



Gleneagle Managed Account Service

Product Disclosure Statement

Gleneagle Managed Account Service
ARSN 110 295 755
Gleneagle Asset Management Limited ABN 29 103 162 278
Australian Financial Services Licence No 226199

Important information

This document is Part A of the Gleneagle Managed Account Service Product Disclosure Statement dated 11/07/2011, issued by Gleneagle Asset Management Limited.

Model Portfolios are offered to investors by the Gleneagle Managed Account Service. A general description of how Model Portfolios work is set out in this Part A document, but a detailed description of each Model Portfolio available to investors via the Gleneagle Managed Account Service is set out in PDS Part Bs (or other documents for wholesale clients). There may be multiple Model Portfolios available to investors by the Gleneagle Managed Account Service and there will therefore be a number of PDS Part Bs available from time to time. This Part A Product Disclosure Statement should be read in conjunction with each of the PDS Part Bs for available Model Portfolios.

To ensure that you receive a copy of all available Part B documents you should ask your adviser about which Model Portfolios are available or, alternatively, you can find a list of current PDS Part Bs and downloadable PDS Part Bs at www.gleneaglesecurities.com.

Application is invited for investment in the Gleneagle Managed Account Service ARSN 110 295 755, a managed account service that is registered with the Australian Securities and Investments Commission (**ASIC**) as a managed investment scheme under the Corporations Act 2001 (Commonwealth). This is called the "Offer".

Gleneagle Asset Management Limited (referred to in this PDS as "Gleneagle Asset Management", "we", "our" or "us") is the responsible entity of the Gleneagle Managed Account Service (also referred to in this PDS as "the Service") and the issuer of this PDS.

None of Gleneagle Securities (Aust) Pty Ltd, its associates and subsidiaries (other than Gleneagle Asset Management Limited) have prepared this PDS, or are responsible for its contents.

None of Gleneagle Asset Management Limited, Gleneagle Securities (Aust) Pty Ltd, any of its associates and subsidiaries, or any program manager assures or guarantees the success of the Gleneagle Managed Account Service or any particular Model Portfolio, or the repayment of capital or a particular rate of return, income or capital.

The information contained in this PDS is general information only and does not take into account your individual objectives, financial situation, needs or circumstances. You should assess together with your financial adviser whether investing in the Gleneagle Managed Account Service is appropriate for you having regard to your objectives, financial situation, needs and circumstances.

The offer is made to investors who receive this PDS, whether in paper or electronic form, in Australia. Investors who receive this PDS in electronic form are entitled to obtain a paper copy of this PDS (including the Application Form) free of charge by contacting Gleneagle Asset Management (see the contact details on page 3). The distribution of this PDS in jurisdictions outside Australia may be restricted by law and persons into whose possession this PDS comes should inform themselves about, and observe, any such restrictions. Failure to comply with the restrictions may violate those laws.

Updating information

Certain information in this PDS may change. We will issue a supplementary PDS in respect of any changes that have a materially adverse impact from the point of view of a retail investor deciding whether to invest. Updated performance information and other general information relating to the Gleneagle Managed Account Service can be obtained free of charge at any time from the website at www.gleneaglesecurities.com.

A paper copy of updated information is available free of charge upon request (see our contact details on the next page).

We may change the features of the Gleneagle Managed Account Service, including the Model Portfolios offered, at any time.

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Gleneagle Managed Account Service contact details

General enquiries: 02 8277 6600

Enquiries about applications or withdrawals: 02 8277 6600

Email enquiries: accounts@gleneaglesecurities.com

The name and contact details of the Responsible Entity are:

Gleneagle Asset Management Limited
Level 10, 2 Bligh St
Sydney NSW 2000
Website: www.gleneaglesecurities.com

Section 1: What is the Gleneagle Managed Account Service?

The Gleneagle Managed Account Service (the "Service") is a registered managed investment scheme in which each investor has a separate account to which their investments are allocated ("Account" or "Personal Portfolio").

Model Portfolios

Your Personal Portfolio can be constructed by using a range of available investment strategies. Each investment strategy is referred to as a Model Portfolio. You select suitable Model Portfolios in consultation with your financial adviser. Details of each Model Portfolio are set out in separate documents, referred to as "PDS Part Bs".

Once you decide with your financial adviser which Model Portfolios are best suited to your investment needs and objectives, we will purchase securities (or cause those securities to be purchased) to be included in your Personal Portfolio so that it reflects the Model Portfolio, or combination of Model Portfolios, that you have selected. Your investment strategy and preferences may only be communicated to us either by yourself directly, or by your Authorised Representative (normally your adviser – see the Part B PDS for more information on Authorised Representatives).

Operators

Gleneagle Asset Management Limited is the Responsible Entity of the Service and, as such, is ultimately responsible to you for the operation of the Service. However, the Responsible Entity is permitted to appoint agents to perform some of the operation of the Service. These include the Custodian, program managers and the manager.

The Custodian will hold all securities in your Personal Portfolio on an individual trust for you. You will be the sole beneficial owner of all securities in your Personal Portfolio.

The program managers have been appointed to manage the relevant Model Portfolios on an ongoing basis (unless they retire or we replace them). We will buy and sell investments to be included in, or removed from, your Personal Portfolio on the advice of the relevant program manager, subject to our over-riding power to refuse to execute purchases or sales where it is not in your best interests, or it is impractical to do so.

The Responsible Entity has appointed Gleneagle Securities (Aust) Pty Ltd (ABN 58 136 930 526) as its agent to act as the manager. The manager will perform certain functions described in the PDS, including:

- Performing the functions described in Section 3 of this PDS under the heading "Underperformance of Model Portfolio's Strategy"
- Execution of buy and sell orders relating to your Portfolio
- Providing back office and administration services with respect to your Portfolio
- Providing Custody Services with respect to your Portfolio.

Section 2: Significant benefits

The significant benefits of investing in the Gleneagle Managed Account Service include:

- Retain the benefits of professional funds management
The Model Portfolios offered in the Service are all constructed and managed by professional investment managers (called "program managers" in this PDS). They provide investors with their own individual portfolio of securities, whose composition is managed by professional investment managers and executed by Gleneagle Securities at competitive rates of brokerage not generally available to individual investors.

