

United Investment Funds

Managed Investment Portfolios

Period ended 30 June 2009

Prepared by United Funds Management Limited
AFSL No 240973
Part of Australian Wealth Management



The benefits of working with professionals

Most financial advisers agree that they do not have the time or the resources to research individual fund managers and their funds. By using a professional fund manager such as United Funds Management who does both, advisers and their investors receive a number of added benefits:

- Diversification benefits – advisers and their investors gain access to different asset sectors, fund managers and investment styles.
- Advisers can leave the crucial decisions such as manager selection, manager termination and asset allocation to full-time professionals.
- Implementation efficiencies – manager changes can be transitioned in-specie therefore minimising stock turnover and brokerage costs. Use of on-going cash flows to rebalance portfolios.
- Economies of scale – purchasing power of a large entity provides access to investments not usually available to individuals as well as keeping fees to a minimum.
- Solid returns but at a lower risk than often experienced with single manager scenarios.

Who is United Funds Management?

United Funds Management (United) is part of Australian Wealth Management Limited, which in turn is part of IOOF Holdings Ltd (IOOF), a leading provider of wealth management products and services in Australia.

Listed on the Australian Securities Exchange (ASX: IFL) IOOF is in the top 200 ASX listed companies, provides services to over 700,000 clients Australia-wide.

United is based in Melbourne with staff in most major capital cities throughout Australia. We are pioneers of the 'sector specialist, multi-manager' investment approach. Through this investment approach we provide investors with access to a range of 'blended portfolios' from leading fund managers in each asset class. Our leading fund managers are profiled in this flyer.

United's investment process and the use of research in manager selection

United uses a sector-specialist approach to investing, drawing upon the in-depth knowledge and experience of its team of investment professionals and their contacts to design, construct and manage a series of 'best-of-breed' multi-manager portfolios. Within each asset class United selects a blend of investment managers with complementary investment styles to achieve an overall superior result with lower volatility.

In conjunction with its own research, United uses research from Mercer's Global Investment Manager Database. The Mercer investment manager research team comprises over 40 full time manager researchers and over 200 field consultants globally who collectively hold over 2,300 research meetings a year. Their aim is to identify managers who offer sustainable competitive advantages that produce above average returns with a commensurate level of risk.

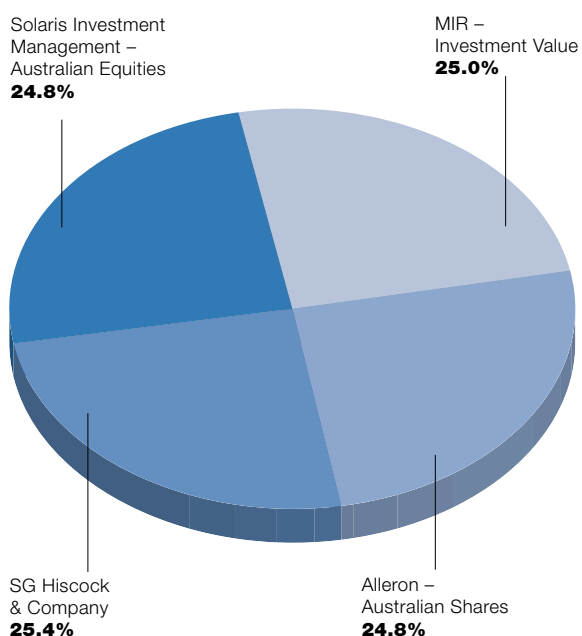
Portfolio construction

United conducts both qualitative and quantitative manager blending analysis to construct portfolios which provide diversity of investment styles and are free from any style, capitalisation and/or risk factor biases.

In conjunction with manager research, United also uses extensive capital market research to identify the specific characteristic of each asset class.

Australian shares sector –

as at 30 June 2009



Alleron Investment Management Limited (Alleron)

is a specialist domestic equities manager with a strong growth bias and is best described as a high alpha manager, relying heavily on stock specific risk for its expected performance.

Alleron believes that long-term share prices are driven by factors that include long-term earnings, industry competitive structure and internal management strength. In the short-term, share prices can be at levels which do not reflect these longer term factors, giving rise to the opportunity to buy mispriced stocks and to earn a superior rate of return.

