

Information Memorandum

*The art of successful investment is the patient investor
taking money from the impatient investor*

Selector Fund Information Memorandum

IMPORTANT NOTICE TO INVESTORS

This Selector Fund Information Memorandum (IM) is dated 1 July 2011. The IM is issued by Selector Funds Management Limited, ABN 85 102 756 347, AFSL 225316. You should not invest in Selector Fund (the Fund) unless you have read this IM in its entirety.

All amounts in this IM are given in, and historical returns are based upon, Australian dollars. References to "Selector", "We" or "Manager" are to Selector Funds Management Limited in its capacity as Investment manager of the Fund. References to "you" or "your" are to Investors in the Fund.

The information contained in this IM is general information only. This IM has not been prepared taking into account any particular Investor or class of Investors' investment objectives, financial situation or needs. Before you invest, you should assess and consider whether the information in this IM is appropriate for you in light of your individual objectives, financial situation or needs. To obtain advice or more information about the product offered in this IM, you should speak to an Australian financial services licensee or authorised representative.

An investment in the Fund is not a deposit with or other liability of Selector. Investing in the Fund is not without risk (*refer to section 3*), including possible delays in redemption and loss of income and capital invested. Selector makes neither guarantees nor any representations as to the performance of the Fund, the maintenance or repayment of capital, the price at which Units may be issued or any particular rate of return.

The information in this IM is up to date at the time of preparation. However, some information can change from time to time. If a change is considered materially adverse we will issue a supplementary or replacement IM. For updated or other information about the Fund that is not materially adverse (such as performance), please consult your Financial Advisor, call us or visit our website www.selectorfund.com.au. A paper copy of any updated information is available free of charge on request.

If you are printing an electronic copy of this IM you must print all pages including the Application Form. If you make this IM available to another person, you must give them the entire electronic file or printout, including the Application Form. A paper copy of this IM (and any supplementary documents) can also be obtained free of charge on request by contacting your Financial Advisor.

The offer of Units under this IM does not constitute an offer in any jurisdiction other than Australia. This IM is not an offer to any person or an offer in any place, to which or in which it is unlawful to make such an offer.

The offer or invitation to subscribe for Units in the Fund under this IM is only available to persons receiving this IM (electronically or otherwise) in Australia and is subject to the terms and conditions described in this IM.

We strongly recommend that you seek the services of a licensed Financial Advisor and tax advisor prior to investing in the Fund.

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SELECTOR FUND QUICK REFERENCE

To find information on the topics listed below, see the page number listed. You should read the whole IM and seek any advice you need before deciding to invest.

Fund Description

The Selector Fund uses bottom up stock selection to construct a concentrated portfolio of Australian companies, which Selector believes will deliver superior long term returns. The fund is benchmark indifferent.

Investment Manager of the Fund

The Investment Manager of the Fund is Selector Funds Management Limited.

Issuer of the Fund

Selector Funds Management Limited.

How much do you need to invest ? Refer page

| | | |
|-------------------------------|-----------|----|
| Minimum initial investment | \$500,000 | 14 |
| Minimum additional investment | \$100,000 | 14 |
| Minimum balance | \$500,000 | |
| Minimum redemption | \$50,000 | 18 |

What fees will you pay?

| | | |
|-----------------------------|---|----|
| Establishment fee | Nil | 22 |
| Contribution fee | Nil | 22 |
| Redemption fee | 5% paid to fund if redeemed in initial 12 months | 25 |
| Managers fee | 1.25% | 25 |
| Total Management costs | Capped at 1.9% pa of the net assets of the Fund | 25 |
| Performance fee | The Manager charges a 20% performance fee, providing certain performance targets are achieved | 23 |
| Ongoing advisor service fee | Nil | |
| Buy-sell spread | +0.25% included in Application Price calculation -0.25% included in Withdrawal Price calculation | 24 |

What other features are available?

| | | |
|---------------|--|----|
| Unit pricing | Unit prices are calculated each Business Day Redemptions are calculated monthly | 16 |
| Distributions | Annually, payable into an account with a financial institution or reinvested in additional Units | 18 |
| Tax | Normal unit trust tax treatment | 20 |

What are the key benefits of investing in the Fund?

| | | |
|----------|---|----|
| Benefits | <ul style="list-style-type: none"> • Deep industry experience • Specialised stock-selection experience and processes • Superior long term returns based on the concentrated investment approach • Open access to portfolio managers | 11 |
|----------|---|----|