We may also offer you the opportunity to use professional investment managers to manage your portfolio subject to limits agreed with you at the time you choose to use the Service. This opportunity may be offered only to certain investors, at our discretion.
- Construct a unique Personal Portfolio
We don't limit your choice of Model Portfolios – you can mix them in any proportion that you choose, subject to the minimum account size for each Model Portfolio. This will result in an individual blend of Model Portfolios that you and your adviser have tailored to your needs. You should note, however, that you do not have a choice of the investments that comprise a Model Portfolio.
- Change Models in a tax-advantaged manner
When you change your blend of Model Portfolios (which you or your Authorised Representative can do at any time) we calculate your new Personal Portfolio, based on the new Model weightings, and then trade securities to move your Personal Portfolio to match your new combination of Model Portfolios. This means that we don't unnecessarily sell down financial products from your Personal Portfolio to adjust your Personal Portfolio to the new combination of Model Portfolios.
- View the value of investments that make up your Personal Portfolio at any time
You own a portfolio of investments, not a unit in a trust. You can log into the Service website at any time to view the total value of investments in your Personal Portfolio. In some circumstances, such as when trading is being conducted in respect of your selected Model Portfolios, your exact holdings will not be available for the period of the trading or longer at the discretion of the program manager. Hardcopy reports listing your portfolio holdings (with short positions listed as one total value) and year-to-date tax position (for each account separately) are mailed to you on a quarterly basis.
- Select your own tax accounting method
You can select the tax parcel accounting method for your Personal Portfolio which best suits your own circumstances. You can adjust and amend the allocation method as required, The default setting is "minimise tax".
- Optimised CGT processing

To help you improve the after tax performance of your portfolio, the reporting system uses a three phase Capital Gains Tax (CGT) optimisation process. This includes functions that cover Method Selection, Parcel Selection and two automatic techniques that provide automatic loss optimisation. These optimisation processes are performed every evening during the position roll forward processing and will adjust for any changes in holdings. This is sophisticated accounting to help you maximise tax returns. This is done separately for each of your accounts.

- Move investments into or out of your account at any time
Contributions are made in cash and withdrawals can be in cash or in the form of *in specie* transfer (subject to our approval). Moving investments out of the Service does not ordinarily result in a realisation for capital gains tax purposes, unless you cease to be the beneficial owner of an investment. Once you have selected your Model Portfolio(s) we will invest your contributions as *per* your selection.
- You can easily arrange for regular additional investments
It is easy to arrange to make an additional contribution into your Service account. Full details are set out in the "How to Invest" in the Part B PDS.

Section 3: Significant risks

Before you make an investment decision, it is important to identify your investment objectives and the level of risk you are prepared to accept. This may be influenced by factors such as:

- The timeframe over which you are expecting a return on your investment and your need for regular income versus longer-term capital growth.
- Your level of comfort with volatility in returns.
- The general and specific risks associated with particular Model Portfolios.
- Risks associated with the structure through which your investments are made.

As such, it may be important for you to obtain personal advice about your financial circumstances and needs, as well as the suitability of the Service and the Model Portfolios before you apply to establish a Personal Portfolio within the Service or select any Model Portfolio.

General risks

All investments have an inherent level of risk. Generally there is a trade-off between higher expected returns for higher expected risk – represented by the variability of investment returns. Investment risk may also result in loss of income or capital invested and possible delays in repayment. Investors could receive back less than they initially invested and there is no guarantee that they will receive any income.

Portfolio investment risk

The strategy may invest in speculative investments with increased levels of investment risk. The value of the Fund's

investments may fall or fluctuate widely which will affect the portfolio. Changes in economic, political or market conditions or the regulatory environment may adversely impact the portfolio and its investments. In addition, other factors may affect particular investments (ie interest rates, exchange rates) and consequently the value of the portfolio may fall. There are no assurances that the Manager will anticipate these developments and the Manager nor any other person guarantees the performance of the portfolio.

Underperformance of Model Portfolio's Strategy

The strategy chosen for a Model Portfolio may underperform its stated performance objectives, even if the general market performs well. Neither Gleneagle nor any program managers can assure performance of the investment strategy, so underperformance of a program manager is one of the key risks for the investor.

Program Managers are engaged by the responsible entity (or its agents) and may include associates of the responsible entity.

The responsible entity or its agent, the manager, may in its discretion do a number of things in their management of program managers, without notice to Account holders. This includes temporary suspension of the program manager (during which the manager performs the same functions as the suspended program manager and could also retain the fees for doing that) and ultimately replacement of the program manager.

The responsible entity (including its agent, the manager) may do this in their discretion (subject to the terms of agreements with program managers) because the range of circumstances that might justify this in the interests of investors is too broad to be specifically mandated in any contract. Circumstances include, but are not limited to, the program manager losing key people responsible for the Model Portfolio's investment strategy, the program manager having its licence suspended or withdrawn or the program manager becoming unable to perform its services to the Service.

Please note that while a PDS Part B may specifically refer to a program manager, the responsible entity (including its agent, the manager) may undertake any of these supervisory actions without notifying you and without a further supplementary or replacement PDS Part B. This is because the Model Portfolio's investment strategy is more important and the responsible entity must be able to maintain continuity of the Model Portfolio in extraordinary circumstances, with least disruption to your investments.

The manager may also manage the portfolios of some investors in some cases, where it has been appointed for this purpose by the investor. In that case, the investor will receive a PDS Part B in relation to the manager and those services.

Regulatory risk

This is the risk that a government or regulator may affect the value of securities in a portfolio held in the Service, by introducing regulatory or tax changes.

Market risk

Economic, technological, political or legislative conditions and even market sentiment can (and do) change and this can mean that changes in the value of investment markets can affect the value of investments in a portfolio held in the Service.

Derivative risk

A range of financial derivatives, for example futures and options, may be used to implement investment decisions and to manage risk in a portfolio held in the Service. An investment in derivatives can cause a portfolio to make gains or incur losses. Derivative transactions may also involve the risk (including credit risk) that the counterparty on a transaction will be unable to honour its financial obligation to the Responsible Entity with respect to derivatives held on behalf of an investor.