Alleron's active bottom-up investment process systematically identifies companies that are compatible with Alleron's Investment philosophy. With stock selection based on relative value the key to its investment style, Alleron uses a range of valuation methodologies that are then applied to each stock to assess whether the market has mispriced the potential drivers of the stock's price.

MIR Investment Management Limited (MIR) is a boutique funds management company whose focus is on providing the best qualitative and quantitative processes in the implementation of a superior value strategy.

MIR's investment process is based on the belief that superior long-term results can be achieved by exploiting market inefficiencies, including those generated by the cognitive biases and behavioural weaknesses that affect investor decision making.

MIR is a value manager focusing on Australian equities. MIR's portfolios generally have a deep value orientation relative to the indices. MIR does not engage in market timing.

SG Hiscock & Company (SGH) is a boutique investment manager based in Melbourne. The firm was established in August 2001 and is 100% owned by its staff, while the SGH20 fund commenced in October 2004. The principals of SGH were previously all employed at National Asset Management, have worked together over 12 years and have significant co-investment in the firms funds, which cover listed property, Australian equities and absolute return strategies.

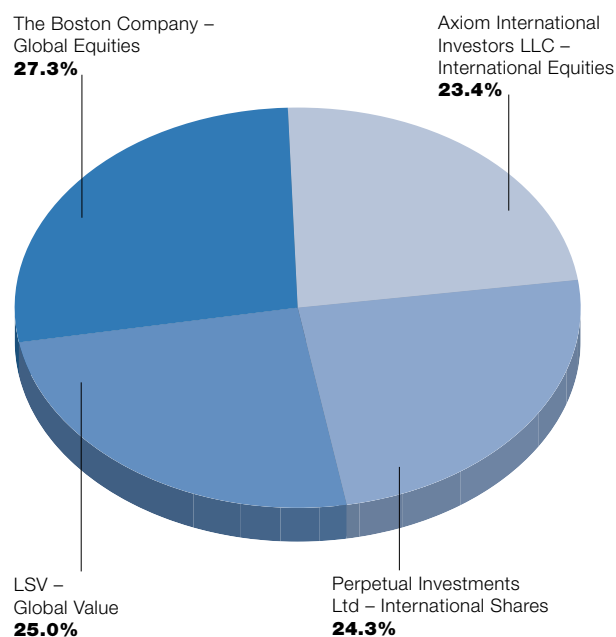
All of the SGH funds employ their trademark ValueActive™ approach, which covers company fundamentals, valuation and market sentiment. They look to buy good companies at great prices, and great companies at good prices. SGH20 has a flexible style, although through the economic cycle is expected to exhibit a GARP ('Growth At a Reasonable Price') bias. The manager's active, bottom-up stock selection process is supplemented by its assessment of management's ability to meet or exceed market expectations and the companies' exposure to various macro-economic themes.

Solaris Investment Management is a boutique, style neutral, Australian equities funds manager. The Solaris team has a successful, demonstrated investment management and performance history spanning many years, despite having only recently established a funds management business in January 2008. Solaris' analysts are empowered and rewarded as portfolio managers so they are fully accountable for their ideas and decisions. Solaris' product offering includes core and high alpha strategies.

Stock selection is Solaris' main area of expertise. Stocks are picked using fundamental analysis to exploit market inefficiencies in forecasts and valuations and the manager believes that analyst management of the portfolio is the best way to capture market inefficiencies. To achieve superior returns, positions may be taken which deviate from the benchmark portfolio, through skilful stock selection. Analyst research aims to identify the 'true' value of each stock, based on qualitative and quantitative company fundamentals. There is no bias towards value or growth stocks. The investment process identifies the stocks with the best expected return, regardless of perceived style.

International shares sector –

as at 30 June 2009



Axiom International Investors LLC (Axiom) was officially formed on 1 September 1998 by Andrew Jacobson and his team of research analysts as an independent advisor specialising in managing international equity portfolios. Prior to forming Axiom, the original investment team was responsible for developing and managing the international equity strategy at Columbus Circle Investors, a division of PIMCO. Axiom has been a registered investment advisor with the United States Securities and Exchange Commission since inception. The firm is 100% owned and run by the Axiom staff.