What are the key risks of investing in the Funds?

| | | |
|-------|---|----|
| Risks | Investment in any of the Funds is subject to risks, including: <ul style="list-style-type: none">• fund management risk;• market risk;• asset risk;• manager concentration risk;• equity risk; and• regulatory risk. | 13 |
|-------|---|----|

How will you be kept informed?

| | | |
|-------------------------|--|----|
| Investment confirmation | With every initial and additional investment | 16 |
| Redemption confirmation | With any redemption | 18 |
| Investor value report | Yearly | 18 |
| Investment report | Quarterly | 19 |
| Taxation statement | Yearly (after the end of the financial year) | 20 |

Complaints resolution

| | | |
|-----------------------|--|----|
| Complaints resolution | If you are not satisfied with the resolution of a complaint, you may refer the matter to the Financial Industry Complaints Service | 26 |
|-----------------------|--|----|

How to Invest

| | | |
|--|--|----|
| To invest complete the Application Form attached to this IM. | | 36 |
|--|--|----|

Administration contact details

| | | |
|----------------|--|--|
| Website | www.selectorfund.com.au | For further information see our contact details in the Directory |
| Telephone | (612) 8090 3610 | |
| Facsimile | (612) 9235 2627 | |
| Email | info@selectorfund.com.au | |
| Postal address | Level 3, 66 Hunter Street, Sydney NSW. 2000 | |



1. ABOUT SELECTOR - THE INVESTMENT MANAGER

1.1 What is the role of the Investment Manager?

The role of the Investment manager is to make investments on behalf of the Fund in a considered, structured approach and in a manner consistent with achieving the performance objectives of the Fund.

1.2 Who is Selector?

SFM was established as an independent fund manager in December 2004. Since then the team has maintained a consistent investment process, stable team and track record of performance for our clients. SFM has an experienced team of four led by portfolio managers Tony Scenna and Corey Vincent. SFM is 100% owned by the management team who have invested alongside clients in the funds.

SFM has a differentiated investment approach to managing Australian Equities including,

1. High conviction, index agnostic approach
2. Concentrated portfolio of best ideas holding 15 - 30 stocks
3. Active bottom up stock selection
4. Six year performance track record

1.3 People

Martin Greenberg - Independent Chairman

Martin is Chairman and Managing Director of Apollan Investments Group and has 38 years experience in financial markets. Martin is a Director of ERM Power, AI Medics and on a CSIRO advisory board. Martin holds a Bachelor of Business (UTS), Diploma of Commerce (UTS) and is a Fellow CPA. Martin is also Chairman of the Selector Funds Management Limited Compliance Committee.

Tony Scenna - Director and Portfolio Manager

Tony is one of Australia's most experienced fund managers with over 28 years of continuous experience in the Australian funds management industry. In 1988 Tony was a founder of Harper Bernays Funds Management and was the Managing Director from 1994 to April 2002. Prior to this Tony spent five years as an investment analyst and then portfolio manager at Perpetual Trustees Australia Limited with joint responsibility for the common fund, Perpetuals flagship product. Tony has a Bachelor of Economics degree from the University of Sydney.

Corey Vincent - Director and Portfolio Manager

Corey has 10 years experience in sell side stockbroking and 7 years experience as an analyst and portfolio manager in Australian equities. In 2001 Corey founded VBM Capital Limited and completed a sell down to staff in 2006 to focus on the operations of Selector Funds Management Limited. Corey is an Affiliate of the ASX, an Affiliate of the Newcastle Stock Exchange, an Affiliate of the Securities Institute of Australia and a Fellow of the Australian Institute of Company Directors. Corey has a Diploma of Financial Advising, Post Graduate Certificate in Business Administration, Edinburgh Business School and is currently undertaking an MBA. Corey studied Science (Genetics) at the University of Sydney from 1988-1991.