Discretion Risks

The Gleneagle Managed Account Service vests discretions in the responsible entity, including in the operational implementation of the Model Portfolio, adjustments following corporate actions, the timing of transactions, and how to dispose of securities on termination of the account. In particular, investors' portfolios in their accounts may differ at any time from a chosen Model Portfolio because of the decision of the responsible entity (or its delegate, the manager) to delay dealings in securities in order to have the best overall outcome for investors as a whole (e.g., if the market for relevant securities is illiquid or the market moves too rapidly for prudent and cost effective implementation of the changes in the Model Portfolio). The timing of cash contributions may not result in investment in portfolio securities until a later rebalance. This can mean an investor's account could be adversely or profitably affected by the time before rebalancing.

The decision to exercise discretions, or not to exercise them, can adversely or profitably affect the value of the investments in the account and therefore also the investment returns. Investors have no recourse to the responsible entity, the manager or any program manager for if and how any of them exercises any of their discretions.

Gearing risk

If you choose gearing either specifically or because your chosen Model Portfolio is internally geared the usual risks arising from gearing apply. See Section 9 for more details.

Scheme risk

There are risks particular to investing in the Service including that the Service could be terminated, fees and charges could change, the responsible entity could be changed, program managers of Model Portfolios offered by the Service may be changed and those Model Portfolios could be closed or changed.

There are risks in the proper monitoring of program managers (to ensure portfolio directions are consistent with the Model Portfolio's investment objectives) and in executing transactions and holding the Service's assets. Gleneagle has managed these risks by engaging Gleneagle Securities (Aust) Pty Ltd as manager to perform management, execution and custody services. The responsible entity therefore relies on Gleneagle Securities (Aust) Pty Ltd to monitor and to manage external program managers, execute transactions for the financial products in the Service's Accounts and also

for holding the securities in the Accounts. Gleneagle Securities (Aust) Pty Ltd may hold the securities as custodian.

Gleneagle Securities (Aust) Pty Ltd is a related body corporate of the responsible entity. While this brings considerable cost and administrative efficiencies to the Service, the responsible entity also maintains compliance procedures to ensure conflicts of interest are managed in the interests of the Service as a whole.

Section 4: What investments are available?

The Gleneagle Managed Account Service offers access to Model Portfolios comprised of shares, units in managed investment schemes and other financial products (such as derivatives, for example). The Model Portfolios are managed according to investment objectives and strategies particular to the relevant Model Portfolio and a range of investment objectives and strategies are therefore made available to investors via the Service.

In consultation with your financial adviser you can select one or more Model Portfolios to suit your investment goals.

Details of each Model Portfolio available for investment through the Service are set out in separate PDS Part Bs available with respect to one or more Model Portfolios. The information relating to each Model Portfolio in the PDS Part Bs includes:

- the program manager;
- investment objective and strategy;
- asset allocation ranges and benchmarks;
- investment performance; and
- fees applicable to the Model.

Because information about the Model Portfolios may change you should check for updated information at our website:

Our relationship with the program managers is governed by a program management agreement (except if we are the program manager of a Model Portfolio). This sets out the agreed investment objectives, strategy and any investment restrictions applicable to each Model Portfolio. Each of the Models is managed by the relevant program manager within these broad investment guidelines. You have no contractual relationship with the program managers (except if we are the program manager).

Any changes to a Model Portfolio are advised to us by the program managers, and, subject to our over-riding power to refuse to execute purchases or sales where it is not in your best interests, or it is impractical to do so, we then buy and sell investments (or arrange the sale and purchase of investments) to implement the changes across all Personal Portfolios that were based on that Model Portfolio.

We reserve the right to change program managers, change the Model Portfolios offered, offer new Model Portfolios or cease to offer Model Portfolios. If a Model Portfolio ceases to be offered we will give you prior written notice and seek alternative instructions from you.

We also may vary the timing of execution of orders within our discretion. This is to allow for efficient order execution. We also have to manage the fairest and most efficient aggregation of orders across all Model Portfolios so no group of investor is unfairly materially adversely disadvantaged over time. Accordingly the exact portfolio weights and cash balances may at any time differ slightly from the precise Model Portfolio weightings as advised by the program manager.

No representations are made about the return of capital or any particular return of income or other performance by the Service or any Model Portfolio by us, our related parties, or the Model Portfolio program managers.

You should consult your adviser before you make a selection of any Model Portfolio.

Labour standards, environmental, social and ethical considerations

Unless otherwise indicated in the PDS Part Bs which contain the details of available Model Portfolios, we (and program managers) do not take into account labour standards or ethical considerations when making investment decisions relating to the Model Portfolios, except to the extent that they consider these issues when they have the potential to materially impact on the merits of those investment decisions.

Section 5: Operation of the Gleneagle Managed Account Service

Minimum application

We retain the discretion to reject applications and a minimum investment will apply to the Model Portfolios. Details of any applicable minimum investment amounts are set out in the PDS Part B for the Model Portfolio.

If required, you may need to consult your financial adviser about how much to invest in the Service or a Model Portfolio.

Invest without any cash.

If you have a substantial shareholding in either one or a portfolio of ASX listed companies, then you may lodge your stock with Gleneagle as collateral, and invest in the portfolio of your choice without the need to invest any cash. This option is very popular with senior executives and directors of publicly listed companies. For example, you may have \$1 million worth of a company's shares. In this case, Gleneagle may provide you with a loan-to-value ratio up to 70% of the value of your shares. Therefore you could invest up to \$700,000 in the Model Portfolio without contributing any cash. You retain beneficial ownership of the stock lodged as collateral and will continue to receive all dividend and corporate action entitlements. The loan will be at prevailing interest rates, based on the size of your portfolio.

Selecting investments

The investments selected for your Personal Portfolio will be determined by the Model Portfolio(s) that you select.

Please note that if your financial adviser is also a program manager, they are not acting for us or on our behalf in providing any advice to you about your investment in, or the suitability of, the Service or any Model Portfolio. We accept

no liability or responsibility for any advice given to you by your financial adviser or any program manager.

Your initial application amount will be invested, and your Personal Portfolio established, in accordance with your selection of Model Portfolios. Generally, this will occur on the next business day on which we buy and sell financial products for the Service after we have received your completed application form and associated forms, your application amount and we have accepted your application. (We reserve the right to decline any application.)