Axiom is an all-cap, global growth equity manager whose investment style encompasses an active approach to stock selection based on fundamental company analysis. Axiom believe that perhaps the single most important determinant of a company's share price performance relative to the performance of comparable alternative investments is whether the company is able to demonstrate better than generally anticipated progress in its key business drivers. Axiom also considers fundamental factors such as industry factors, macroeconomic factors and country factors.

The Boston Company Asset Management LLC (The Boston Company) was established in 1970 in Boston, Massachusetts and is a wholly-owned investment subsidiary of Mellon Financial Corporation. The Boston Company is Mellon's fundamental equity specialist. It has one of the largest and most experienced teams in the industry dedicated to fundamental equity investing.

The Boston Company believes that successful international investing can best be achieved through an earnings focused approach combined with research activity and risk recognition. Security selection is the cornerstone of The Boston Company's investment philosophy. The Global Equity Core team seeks out companies with rising expectations, attractive valuations and sustainable execution by investing early in the company's cycle.

LSV Asset Management (LSV) is a quantitative value equity manager providing active management for institutional investors through the application of proprietary models. LSV has academic roots and was named after its founding partners who are well known for their work in behavioural finance. LSV was established in 1994 and is headquartered in Chicago, Illinois.

The fundamental premise on which the company's investment philosophy is based is that superior long-term results can be achieved by systematically exploiting the judgmental biases and behavioural weaknesses that influence the decisions of many investors. These include: the tendency to extrapolate the past too far into the future, wrongly equating a good company with a good investment irrespective of price, ignoring statistical evidence and developing a 'mindset' about a company.

The Global Value Equity strategy's primary emphasis is the use of quantitative techniques to select individual securities in what would be considered a bottom-up approach. A risk control discipline limits the over or under-exposure of the portfolio to industry concentrations. Value factors and security selection dominate sector/industry factors as determinants of performance. The competitive strength of this strategy is that it avoids introducing to the process any judgmental biases and behavioural weaknesses that often influence investment decisions.

Perpetual Investments is one of Australia's leading investment managers, with \$24.6 billion in funds under management (as at 31 December 2008). Perpetual Investments is part of the Perpetual Group, which has been in operation for more than 120 years. By employing some of the industry's best investment specialists and applying a proven investment philosophy, Perpetual Investments has been able to help generations of Australians manage their wealth.

PIML's investment philosophy stresses a fundamental, conservative bottom-up approach to stock picking, focusing on quality (strong balance sheets, earnings visibility and competitive businesses) and value.

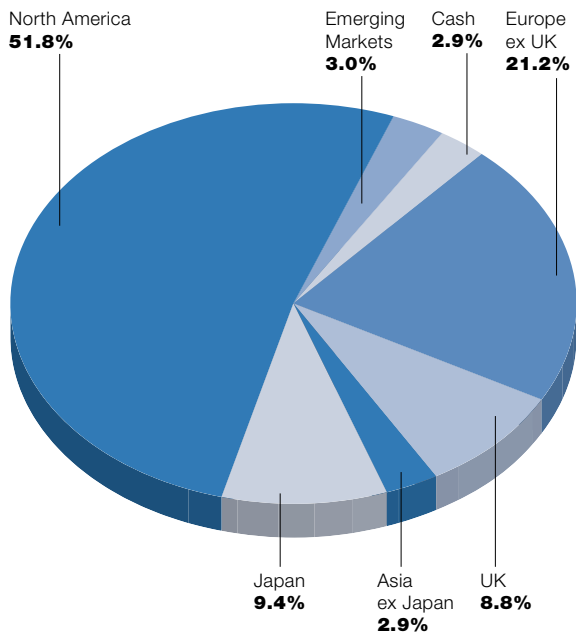
Pareto is a specialist global institutional investment management firm with its head office in London and offices in New York, Sydney and Tokyo. Pareto is a specialist in currency management strategies and **one of the largest currency overlay managers** in the world. Pareto also manages currency absolute return strategies. Established in 1991, Pareto remains a diversified global client base. The firm's client profile is predominantly large retirement funds, insurance companies, monetary authorities and managed funds.

Note: Foreign currency exposure is an inevitable consequence of investing in international equities. We believe that returns from currency exposures will revert to zero over the long-term. However, while currency exposures provide no expected return they create volatility and the risk of loss over the short-term. For these reasons, we regard unmanaged currency risk as an unrewarded risk and believe that it should be minimised.

