currency equivalent;
- > 12 month fixed investment term; and
- > Distributions available monthly, quarterly or at the end of the initial investment term.

currency choice

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

Other currencies are available on request.

distribution

LM distributes its products through an international network of financial advisers, wholesale platforms, private banks, superannuation funds, and corporate and institutional investment consultants from its Australian offices on the Gold Coast and in Sydney and from its international offices in Hong Kong, Dubai, London and New Zealand.

how to invest

For full details on how to invest, please refer to the section titled 'How to Invest' in the MPF Information Memorandum and to our website at www.LMaustralia.com/products/mpf/default.asp.

Direct retail investment. Please submit:-

- > The completed Application Form contained within the current MPF Information Memorandum;
- > The completed necessary AML/identification documentation; and
- > Telegraphically transfer/direct credit investment funds to the MPF account.

Important Note: Australian resident investors must provide required certification of wholesale/sophisticated investor status, as detailed within the current Information Memorandum.

Investors who do not reside in Australia do not have to certify as a wholesale/sophisticated investor.

Submit all completed forms to LM's Investment Services Department by mail, fax, or scan and email to:-

A LM Investment Management Ltd,
PO Box 485, Surfers Paradise, QLD, 4217
E investmentservices@LMAustralia.com
F +61 7 5592 4116

Via portfolio bond or investment platform.

Please check the list of bonds and platforms which carry the fund on www.LMaustralia.com, or contact us for information.

Please note that the individual requirements of the bond/platform will apply to the investment.

asset management processes

LM boasts a competent team of professionals, appointed for their experience in due diligence and management expertise on property and loan assets from within the diverse Australian property market.

Risk management is a priority that is adopted throughout the due diligence and evaluation phase, with the utilisation of a proactive ongoing asset management style.

The collaborative and collective expertise of LM's team drives the process in accordance with LM's structured policies and guidelines.

committee based decision process for all fund assets

All decision making in relation to the assets of the MPF is handled through a collaborative discussion forum of committee structures rather than resting with one person. This takes maximum advantage of the broad base of in-house expertise in committee discussions, whilst maintaining objectivity in the decision process. Ultimately, this process ensures the best possible protection of investor funds and is a process adopted by LM in the management of all its Funds.

Those committees involved in the asset evaluation and the ongoing management of the LM Managed Performance Fund are:-

- > **The Property Research and Analysis Committee (PRAC).** This committee specifically assesses macro-economic information and targets locations offering property growth opportunities and property sectors which are expected to perform. This information is used by LM in assessing assets for the Fund.
- > **The MPF Committee.** This Committee is responsible for approving and setting the terms and conditions of the MPF assets and drives the ongoing proactive management of those assets.
- > **The Funds Management Committee.** This Committee is responsible for setting the parameters of asset allocation.





the australian property market

The Australian property market is one of the largest in the world offering diversity for investment in relation to the performance and demand of different geographic locations and for different property types.

Over the two year period to 2008, Australia's property market holds the second strongest outlook globally, behind Singapore.

Generally, Australia's property market is expected to continue to perform well as it grows to meet the demands of increased population, benefits from record low unemployment rates, benefits from China's continued need for our resources, and reflects record low vacancy factors for commercial property in every major capital city.

Some interesting statistics on the Australian Property Market:-

- > Commercial assets in Australia owned for investment total over AUD\$500 billion;
- > Aggregate value of retail assets in Australia total over AUD\$350 billion;
- > Over half the retail assets sold in Australia in 2007 were purchased by overseas investors;
- > 2007 Australia private sector construction spending totalled AUD\$110 billion;
- > During the 2008 March quarter, construction spending of AUD\$30 billion represented a 3.30% year on year increase;
- > On average approximately AUD\$35 billion a month is transacted in commercial/construction finance in Australia;
- > Property Council of Australia forecasts residential housing shortage of over 200,000 homes by 2010;
- > Total lending in Australia to homeowners totals AUD\$455 billion; and
- > Total lending in Australia to residential investors totals AUD\$222 billion.

the economic strength of australia

The strength of Australia's political, economic and regulatory environments positions its financial services as one of the fastest growing sectors of the Australian economy. Contributing to this overall strength and growth are:-

- > Strong economic credentials. Australia is in its 18th consecutive year of growth;
- > Democratic and political stability;
- > Highly skilled and multilingual workforce;
- > Sophisticated infrastructure and excellent quality of life;
- > Growth in superannuation investment;
- > Open and efficient regulatory environment;
- > 34 year low unemployment rates;
- > Increasing migration policy. 2008 records the highest level ever at 188,000; and
- > Increasing birth rate and population.

the Australian managed funds industry

The Australian government actively attracts global funds management groups to Australia to take advantage of Australia as a mature, developed economy and as the fourth largest managed funds industry in the world. Australian legislation governing the operations of those involved in the wealth management and financial services industry is recognised as amongst the best in the world.

