Model Portfolio Update

SEPTEMBER QUARTER 2011

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Discovery Value (DI0002)

Market Overview

The Australian equity market fell over the quarter, with the S&P ASX 200 Accumulation Index down 11.6%. This was the worst quarterly performance since December 2008, and was largely a reflection of the increased uncertainty over the global economic outlook. Macro concerns dominated, with ongoing European sovereign debt and banking problems, the S&P downgrading of US debt, bearish comments from the Federal Reserve, and fears of slower growth in China weighing heavily on sentiment. Intervention by authorities, including various measures in Europe and the launch of "Operation Twist" by the Federal Reserve, did little to restore confidence. In the US, the S&P 500 total return fell heavily, down 13.9%, on fears over public debt levels and the deteriorating global outlook. Other offshore markets also fell, with the MSCI World Index total return down 16.5% (in USD terms).

Volatile market conditions over the quarter led domestic investors to de-risk and seek shelter in the defensive sectors, particularly Telcos and Utilities. Fears for global growth and fresh concerns about Chinese demand hurt commodity sectors, with resources underperforming the broader market for the third straight quarter. Reporting season revealed mixed performances and uncertainty over the outlook, but a large number of companies announced buybacks to take advantage of depressed prices. Takeover activity was subdued over the quarter, with the major announcements including BHP Billiton's offer for US shale gas company Petrohawk Energy, and SABMiller's offer for Foster's Group.

About the Model Portfolio

Investment Objective

The Discovery Value Model Portfolio (the "Model") aims to achieve capital growth and dividend income by investing in a portfolio of 20 to 30 stocks in the S&P/ASX 200 Accumulation Index that are ranked well on characteristics such as price to earnings, price to operating cashflow and other measures of comparable value.

Investment Strategy

The investment objective of the Model is pursued by investing in a basket of securities, classed as "value" securities, that track the market. The Model composition is reviewed monthly. The Model invests in stocks in the S&P/ASX 200 Accumulation Index that are ranked well on measures of comparable value.

Designed for Investors who…

- Seek both income and capital growth
- Are happy to receive market returns
- Accept the risk of significant price fluctuations

Top 10 Holdings as at 30/9/2011

Amcor Ltd
ANZ Banking Group Ltd
BHP Billiton Ltd
Commonwealth Bank of Australia
National Australia Bank Ltd
Origin Energy Ltd
Santos Ltd
Woodside Petroleum Ltd
Westfield Group
Westpac Banking Corporation

Summary

Model Portfolio name	Discovery Value Model
Model Code	DI0002
Model inception date	18/10/2006
Principal investment objective	To achieve capital growth and dividend income by investing in a portfolio of 20 to 30 stocks in the S&P/ASX 200 Index that are ranked well on measures of comparable value
Can derivatives be used?	No
Indicative number of stocks	20 – 30
Minimum Model investment	No fixed minimum*
Model Provider's Fees* Investment Fee	0.40% p.a.

* Please refer to the Product Disclosure Statement for further details.

Performance as at 30/9/2011

	Gross	Benchmark#	Out-performance*
1 Month	-5.04%	-6.13%	1.09%
3 Months	-11.25%	-11.58%	0.33%
6 Months	-14.61%	-15.13%	0.52%
1 Year	-8.77%	-8.56%	-0.21%
2 Years (pa)	-3.75%	-4.09%	0.34%
3 Years (pa)	0.45%	-0.11%	0.56%
Since Inception (pa)^	-2.49%	-1.59%	-0.90%

S&P/ASX 200 Accumulation Index.

* Shows the difference between Portfolio Gross Return and Benchmark Return.

^ Performance Inception date 31/10/2006.

This model has no benchmark, the returns of the S&P/ASX 200 Accumulation Index are shown for comparative purposes only. This index contains stocks which can be classified as either "value" or "growth". On occasions the "growth" stocks will outperform the "value" stocks and vice-versa, so the returns of this model can be expected to fluctuate around those of the S&P/ASX 200 Accumulation Index.

Past performance is no indicator of future performance. Long term performance returns show the potential volatility of returns over time. The value of investments and the income from them can fall as well as rise and is not guaranteed. You may not get back the amount originally invested. Fluctuation may be particularly marked in the case of a higher volatility Model and the value of an investment may fall suddenly and substantially. Model portfolio composition and performance have been based on theoretical tracking of the model portfolio and are gross of fees and do not take tax positions into account. Please note, actual portfolios may not perform in the same manner as the model depicted in this document, depending on the nature of your personal Portfolio and any customisations. Rounding used in the presentation of data may result in minor variations.