United believes that active currency management can add value. There is very good empirical evidence of active management adding value. This would make sense given that currency market participants have differing objectives. While it is generally agreed that currency returns are random most of the time, we believe that subtle inefficiencies are best identified, estimated and exploited through analysis of the currency risk structure.

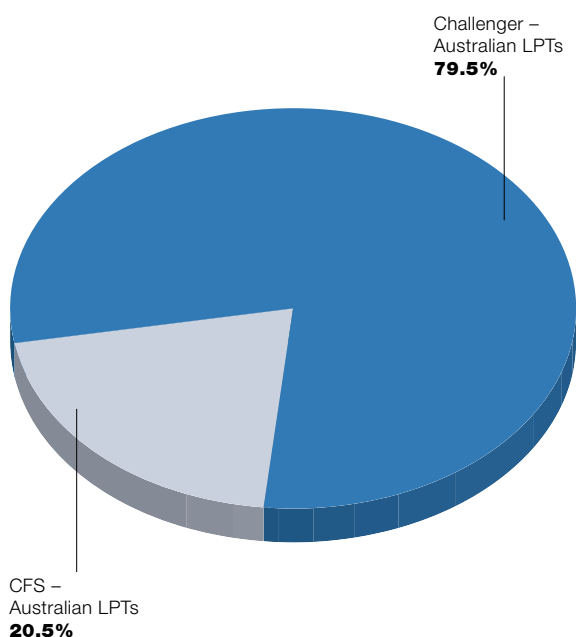
World market asset allocation – international equities

as at 30 June 2009



Listed property sector – Australia

as at 30 June 2009



Challenger Financial Services Group (Challenger)

was born out of the merger between Challenger International and CPH Investment Corp in mid 2003. Challenger Financial Services Group is focused on three core businesses: namely Challenger Wealth Management, Challenger Life and Challenger Wholesale Finance.

Challenger's investment philosophy is underpinned by the belief that mispricing opportunities arise in the listed property trust market at the macroeconomic, industry and individual trust levels. Challenger aims to take advantage of these opportunities through its research-driven investment process and timely and decisive action. Challenger's investment style is best described as rotational/business cycle, rather than the other industry recognised styles, as it will display different characteristics, depending upon the state of both the economic and business cycles.

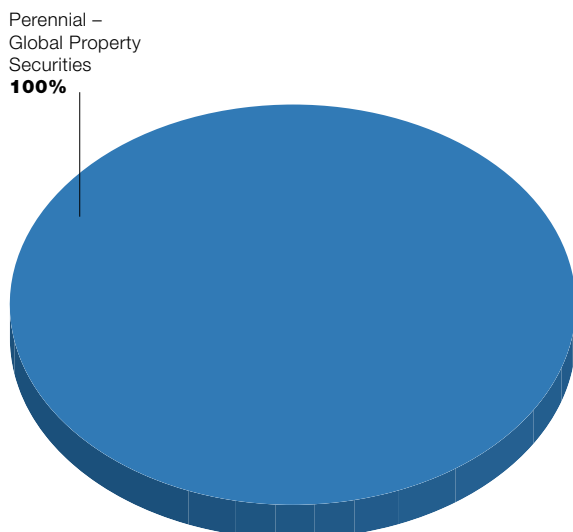
Colonial First State Global Asset Management

is the consolidated asset management division of the Commonwealth Bank of Australia Group. As one of Australia's largest asset managers, Colonial First State Global Asset Management employs more than 200 investment professionals located in Sydney, London, New York, Auckland, Edinburgh, Singapore, Hong Kong and Jakarta. The business is also represented in Beijing and Shenzhen through the First State Cinda Fund Management joint venture.

The Fund seeks to achieve medium-to-long-term growth by investing predominately in small to mid cap securities and listed property trusts. The Fund also aims to outperform the S&P/ASX Property Accumulation 300 index over a rolling three-year period.