George Giovas - Executive Director

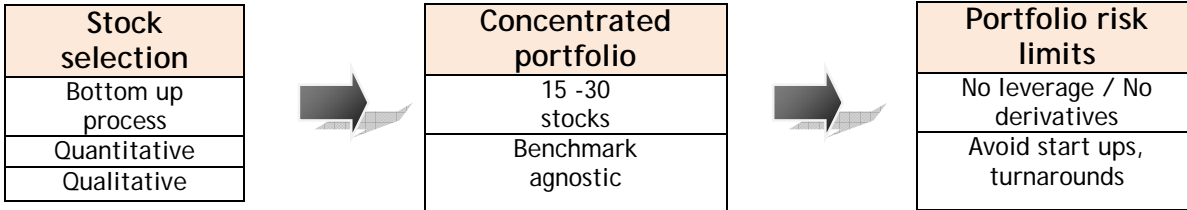
George has 25 years experience in finance, banking and funds management. George joined ANZ Banking Corporation as a graduate in 1987. In 24 years at ANZ George developed analytical expertise in the Telco & Media, Property and Financial sectors. His most recent position was Head of Global Property ANZ. In this role George developed extensive relationships with many S&P ASX200 companies. George has a Bachelor of Commerce UNSW and Masters of Commerce.

John Maragiannis - Executive Director

John has 23 years experience in funds management. His most recent role was Director of Distribution at Credit Agricole Asset Management from 2008- July 2010. Prior to this John has held Head of Distribution roles at Credit Suisse, Schroder's and Zurich Scudder. John has a Bachelor of Commerce UNSW and Masters of Commerce.

1.4 Investment strategy

As a good business evolves into a great business its underlying real earnings per share grows. SFM aims to capture as much of this earnings growth as possible over time, since it is real earnings growth that translates into share price appreciation.



The consistent **bottom up** process employed by SFM looks at a combination of the **quantitative** and **qualitative** attributes of a business. No “black box” methodology is employed. In short, our competitive advantage is the ability of our experienced portfolio managers to access the people managing a business and assess the sustainability of its model. This process generates our best ideas.

Our best ideas form a **concentrated portfolio** of Australian businesses. The portfolio will generally consist of 15 – 30 investments. As such, individual investments may represent greater than 5% of the total investment portfolio. If selected correctly, individual stocks in a concentrated portfolio will have a meaningful impact on performance and may grow well beyond the initial 5% level.

SFM is **benchmark agnostic**. In essence we are backing our consistent investment process and our portfolio managers’ deep industry experience, rather than benchmarking against an index. Selector believes indexing limits returns to investors over the long run. Our long-term investment horizon aims to capture real earnings per share growth.

Selector invests in Australian equities, **does not use leverage or derivatives** and **avoids start ups and turnaround** situations. Experience has taught us that these simple constraints when combined with Selector’s hard risk limits provide significant protection to the portfolio with limited impact on the performance of the fund.

The following section provides an overview of Selector’s stock selection process, detailed research process and portfolio risk limits.

1.5 Stock selection

Selector’s stock selection process is sensible and consistent. The foundation for this common sense approach is the considerable industry experience of our portfolio managers. The stock selection process is termed “bottom up”, we focus on the business first, ensuring that investments are selected based on their individual merit. The portfolio is built stock by stock as each business is subjected to our rigorous stock selection process.

There are 4 steps in the stock selection process;

- i) Quantitative screen
- ii) Ideas shortlist
- iii) Detailed qualitative research
- iv) Portfolio construction

Each of these 4 steps in our stock selection process are outlined below.

i) Quantitative screen

| Quant | Metric | What we look for in a business |
|------------------------------------|--|--|
| ROCE Return on Capital Employed | EBITA* Shareholders capital + debt - cash *EBITA is adjusted for maintenance capital expenditure | High returns on capital over multi year period Incremental returns on new capital above cost capital = evidence of franchise quality Hence business can fund own growth Low maintenance capital expenditure |
| Low total gearing | EBITA + Operating Leases Net interest paid + operating leases | Fixed charges cover ratio On and off balance sheet debt including operating leases |
| Earnings Quality & growth | Real EPS growth | Real growth (take account of equity issued) Cash flow conversion Annuity v one off Cash that can be banked Revenue rotation - EPS grows faster than revenue |
| Capital Management | Management actions as stewards of our capital | Share and option issues Debt use Convertible debt Return on capital |

The 4 measures of our quantitative screen dovetail. Simply put, a business with a high ROCE and high quality earnings can fund their activities internally from cash flows without aggressive use of debt or ongoing issuance of new equity, convertible notes and other derivative instruments. This means earnings growth is not diluted.