Minimum Initial Investment

The minimum initial investment is set for each Model Portfolio. Please refer to the relevant PDS Part B for more information.

Minimum Withdrawal Amount

There is currently no minimum withdrawal amount, subject to the portfolio remaining above the minimum account balance and retaining any minimum cash balance required by the relevant Model Portfolio (please refer to the relevant PDS Part B for more information).

Minimum Account Balance

The minimum account balance is set for each Model Portfolio. It is \$100,000 unless specified differently in the relevant PDS Part B for a Model Portfolio (or is later changed by Gleneagle).

Additional Investments

You can make additional investments of any amount at any time. Please note that additional cash contributions may remain in the cash balance of your account until the next rebalance (refer to Section 6 of this PDS for additional information on the rebalance process).

Reporting

Reporting for the Gleneagle Managed Account Service consists of at minimum monthly and quarterly hardcopy reports. Applications will only be accepted from persons who agree to receive reporting electronically. Refer to Section 7 of this PDS for further details.

Your Authorised Representative

We will only accept instructions in respect of your Personal Portfolio from either yourself or your Authorised Representative. When you invest in the Service, you may appoint an Authorised Representative (generally your financial adviser) to provide instructions to us on your behalf. For terms and conditions relating to your appointment of an Authorised Representative, please refer to the relevant PDS Part B.

Valuing your Personal Portfolio

An updated valuation of your Account will generally be available each business day. Investments will be priced at previous close of market prices.

Switching Model Portfolios

You can switch between Model Portfolios, or alter the combination of Model Portfolios on which your Personal Portfolio was constructed, at any time. Your instruction to switch between, or alter, Model Portfolios will generally be acted upon during the next business day following receipt of such instructions from you or your Authorised Representative. Please note that this may incur transaction costs. Refer to the investment process and rebalancing section in Section 6 of this PDS.

Receiving income or dividends

Income or dividends from investments held in your Personal Portfolio is added to your cash holding and will be included in the next rebalance (refer to Section 6 of this PDS for additional information on the rebalance process).

Withdrawing your investment

You will normally be able to make a withdrawal on any business day and requests will be complied with promptly, subject to any requirements of the law and as set out below. All withdrawal instructions must be given to us by yourself or by your Authorised Representative by the cut-off each working day. This is normally 1:00 p.m. but we can change that deadline in individual cases owing to market conditions (especially if your portfolio includes stock traded on overseas exchanges). Once you give a withdrawal instruction, you cannot revoke the instruction unless we give our approval. Withdrawals from the Service can be made in cash (to your nominated bank account) or via a transfer of investments to your name, or a combination of cash and investment transfers. If the Account is geared, there may be restrictions on withdrawals of stock, depending on the level of gearing.

The minimum withdrawal amount and minimum balance requirements which apply to your Account are set out in the relevant PDS Part B. These minimums may change from time to time, and we will give you at least 7 days' notice of any impending change.

If a full withdrawal of all stock in all your Accounts is requested, your investment in the Service will be treated as being terminated and your Account(s) will be closed, unless you have advised us, and we agree, otherwise.

Transfer of investments

A withdrawal request for the transfer of investments must indicate the name and number of investments to be transferred and the account number into which they are to be transferred. Investments can only be transferred into your name.

Requests will generally be actioned within one business day of the receipt of a completed request and generally processed within 3 business days.

Cash withdrawals

Cash withdrawals will be paid into a pre-nominated account in your name. Any instruction to vary this account must be in writing and signed by you. We cannot accept these instructions from your Authorised Representative.

If any of your investments need to be sold to pay a withdrawal request, sale of your investments in your Personal Portfolio will generally commence on the next business day following receipt of your withdrawal request. Proceeds will generally be available on the business day following settlement of the sale of investments. While this is typically within 4 business days, this cannot be guaranteed as there may be delays depending on liquidity of assets, market and other factors beyond our control.

Unless you nominate otherwise, investments will be sold proportionately across all your Model Portfolios. The value you will receive will be that at which the investments are sold net of all fees, charges and expenses including transaction costs such as brokerage.

Unless specifically requested, the withdrawal amount will accumulate as part of your cash holding until the full amount is available for transfer to you.

Suspension of withdrawals

In unusual circumstances, such as the closure or disruption of a relevant stock exchange, we may suspend withdrawal from investor accounts for the period that these circumstances prevail.

Compliance Committee

We have established a Compliance Committee to oversee the operations of the Service. The Compliance Committee is required to report breaches of the Constitution and the Corporations Act to the directors of the responsible entity and in some circumstances to ASIC.

Section 6: How the Gleneagle Managed Account Service works

How your investments are held

All assets held within the Service, including those held in your Personal Portfolio, are held in our name as the Responsible Entity or in the name of any custodian we appoint. Each investor's cash and Personal Portfolio of assets and liabilities are segregated into a separate account and held separately on trust for them. Holdings may be aggregated for administrative purposes only. Your cash and other assets in your Personal Portfolio are always protected from other investors. Records of each investor's holdings are retained by us.

Maintaining a minimum cash holding

In order to ensure there is sufficient cash to pay fees and costs in connection with the settlement of trades that are carried out in respect of your Personal Portfolio, we will maintain a minimum amount of cash in your Personal Portfolio of 2% of the value of the portfolio (or higher, if required by a particular Model Portfolio). This is generally easily accommodated by the cash component of the Model Portfolios.

If at any time the minimum cash in your Personal Portfolio falls below the required minimum, we may sell some of the investments in your Personal Portfolio to bring your cash back up to the required minimum level. Please refer to the Section 6: "Going above or below the minimum cash holding".

The cash held as minimum cash in all Personal Portfolios (not including cash held in a Personal Portfolio in accordance with a Model Portfolio) will be held in a bank account or invested in a cash management fund selected by us. Any interest or income earned on any cash that is held in respect of your Personal Portfolio will be credited to your Personal Portfolio as and when it is received by us.

Investment process and rebalancing

Rebalancing an Account's portfolio in the Service is a process whereby Model Portfolios are compared against investors' Personal Portfolios and adjusted accordingly.