Listed property sector – international

as at 30 June 2009



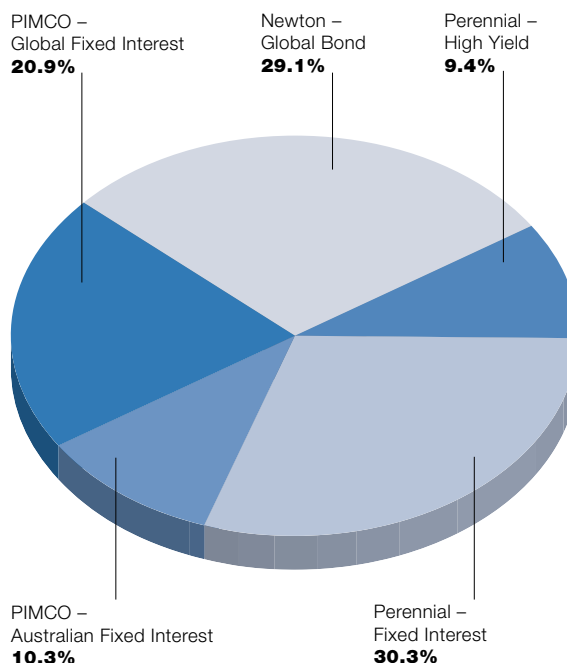
Perennial Real Estate Investments Pty Ltd

(Perennial Real Estate) was founded in January 2006 and is headed by Stephen Hayes. The Perennial Real Estate team consists of nine portfolio managers and analysts. Perennial Investment Partners Ltd is a specialist, active investment management firm, comprising a suite of six investment management businesses. Each business specialises in the investment management of one of the following asset classes and styles: value Australian shares, growth Australian shares, international shares (global, Asian and Japanese shares), global and domestic property, fixed interest and cash. Perennial also combines these specialities to offer a range of diversified investment products.

Perennial Real Estate aims to buy globally listed, or soon to be listed, property securities that offer good cashflow growth and consistent income characteristics. Perennial Real Estate has the underlying belief that these entities will offer investors the best long-term property investment outcomes. The portfolio is biased towards securities that offer strong recurring cash flows and hold quality investment grade property assets. Perennial Real Estate aims to provide clients with a diversified portfolio of global listed property securities that can offer a consistent level of income while maximising total return.

Fixed interest

as at 30 June 2009



The purchase of the Mellon Master Trust in January 2005 enabled United to add the **Newton Global Bond Fund** to our fixed interest portfolio.

Newton Investment Management Limited (Newton)

is a wholly-owned investment subsidiary of Mellon Financial Corporation and has been managing investments on behalf of individual investors, charities, pension funds and institutions since 1978. Based in London, Newton focuses on active stock and bond selection within a global framework.

As one of the pioneers of global thematic investing, Newton's approach identifies themes and trends that are influencing, or are likely to influence, economies or stock markets across the globe. It recognises that only by understanding events, trends and competitive pressures worldwide can prospects for different asset classes be properly evaluated.

Newton's approach to global bond management is to identify the long-term trends and themes affecting bond and currency markets and invest to exploit the inefficiencies and imbalances these powerful drivers create. Newton's style is to allocate between countries and along the yield curve to such an extent that these return effects will surpass any security specific contribution to returns.

Perennial Fixed Interest was established in August 1999 in a joint venture between Perennial Investment Partners Limited and Perennial Fixed Interest investment staff.

Perennial Fixed Interest is a specialist active boutique investment manager, focussed on valuing the medium term economic outlook and market fundamentals using a disciplined investment management framework to compare 'fair value' and market prices. Perennial Fixed Interest employs a number of strategies to add value to investors including modified duration, yield curve management, sector allocation and fixed income security selection.