ii) Ideas shortlist

The quantitative screen produces Selector’s ideas shortlist from a wide range and variety of businesses. The shortlist is typically 30 to 50 stocks principally from the ASX300. Detailed qualitative research or “due diligence” is then undertaken on the ideas shortlist.

iii) Detailed qualitative research

The portfolio managers undertake detailed qualitative research on each of the businesses on the ideas shortlist. This starts with researching the business, its industry, channel checks of the competitive landscape and importantly management interviews. This is where the experience of our portfolio manager becomes our key advantage and where we wear out the shoe leather visiting companies.

iv) Portfolio construction

As a result of detailed research on the ideas shortlist or our best ideas, a selection of 15 to 30 businesses is developed and reviewed for inclusion in the portfolio. Portfolio inclusion is based on a ranking of our best ideas. Ranking is based on,

1. BUYOUT valuation assessed
2. Roadmap checklist - The 18 point Qualitative and Quantitative factors of business
3. Implicit ranking of new ideas against existing portfolio

Buyout = $\frac{EBITA}{\text{Enterprise value}}$

Return generated if we were to “buy out” entire debt and equity. We compare this to a risk free rate to determine the premium we are getting for equity risk

| Qualitative | | | Quantitative | | |
|--------------------------------------|-------------------------|------------------------------|-------------------------|-------------------------------------|--------------------|
| Management Qualities | Owner Qualities | Focus | Growth | Business Franchise | Balance Sheet |
| Individuals we can trust | Material equity holding | Niche or franchise | Reinvesting in business | Businesses we understand | Low debt levels |
| Drive to take business forward | Common bond shareholder | Adapt to business conditions | Capacity to grow EPS | Well positioned in industry Inc ESG | Simple structure |
| Clear articulation business strategy | Track record Inc ESG | Not react market pressure | Free cash flow | ROCE | Maintenance Cap Ex |

Portfolio construction relies on the extensive experience of the portfolio managers. Here, it is important to note that, it is our portfolio managers, rather than investment analysts, who have undertaken the detailed research ensuring that high quality information is transmitted through the entire investment process. The portfolio managers have a track record of working together for more than 6 years. The portfolio is subjected to hard risk limits outlined in section 1.7.



1.6 Portfolio risk limits

The portfolio management process is highly risk averse. Hard risk limits have been established to ensure this is adhered to consistently.

Selector's uses a targeted process to screen for key business attributes: return on capital / earnings quality / low gearing / capital management.

Selector's portfolio maintains a high level of portfolio liquidity and seeks to limit the maximum sector concentration of the portfolio.

Selector further reduces portfolio risk by preventing the inclusion of risky start up businesses.

Portfolio hard risk limits include:

| CONSTRAINT | RANGE |
|---|------------|
| S&P ASX 200 TARGET PORTFOLIO WEIGHTING | 40% - 100% |
| S&P ASX EX 200 TARGET PORTFOLIO WEIGHTING | 0% - 60% |
| S&P ASX 200 INDIVIDUAL STOCK | 0% - 10% |
| EX S&P ASX 200 INDIVIDUAL STOCK | 0% - 5% |
| SECTOR LIMIT | 0% - 30% |
| PORTFOLIO WEIGHTING < \$100M MKT. CAP | 0% - 20% |

2. DESCRIPTION OF THE FUND

2.1 Fund Overview

Investment Objective

The Fund's objective is to deliver to investors, superior long-term investment performance. This is achieved through detailed research and stock selection driven by experienced managers who invest in a concentrated portfolio of securities that can deliver an above average returns over time.

Benchmark

The Fund is benchmark indifferent. This means the Fund may hold significant positions in securities that do not form part of any particular index due to market capitalisation or other index considerations. The Fund is not constrained by tracking an index or using an industry benchmark. Consequently, Selector is not distracted by a short term focus on quarterly or periodic returns.

For the purposes of calculating any performance fees payable to Selector (refer to section 5.2) the Benchmark used is the S&P/ASX All Ordinaries Accumulation Index.

Risk & Return Positioning

Decisions about stock selection within the Fund are determined by applying a fundamental, bottom-up, analytical process which is reviewed continuously (refer to section 1.5). By adopting this approach Selector aims to achieve superior long term returns. However, this fund may have a higher volatility than one which simply invests passively in the stocks which constitute the benchmark and are in the same proportions as the benchmark.

Return Characteristics

It is expected that the Fund will generate returns to investors largely from appreciation in securities values rather than from income sources such as dividends and distributions. Income from dividends and distributions may also have franking credits attached to them.