The rebalancing process within the Service will generally be undertaken when indicated by the Model Portfolio's program manager. Your Personal Portfolio will only be rebalanced in the following circumstances:

- a program manager advises us of a change to a Model Portfolio that you have selected as part of your Personal Portfolio;
- you make an investment in or withdraw cash or securities from your Personal Portfolio;
- you instruct us to switch Portfolio Models or make other alterations to your Personal Portfolio;
- if your cash balance has accumulated enough (as a result of income received or contributions paid) to acquire more securities in the Model Portfolio;
- if your cash balance has reduced below the minimum required as a result of income received or fees paid.

The program managers generally review their Model Portfolios each business day and may advise us of changes to their Model Portfolios at any time. Some may not be rebalanced for a month or more, so accumulated cash might not be invested until that time.

Dealing in investments

Dealing in investments for the Service will be undertaken by us (or our agents) on the basis of advice to us from the relevant program managers. Dealing will occur on an aggregate, averaged basis across all Model Portfolios within the Service to take advantage of scale and netting opportunities. All investments will be allocated to the relevant Accounts on a *pro rata* basis.

In order to minimise the amount of brokerage paid, we will generally use a single execution only broker. We may use other brokers if market conditions and stock-specific factors warrant it. The brokers may include a related entity to the responsible entity, but the responsible entity may change brokers at any time or use a number of brokers for the same overall transaction.

Netting and aggregation of trades

Trades are not aggregated across different Model Portfolios but they are aggregated and netted within each Model Portfolio. From time to time, individual program managers may also trade directly in securities held in their Model Portfolio(s). These trades may attract differing rates of commissions and charges. Program managers would not be aware of other trades within the Gleneagle Managed Account Service and program manager initiated trades may therefore result in multiple trades in the same security on the same day, at potentially different market prices.

Going above or below the minimum cash holding

If cash in excess of the minimum cash holding accumulates, (for example from the receipt of income or dividends) it will be invested on the next rebalancing date (generally the next business day) subject to minimum trade sizes being achieved. To the extent practicable the funds will be invested in proportion to your current Model Portfolio(s) weights. If the cash balance in your Personal Portfolio falls below the minimum required, investments will be sold (or purchases reduced) *pro rata* across your Portfolio (subject to your minimum holding requirements, if any). Any such transactions will not change the relative weightings of the Model Portfolios that your Personal Portfolio was constructed on, but will reduce the overall amount allocated to each Model. Alternatively, you can elect to top-up your cash balance.

Corporate actions

As the responsible entity for the Service, Gleneagle Asset Management (or the Custodian) will receive communications relating to corporate actions affecting the investments held in your account. For example, any notices of meetings relating to your investments, and any offers of dividend or distribution reinvestment plans, will be sent to Gleneagle Asset Management (or the Custodian).

In dealing with corporate actions, we will act in the best interests of investors in the Service as a whole, but will not be obliged to consider any particular investor nor to act on any investor's directions. Our policy regarding corporate actions affecting securities held in the Service is that generally:

- we will elect to receive dividends and distributions in cash, which will be credited to your cash holdings within your Personal Portfolio;
- we will generally adopt a neutral position and not vote at meetings of holders of investments, although we may exercise our discretion and vote depending on the particular circumstances; and
- we will deal with other corporate actions using our discretion, and in discussion with the program manager.

In certain limited circumstances, entitlement to corporate actions may be subject to externally imposed limits or caps which may result in your entitlement to participate in the corporate action through your Service holding being less than that of an individual investor holding the same number of securities directly or it may prevent any participation at all.

Section 7: Investor reporting

Reporting for the Gleneagle Managed Account Service consists of monthly and quarterly hardcopy reports. Applications will only be accepted from persons who agree to receive reporting in the manner outlined below. Currently reports are only for each account. Key reports available include:

Daily Online:

Portfolio Valuation

This is updated on a daily basis, and provides you with the total market value of your portfolio.

Trading Summary

This is available online on a daily basis, and provides a summary of performance for the financial year to date, broken down between type of holdings and any gearing, and for income, realised capital gains and unrealised capital gains.

Important: The above information is subject to availability and, at some times Account information may be out of date pending, for example, completion of a trade, or due to a lag in the time that a change to your Account is reported electronically.

Monthly & Quarterly Hardcopy reports:

Portfolio Report

This gives a full valuation of your Personal Portfolio, listing each individual holding.

Expense Reporting

Lists all expenses including portfolio fees, and interest if gearing has been selected.

Tax Reporting

A year-to-date indicative tax summary is mailed out on a quarterly basis. At the end of the financial year, you will receive a full year indicative tax summary with all the information required for your end of year tax return.

The above information is subject to availability and, at some times Account information may be out of date pending, for example, completion of a trade, or due to a lag in the time that a change to your Account is reported electronically.

Confirmations of applications and withdrawals

By completing the Application Form, you agree that confirmation of applications and withdrawals involving your Personal Portfolio will be provided to you by means of your Account which you access online.

Gleneagle Managed Account Service financial information

A copy of the auditor's report for the Service will generally be available and published on our web site by the end of September each year. This report will provide consolidated information and will not contain any information particular to an individual client's Account. Individual Accounts are not audited. We will provide a copy of this report to you via your email or other electronic address notified in your Application.

Section 8: Taxation

Tax features

Investing and dealing with investments often has tax and social security implications which can be complex, and which are invariably particular to your circumstances. The tax information set out below is a broad overview of the possible Australian income tax consequences for Australian residents who invest in long term investments on capital account through the Service. The taxation consequences of investing differ between investors, and it is important that you seek your own professional advice before you make investment decisions.

The tax information is current as at the date of this PDS. The levels and basis of tax may change in the future.

Taxation of the Gleneagle Managed Account Service

The Service is not taxed since all investments are beneficially held by investors directly in their separate Personal Portfolios. You have a vested and indefeasible interest in your assets held through the Service.

All income and gains (or losses) on investments and other assets in your Personal Portfolio accrue directly to you.

Tax on Income

Depending on the types of investments made, your Personal Portfolio can derive income in the form of dividends, interest, gains on the disposal of investments and other types of income. Generally, such income is taxable, but tax credits (for example, franking credits or foreign tax credits) may be available to offset part or all of any resulting tax liability.