Under this legislation, LM is a Responsible Entity holding an Australian Financial Services License to offer managed investments and which makes us accountable in the management of those investments. LM continues to fulfil its obligations in demonstrating the necessary funds management experience to hold its license. We are accountable to investors, to the Board of Directors, to our compliance committee, to our external auditors and to the Australian Securities and Investment Commission which department is responsible for policing and enforcing the law.

As a Responsible Entity LM's primary responsibility is to operate and manage the investments in accordance with the Corporations Act 2001, with a first and demonstrable priority to protect investors.

custodial team

LM has an in-house custodial team with the necessary financial, organisational and administrative resources to facilitate efficient and secure operation of its fund assets.

LM adheres to legislative requirements to ensure that:-

- > Fund assets are held on trust for the Fund;
- > LM does not gain financial benefit from holding the assets which would endanger or diminish the Fund assets;
- > Fund assets are clearly identified and held separately from LM's assets and assets of any other Fund; and
- > The safe keeping of the assets are secure.

team experience

Throughout its Australian and international offices, LM employs a workforce in the vicinity of 105 staff who possess knowledge and experience that enhance LM's capabilities as a fund manager and who contribute to the global distribution of its products.

In-house business units include funds management, portfolio management, arrears management, information technology, administrative excellence, legal, accounting and financial control, commercial lending, property management, property research and analysis, client relations, business standards and compliance, communication, product design and marketing.

LM ensures it is easily accessible to its clients and is committed to providing a prompt, professional and trusted service.

people at LM

LM's transparent, flat management style and continuous professional development encourages employee participation in process development and leads to an intelligent, engaged and stable workforce.

LM has:-

- > An active Property Research and Analysis Committee;
- > A strong investment committee and commercial lending team experienced in all levels of evaluation and management processes;
- > Specialist personnel that enables LM to excel in the income sector;
- > An in-house legal and custodial team;
- > A marketing and treasury group for establishment and maintenance of client relationships;
- > A client relations department to support the group with efficient turnaround time on client queries;
- > An investment services department responsible for efficient administration and reporting;
- > A business standards and compliance team which ensures compliance and best business practices;
- > An IT department delivering leading edge IT solutions to aid company growth and to bring online services to financial advisers and intermediaries;
- > An experienced portfolio and funds management team; and
- > A company commitment to a professional relationship with financial advisers and intermediaries, brokers, borrowers, wholesale clients, private banks, superannuation funds and institutional clients worldwide.

management principles

LM's corporate vision is to be recognised as a leading, innovative and prudential funds manager. Its management team shares a common understanding of business principles to ensure its corporate vision is upheld. These principles include:-

- > Delivering a high level of service with clear communication and genuine empathy for clients;
- > Offering qualitative, innovative investment and lending products;
- > Using a research driven approach to anticipate market changes and seek new opportunities;
- > Protecting the delivery of declared income; and
- > Protecting the delivery of a stable unit price.

Company-wide, LM has an unequivocal commitment to ongoing compliance, corporate governance, ethics and risk management best practice principles.

“specialist Australian fund manager”

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Adviser Stamp

IMPORTANT INFORMATION | Full investment details are provided in the Product Disclosure Statement or Information Memorandum for the products mentioned in this document, issued by LM Investment Management Ltd (LM). These are available at www.LMAustralia.com or by contacting your LM regional manager and should be read and considered by the investor prior to investment. LM recommends investors consult a financial adviser/intermediary for investment advice prior to investment.

The content of this report has been compiled by LM Investment Management Ltd ABN 68077208461, AFSL 220281 from information drawn from a variety of sources external to LM and is provided for information purposes only. Whilst the information contained in this report is believed to be accurate and reliable, LM does not guarantee or warrant the accuracy, reliability, completeness, currency or usefulness of the information and is not responsible for or liable in respect of any loss, damage, cost or expense suffered as a result of reliance on that information by any person. In particular, this information should not be used without checking that information from appropriate sources and obtaining professional advice where it is prudent to do so.

Rates may vary and will be dependent on certain terms and conditions at the time of and during the investment. The adviser/investor should check current rates prior to investing. Past performance is not a reliable indication of future performance.

This document was produced during July 2008.