Who should invest?

Professional investors who are aiming to achieve superior returns over the long term and who are prepared to accommodate a higher level of volatility inherent with the active management approach and the concentrated portfolio of securities. This Fund will not accept retail applications.

Suggested Duration of Investment

Investors should consider the investment as being long term (5+ years) in nature.

Performance

Past performance is not indicative of future performance. Updated performance information can be obtained via the website www.selectorfund.com.au or by contacting the Manager.

Benefits

The Fund offers the opportunity to access a managed portfolio with the following benefits:

- Deep industry experience of the portfolio managers
- Access to the specialist stock-picking processes of Selector
- Superior long term performance objective
- Market competitive fees
- Personal access to the portfolio managers of the Fund
- Directors and portfolio managers are invested in the products managed by Selector

Risks

Investors should consider the risks of investing in the Fund. The risks of investing are set out in section 3.

Unit Pricing

Unit prices are calculated each Business Day.



Distributions

Paid annually by the third week of July each year.

Date of commencement

1 November 2004

2.2 Structure

The Fund is an unlisted wholesale unit trust available to professional investors under an information memorandum dated 1st July 2011. The Fund is managed by Selector Funds Management Limited ABN 85 102 756 347, AFSL 225316, which was established in 2003.

3. RISKS OF INVESTING

In considering an investment in the Fund, investors should carefully consider the various types of risk which have the potential to influence the performance of the Fund and hence the value of the investment undertaken.

Risk can broadly be defined as the volatility of an investment's value over a given period of time. In general, the riskier an investment the higher the level of return required from that investment to compensate for the increased risk.

The following summarises a number of the risks associated with investing in the Fund:

3.1 Fund management risk

The performance of the Fund will depend on the expertise and quality of investment decisions made by Selector as the Investment Manager. Past performance of Selector is not necessarily an indicator of future performance of the Fund.

3.2 Market risk

A number of external factors such as changes in the economic, political, technical or social environment can have significant influence on the market for a particular asset class (e.g. equities). These influences may produce changes in the value of markets and the investments which comprise them, which are outside the influence of an investment manager. Such influences may also affect markets in different assets (e.g. equities vs. fixed interest) in different ways.

3.3 Asset risk

Each asset class is subject to its own particular array of risks. Equities (shares) are subject to the business risks facing each corporate entity underlying the securities e.g. competitive influences, management ability, debt obligations cost and margin pressures, technological change etc, and to the varying sector risks in which these entities belong (e.g. industrial vs. mining). As a result share prices may fall and dividends or other forms of income may reduce.

3.4 Manager concentration risk

The Fund's investments are managed exclusively by Selector. There is thus significant reliance on Selector as an Investment Manager and on the personnel employed by Selector. This limits any risk reduction associated with manager diversification.

3.5 Investment concentration risk

The risk associated with any fund that concentrates its investments in a small number of securities. The value of the fund may be more volatile than the value of a more diversified fund because a concentrated fund's value is affected to a greater extent by the performance of those particular assets.

3.6 Regulatory risk

There is a risk that government policy in relation to economic, investment and taxation matters in countries in which investments are made (including Australia) may be altered, affecting the value of those investments.

4. INVESTOR INFORMATION

4.1 Who can invest?

To be eligible to invest in the Fund, Investors must be professional investors as certified by an accountant and must fall into at least one of the following categories:

- Individuals (either singly or jointly) over 18 years of age
- Companies
- Trustees and trustee companies
- Partnerships
- Superannuation funds (including "self managed" superannuation funds).

4.2 Initial and additional investment

How to invest

Applications to invest in the Fund can only be accepted if a completed Application Form (contained on page 33 of this IM) is lodged with an accompanying cheque or electronic funds transfer for the amount of the investment (see "Payment" on page 14).

Each page of the Application Form must be completed in full and sent, along with your payment, to the Manager at the address below.

Selector Funds Management Limited
 Level 3
 66 Hunter Street
 Sydney NSW 2000

You can also fax us the Application Form although we ask you to phone us to verify receipt (refer to "Warning" on page 15).

Care should be taken to ensure you provide, on the Application Form, your:

- residential address (or registered address in the case of a company or trustee Investor);
and
- Tax file number (TFN) or Australian Business Number (ABN).