If you receive franking credits your entitlement to use those credits to offset tax or obtain a refund of tax may be

affected by your holding of the underlying shares which resulted in the credits. Generally speaking you must hold the relevant shares at risk for more than 45 days (90 days for preference shares) to be entitled to the credit. There are exceptions to this rule, and you should consult your tax adviser for further information.

Tax on Capital Gains

The disposal of investments in your Personal Portfolio may result in a capital gain or loss under the capital gains tax provisions of the Income Tax Assessment Act 1997. These disposals may be triggered by the investment decisions of a program manager, by your withdrawals or switching between Model Portfolios, or by rebalancing of your Personal Portfolio.

When you choose to move between Model Portfolios in the Service, your investments move with you to the extent that there is commonality between the Models. This means that, an investment is held in both your old and new Model Portfolio, to the extent that the holdings offset each other there will be no sale or disposal of the investment in your Personal Portfolio for capital gains tax purposes.

Capital gains are calculated based on the nominal gain on disposal of investments. If the asset disposed of was held for 12 months or more, eligible investors may be able to claim concessional tax treatment.

If a disposal results in a capital loss, the loss may be able to be offset against capital gains arising in that or subsequent years, but is not permitted to be offset against other income. This includes gains or losses realised outside the Service; gains and losses are consolidated based on your overall tax position and are not isolated to or quarantined to your Personal Portfolio. In some cases, (for example, if you are in the business of trading in shares) gains and losses on the disposal of some investments may be taxed on revenue account and not be subject to the capital gains tax rules. You should consult your tax adviser about this.

Foreign income on foreign investments (e.g. foreign dividends) may be subject to withholding tax in the country from which the income is derived. Generally speaking, this income will be taxable in Australia with a foreign tax income offset available for the foreign withholding tax paid. Australian investors who invest in certain foreign entities may be subject to the foreign income attribution rules, including Australia's Foreign Accumulation Fund (**FAF**) provisions. The FAF rules are currently an exposure draft for discussion purposes only, the rules have not been enacted by the Australian Government and may not represent the rules that are legislated. The Australian Government announced on 29 June, 2011 that the draft FAF rules will not apply for the 2010/11 income year. The taxation treatment under the draft FAF rules is therefore unclear at this time and you should seek specific taxation advice in light of your particular circumstances.

Providing your Tax File Number

The application forms attached to the relevant Part B Product Disclosure Statements includes provision to quote your Tax File Number (TFN), Australian Business Number (ABN) or exemption. As outlined there, you may choose not to do so, however if you do not quote your TFN, ABN or exemption we may be obliged to deduct tax at the highest marginal rate plus any relevant Government levies (including the Medicare Levy) from any income received on your behalf.

Goods and Services Tax

GST will be charged on or incorporated in various expenses paid by the Service including the fees charged for managing the Model Portfolios and administering the Service.

Tax Reporting

Various reports are available to assist you with determining the tax status of your Personal Portfolio. These reports are generally available for you to view and print from the Service website at any time. Downloads are available for many accounting packages to assist you in the preparation of your tax return.

Tax reporting available online includes an estimate of the available tax credits in relation to your Personal Portfolio.

Section 9: Gearing

- You can borrow money from Gleneagle to gear up your portfolio
 - You can gain leverage from your capital by gearing your portfolio with Gleneagle's securities lending facility.
 - Some Model Portfolios will automatically have gearing. This will be explained in the PDS Part B for that Model Portfolio.
- You can invest without any cash if you have other substantial shareholdings
 - If you have a substantial shareholding in either one or a portfolio of ASX listed companies, then you may use your stock with Gleneagle as collateral for securities lending and use the proceeds to invest in the portfolio of your choice without the need to invest any other cash.

Borrowing to Gear your Portfolio

Gleneagle enables investors to gain leverage from their capital by gearing their portfolio with Gleneagle Securities (Aust) Pty Ltd's securities lending facility. Depending on the Model Portfolio selected, Gleneagle Securities (Aust) Pty Ltd will lend a certain percentage of the value of your Account. Details of the loan to valuation ratio are set out in the relevant PDS Part B.

The gearing will be arranged by the responsible entity (or its custodian) entering into a master securities lending facility agreement (on industry standard terms) with Gleneagle Securities (Aust) Pty Ltd for any Account which is geared from time to time. All gearing will be on those master terms with specific commercial variables as appropriate for that Account's gearing (such as interest rate). The master securities lending agreement will be on Gleneagle's normal industry standard terms. You may request a copy of that master agreement free of charge. You should contact your adviser to find out the particular terms, such as the current interest rate, valuation of securities, or margin arrangements.

Gleneagle Securities (Aust) Pty Ltd will lend against any security it approves for that purpose (subject to any conditions imposed by the facility) and will usually value such securities at up to 70% of their market value.

Once your securities lending facility has been established for your Account, you will need to lodge margin cover from your Account of at least 30% of the market value of the securities you are financing. The level of margin cover may vary depending on the Model Portfolio you have chosen. Cash margin cover is valued at 100%. The securities put up as margin cover will be marked to the market at least daily to ensure you have sufficient collateral (margin cover) posted with Gleneagle. It is always your responsibility to maintain adequate margin cover, whether or not a margin call is given to you. If additional margin cover is required, you must provide it by no later than 3.00 p.m. the following day. You may choose to deposit additional funds, lodge acceptable securities, or deliver a bank cheque to Gleneagle Securities (Aust) Pty Ltd.

Investing without Cash

If you already hold securities, you may be able to use them to draw money against these holdings to invest into your Personal Portfolio. This is done by "lending" your chosen securities to Gleneagle Securities (Aust) Pty Ltd. Because the administrative requirements applicable to securities can vary, the transfer of your securities to a securities lending account is subject to our approval. After they are transferred to your securities lending account you may retain your exposure to any of these securities irrespective of the contents of the Model Portfolios you have selected. Simply advise us which of your securities exposure you prefer to retain, which to sell, and which are to be used as collateral for a securities loan. Reporting on your personal holdings and your Personal Portfolio will remain separate.