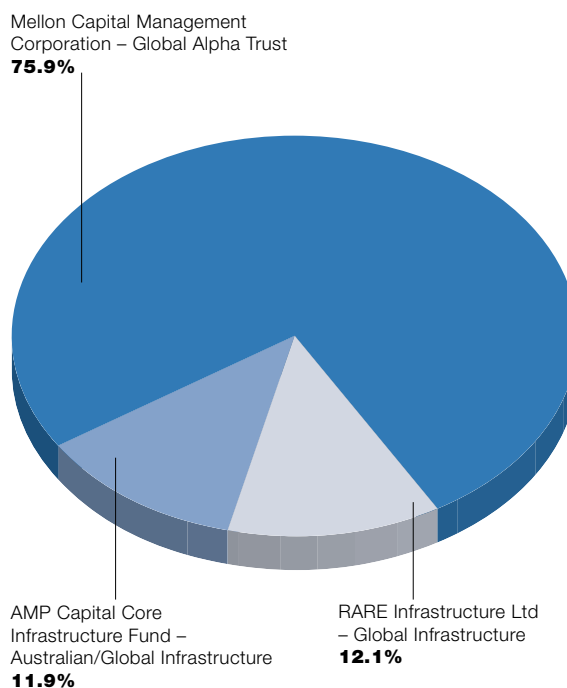
Perennial Fixed Interest is a specialist active fixed interest and investment manager who accesses a range of diversified strategies to add value to their investors. Perennial's principal focus is in developing strategies that we believe are in the best long-term interest of our clients. The team is not unduly influenced by the structure of the relevant portfolio benchmark. Perennial believe that investment markets can often get carried away with the prevailing market sentiment and therefore exploitable fixed income investment opportunities are created for long-term investors. It is Perennial's style to often implement an investment strategy that is against the current market mood. Perennial is strategic in approach, believing the best decisions are made through the careful assessment of economic and market fundamentals over the medium to long-term.

PIMCO is one of the world's largest specialist fixed income investment managers. PIMCO has expertise and significant resources committed to virtually every sector of the global bond market, with offices in Newport Beach, New York, London, Tokyo, Singapore and Sydney.

PIMCO is an active manager whose investment style is based on a total return approach. PIMCO seeks to add value via credit and qualitative research, duration management, economic and cyclical analysis, and bottom-up techniques to identify undervalued securities.

Alternatives sector

as at 30 June 2009



AMP Capital Investors Limited (AMP Capital) is a specialist investment manager with over \$101 billion in funds under management (as at 30 June 2008). As a wholly owned subsidiary of AMP Limited, AMP Capital operates with a pure investment focus while benefiting from the resources of its parent. With almost 200 in-house investment professionals and a carefully selected global network of investment partners, AMP Capital offers significant depth and breadth of investment expertise. AMP Capital has been investing in infrastructure since 1988, participating in financing the Sydney Harbour Tunnel. Today, AMP Capital manages infrastructure investments in Australia, New Zealand, Asia and Europe, across all infrastructure sectors.

The AMP Capital Core Infrastructure Fund (Fund) seeks to provide income and capital growth while managing risk through diversification across assets, sectors and geographic locations. Asset lifecycle is also considered, from early stage projects to growth and mature infrastructure assets. This diversification provides investors in this Fund with the potential for a more stable risk-return profile than would be achieved by investing in a single asset or sector. Additionally, given the nature of infrastructure assets, returns from this Fund are expected to have a low correlation with returns from other asset classes such as shares and bonds, providing further diversification benefits for investors.

Mellon Capital Management Corporation (Mellon Capital) is a wholly-owned asset management subsidiary of Mellon Financial Corporation based in San Francisco. Mellon Capital's investment professionals are widely recognised for their significant contributions to the progress of quantitative investment management. Its founders, William Fouse and Thomas Loeb, developed the first tactical asset allocation model and have been managing tactical asset allocation portfolios since 1972.

Mellon Capital believes that relative asset mis-valuations exist within and between markets. The strength of Mellon Capital's approach lies in their ability to capitalise on these mis-valuations when and where they occur. The Global Alpha Strategy seeks to provide a well-diversified and stable stream of alpha by actively allocating across and within a broad set of asset classes available in global capital markets.

It actively allocates assets across the major developed equity, fixed income, and cash markets of Canada, Denmark, Japan, France, Germany, the Netherlands, New Zealand, Norway, Sweden, Switzerland, Australia, Spain, United Kingdom and United States to exploit investment opportunities when valuations across asset classes occasionally diverge from equilibrium levels.

RARE Infrastructure is a boutique investment manager, specialising in global infrastructure. The RARE investment team has over 77 years' infrastructure experience and 52 years funds management experience. Integrating expertise from both the investment and infrastructure fields provides the manager with strong insights into the market and gives it expertise in a variety of sectors globally.

RARE Infrastructure offers the opportunity to invest in a broad portfolio of global listed infrastructure securities. Its objective is to provide investors with regular and stable income, comprising dividends plus capital growth.

For more information on **United Funds Management** contact your financial adviser or our Client Services Team on **1800 333 700**.

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