Once your securities lending facility has been established for your Account, you will need to lodge margin cover from your Account of at least 30% of the market value of the securities you are financing. Cash margin cover is valued at 100%. The securities lent to Gleneagle Securities (Aust) Pty Ltd will be marked to the market at least daily to ensure you have sufficient collateral (margin cover) posted with Gleneagle Securities (Aust) Pty Ltd. It is always your responsibility to maintain adequate margin cover, whether or not a margin call is given to you. If additional margin cover is required, you must post the required additional margin cover by no later than 3.00 p.m. the following day. You may choose to deposit additional funds, lodge acceptable securities, or deliver a bank cheque to Gleneagle Securities (Aust) Pty Ltd.

Please be aware of share ownership features of the securities lending facility used by the Service. The securities lending facility differs from some margin lending facilities. Although we refer to "lending" and "borrowing" securities, the securities are actually transferred absolutely to Gleneagle Securities (Aust) Pty Ltd. For example, when you lodge securities as margin cover or against the financing given to you, your responsible entity is transferring those shares absolutely to Gleneagle Securities (Aust) Pty Ltd. You do not retain any beneficial ownership in the shares you lend to Gleneagle Securities (Aust) Pty Ltd and Gleneagle Securities (Aust) Pty Ltd is only obliged to return to you equivalent securities when you repay the funding. You do not retain ownership in the margined securities. You do, however, get the benefit of the dividends and CGT relief available under the tax legislation.

Risks and Costs of Gearing

Gearing (including borrowing stock to have a short position) carries risks relating to any securities lending and is inherently speculative. Leverage provided by the account increases the risk of an investment compared with an un-

leveraged position – losses and profits may be magnified. You should be prepared to sustain a potential loss of capital, depending on the amount of gearing.

Investors who consider using gearing through their account should have experience in share trading and gearing and should reach an investment decision only after careful consideration and discussion with your advisor.

Gearing will incur a finance charge charged through the securities lending and borrowing facility. This is an external cost charged to your Account (and not a cost of the Service itself). Finance charges are usually an interest rate on the amount of financing, plus any establishment fee. The interest rate is usually variable in line with market conditions. Please contact your adviser or the Service Desk for current information about finance charges.

Section 10: Responsible entity reporting requirements

The Gleneagle Managed Account Service is not currently a disclosing entity as defined under the Corporations Act. If it were to become a disclosing entity during the currency of this Product Disclosure Statement, the Service would be subject to additional regular reporting and disclosure obligations. Copies of documents lodged with ASIC to comply with these requirements may be obtained from, or inspected at, an ASIC office.

You have a right to request a copy of the Service's half yearly financial report and any continuous disclosure notices lodged with ASIC (in addition to the annual audited financial accounts referred to above).

The responsible entity's legal relationship with you

Gleneagle Asset Management Limited is the responsible entity of the Gleneagle Managed Account Service and holds an Australian Financial Services Licence number 226199 which authorises it to operate the Service.

Gleneagle Asset Management can retire as responsible entity on 30 days' notice or we can be removed in accordance with the Corporations Act.

Constitution

Our responsibilities and obligations as the responsible entity of the Service are governed by the Gleneagle Managed Account Service Constitution, as well as the Corporations Act and general trust law.

Under the Gleneagle Managed Account Service Constitution, an investor has the beneficial interest in the assets held in that investor's Account. The legal interest is held by us or by the custodian appointed by us (if any).

You or your financial adviser may obtain a copy of the Constitution free of charge by requesting a copy from us.

The Constitution contains a number of provisions relating to the rights, terms, conditions and obligations imposed on both investors and us, including a provision that investors and all persons claiming through them are bound by the terms of the Constitution.

The main provisions which relate to your rights under the Constitution include:

- your entitlement to the assets and cash credited to your account
- your right to withdraw from the Service
- your entitlements upon withdrawal or winding up of the Service
- your rights to attend and vote at meetings of the Service
- your ability to transfer or register security interests (such as mortgages, if accepted by us) over your account.

There are also provisions governing our powers and duties, some of which are discussed elsewhere in this Part A Product Disclosure Statement. These provisions set out:

- the circumstances in which the Service can be terminated, including the termination date which is 80 years less one day after the Service is established unless terminated earlier. We can terminate the Service by giving the notice required by the Constitution. If we do, you receive the investments in your Account (or their cash equivalent) less any expenses attributable to your Account and your *pro rata* share of the Service's expenses
- our right to be paid by, or receive a benefit from, an incoming responsible entity, and not be required to account to investors for such payment or benefit
- when we can amend the Constitution. Generally we can only amend the Constitution if we reasonably believe that the changes will not adversely affect your rights as an investor. Otherwise the Constitution can only be amended if approved by special resolution at a meeting of investors
- our right to refuse to accept applications to participate in the Service
- our right to determine minimum application, withdrawal and holding amounts and powers in support of these minimums
- our ability to terminate your participation in the Service if you breach any terms and conditions of the Service Constitution or your Account
- our right to deduct amounts you owe us from your Account
- your right to give us instructions. It is important to understand that the Service is not an Investor Directed Portfolio Service and, while we will generally seek to comply with your investment instructions, we maintain the ultimate discretion as to what investments are made on your behalf via the Service. This means that investment instructions given by you may not be actioned in some circumstances, and
- our broad powers including to act on properly authorised instructions, invest, and generally manage the Service

Our powers to credit your account with:

- all moneys you pay into the Service;

- all other moneys and assets that we receive from you or on your behalf in relation to your account;
- any investments acquired on your behalf in relation to your account; and
- such other amounts and assets that we determine to be appropriate to credit to the account.

Our powers to debit your account with:

- all moneys paid out to you or your Authorised Representative;
- any moneys required to settle an investment transaction for you;
- any moneys required for the payment of fees, charges, expenses and taxes associated with your Personal Portfolio or instructions;
- any assets disposed of on your behalf; and
- such other amounts as we determine to be appropriate to debit to the Account.

The Constitution provides that the responsible entity is indemnified for all expenses and liabilities we incur in relation to your Account in the proper performance of our duties under the Constitution. All liabilities, which in our opinion are attributable to you or your Account, are to be satisfied:

- from your Account; and/or
- from you by invoice.

If you have more than one Account in the Service and the amounts in one Account are insufficient to satisfy the liabilities relating to that Account, we have the right to recover the amounts outstanding from your other Accounts.

The Constitution also deals with our liabilities in relation to the Service for example, subject to the Corporations Act:

- we are not liable to investors for any loss provided we did not act negligently or we believed we acted in good faith in accordance with the law and the Constitution; and
- our directors and officers are not liable to a member or any other person in connection with the office of responsible entity, trustee, or director or officer of the responsible entity.

Compliance Plan

We have lodged a Compliance Plan for the Service with ASIC. The Compliance Plan sets out the measures we will take to ensure we comply with the Corporations Act and the Constitution for the Service.

To oversee compliance with the Compliance Plan, we have established a Compliance Committee. The Compliance Committee is required to report breaches of the Constitution and the Corporations Act to the directors of the responsible entity and in some circumstances to ASIC.

Auditor

The current auditor of the Service is PKF Australia Ltd, Level 10, 1 Margaret St, Sydney, NSW, 2000.

Custody

Gleneagle Asset Management currently holds all funds and assets in the Service accounts. In future we may appoint a custodian to hold the Service assets. Any custodian

appointed may (but need not) be an associate of Gleneagle Securities (Aust) Pty Ltd and in any case must satisfy applicable legal and regulatory requirements.

Enquiries and complaints

If you have a query or complaint, please contact your financial adviser who may be able to deal it in the first instance on your behalf.

If you have a complaint that is not, or cannot be, resolved by your financial adviser, you can write to our Enquiries and Complaints Officer at

Gleneagle Asset Management Limited

Attn: Compliance Manager

Level 10, 2 Bligh St

Sydney NSW 2000

or send it by email to accounts@gleneaglesecurities.com.au.

Please provide us with all information relevant to the complaint that is in your possession or control. We will acknowledge receipt of the complaint as soon as practicable but in any event within 5 days of its receipt.

We will deal with any complaint and respond to you as soon as practicable and may ask you for further information that we think is necessary to enable us to properly consider the complaint. Your complaint will generally be dealt with within 45 business days after receiving the complaint.

If your complaint is not dealt with to your satisfaction within this timeframe, you may refer your complaint to the Financial Industry Complaints Service ("FICS") of which we are a member and which is an independent entity. The FICS contact details are: PO Box 578, Collins Street, Melbourne Vic. 8007. Telephone: 1300 780 808.

Anti-Money laundering

In order to comply with current or future regulations aimed at the prevention of money laundering and counter terrorism financing, including but not limited to the laws and regulations of Australia in force from time to time (AML/CTF law), appropriate detailed identification and verification about an applicant will be required, which may include identification of underlying beneficial owner(s). We may delay or refuse to accept an application (and return any funds received with the application without interest) of a prospective applicant who delays or fails to produce any information we request for verification purposes or if we are concerned that the application may breach any obligation of, or cause us to commit or participate in an offence under the AML/CTF law, and we will incur no liability to you if we do so.

Your Application will not be accepted or processed until all required information has been received to our satisfaction (including any additional information that may be requested) and we are satisfied all client identification procedures have been completed and any other obligations under the AML/CTF law have been complied with. We may also require you to provide additional information and identification documents to those listed in the Application Form, for example where a foreign bank account to the country in which you are located is used to make applications and to receive withdrawal and cash payments. This may include, but is not limited to the following information:

- for an individual - any maiden name or former name;

- for an individual - countries of citizenship and residence;
- for an individual - occupation and employer or business activity;
- for all types of investors - source of funds and beneficial ownership.

By applying to open an Account, you warrant that:

- you are not aware and have no reason to suspect that:
 - the monies used to fund your investment have been or will be derived from or related to any money laundering, terrorism financing or other illegal activities, whether prohibited under Australian law, international law or convention or by agreement ('illegal activity'); or
 - the proceeds of your investment will be used to finance any illegal activities.
- you, your agent, or your nominated Authorised Representative will provide us with all additional information and assistance that may be requested in order to comply with our obligations under any AML/CTF law.
- you are not a 'politically exposed' person or organisation for the purposes of any AML/CTF law.

Privacy

The information requested on the Application Form is used by us for the primary purpose of establishing and administering your Account. We may be unable to process your Application or operate your account without this information. Our Privacy Policy detailing our handling of personal information is available upon request. You may request access to the information held by us about you and your investments, and we ask that you advise us of any changes to such information you may have provided.

We may disclose your information to external parties who act on our behalf in the operation of our business from time to time. We may also disclose your information to external parties on your behalf, such as your financial adviser.

We may use your information on occasion, to advise you about other services or products offered by us or by Gleneagle Securities (Aust) Pty Ltd and its related bodies corporate, but you may elect to stop receiving such information by giving us notice to that effect at any time.

You may contact our Privacy Officer on (02) 8277 6600 if you wish to update or request access to your information or if you have any queries regarding our Privacy Policy.

Section 11: How to Invest

To make an investment in the Gleneagle Managed Account Service and open your Account, you must complete the Application forms that accompany the relevant Part B Product Disclosure Statement of the respective Model Portfolio that you wish to invest in.

Cash

Application amounts can be transferred electronically into the Service, or you can send a cheque with your application form made out to "Gleneagle Securities (Aust) Pty Ltd Trust A/C". Any amounts we receive prior to opening your Account will be held in our applications account and will not earn interest.

Transfers of investments and lending

Alternatively, existing holdings of eligible securities and financial products may be transferred into a Gleneagle Securities account for the purpose of borrowing money to invest within the Service.

Authorisations

By completing the Authorised Representative section on the Application Form you will be authorising us to take all instructions in relation to your Account from your Authorised Representative (generally your financial adviser) on your behalf. Refer to the relevant PDS Part B for details of this authorisation.

Generally, all instructions to transact in the Service must be made by either yourself or on your behalf by your Authorised Representative. Your Authorised Representative is not able to change your account details for payment of any withdrawal proceeds.

The majority of instructions will be given online or alternatively in writing or by fax. Terms and conditions relating to fax and online instructions are set out in the relevant PDS Part B.

Making additional investments

Additional investments can be made at any time by completing a transaction form found in the relevant PDS Part B, and an accompanying cheque, electronic cash transfer, or by transferring eligible securities or financial products into a Gleneagle Securities (Aust) Pty Ltd account for the purpose of borrowing money to invest into the Service. Additional investment funds will be added to your Personal Portfolio in accordance with the existing Model Portfolios and in proportion to their relative values.