The Manager will reject an application where a satisfactory address is not provided on the Application Form.

For further information, refer to "How to complete the Application Form" on page 34.

Initial investment

The Application Form provides for investment in one or more of the Selector Fund. The minimum initial investment is \$500,000.

Additional investments

If you already hold Units in the Fund, you can make an additional application in the Fund by completing an Application Form. The minimum additional investment is \$50,000 per Fund. You will need to make reference to your investor number, clearly state your investment amount.

Additional copies of the IM (which includes the Application Form) can be requested by contacting the Manager or accessed via the Manager's website.

Payment

You can forward your Application Money by cheque or electronic transfer. If you (or your agent) use electronic transfer, you must notify us (refer to "Identifying your Application Money" below).

Cheques must be made payable to “Selector Fund Application Account”. Payments are to be made in Australian dollars.

For electronic transfer, the bank account details are:

Account name: Invia Custodian Pty Limited Selector Fund A/C
 Bank: National Australia Bank Limited
 BSB: 083 973
 A/C: 000556071

Identifying your Application Money

If you (or your agent) forward Application Money to us by electronic transfer, you will need to advise us prior to the processing cut-off time so that we can identify your money. If your money has not been received or identified by our bank or us, then we cannot process your application.

Any money received by electronic transfer without being separately advised to the Manager may be rejected and returned to the paying financial institution.

Any fees charged by a financial institution, in relation to identifying or rejecting money, will be passed on to the Investor or deducted from the Application Money.

If a cheque or electronic deposit dishonours subsequent to Units being issued, those Units are deemed not to have been created.

WARNING

Electronic instructions - facsimile/e-mail
 Investors who use electronic means to provide instructions (e.g. applications and redemptions) to the Manager do so at their own risk. The Manager will not take any responsibility for not receiving a request, despite any electronically generated confirmation an Investor may have. **Electronic communication is inherently unreliable and confirmation of physical receipt by the Manager should be verbally sought by phoning.**

In sending any electronic instruction, the Investor releases the Manager from, and indemnifies the Manager against, any loss or liability arising as a result of processing an instruction that bears the Investor's account number and a signature apparently that of the Investor or authorised signatory on the account.

Change of account details

Once invested in the Fund, Investors can change their details by notifying the Manager by mail or facsimile.

The written request must include the Investor's:

- account name;
- account number;
- authorised signature(s); and
- The details which are being changed (for example, change of address, bank account details, distribution nomination, Financial Advisor details).

If changing an address, it is necessary to provide both the old and new address.

If changing bank account details for redemptions or distributions, Investors will need to provide the Manager with an original written request, rather than a facsimile or photocopy.

The Manager issues one investor number for each Investor, irrespective of the number of funds held by that Investor with the Manager. If an Investor advises the Manager to amend Investor details in respect of one fund held, the Manager will apply the new details across all funds. For example, a request to amend an address for one fund will result in that address is amended for all funds.

4.3 Issue of Units and Unit pricing

Issue of Units

All unit pricing, administration and registry services are provided by specialist fund administrator DDH Graham Limited.

If the Manager receives your Application Form and Application Money by 12:00pm (AEST) on a Business Day ("processing cut off time"), the Units in the nominated Fund(s) will be issued on that day. If your Application Form and Application Money are received after 12.00pm (AEST) the Units will be issued on the next Business Day.

An Investor will be issued with a number of Units determined by dividing the amount of the Application Money (after deduction of any contribution fee separately negotiated with an advisor or to which the Manager is entitled) by the application price of Units (see "Unit pricing" below).

If your correctly completed Application Form and Application Money are received, identified, and accepted by us before the processing cut-off time, the Unit price applicable will be that which reflects the market value of the Fund at the close of business on that day.

Applications received, identified and accepted by us after the processing cut-off time (but before the next processing cut-off time) will be processed using the Unit price which reflects the market value of the Fund on the following Business Day.

Unit pricing

The Fund's Unit price is calculated by dividing the net asset value of the Fund by the number of Units on issue in the Fund. The application price is determined by adding the buy costs. The redemption price is obtained by deducting the sell costs. Refer to "Buy-sell spreads" below for more information.

Generally, the net asset value of the Fund is determined each Business Day. It is calculated by taking the market value of the Fund's assets and deducting the value of its liabilities.

The net asset value of investments in the Fund includes not only the value of unrealised gains, but also any income and realised gains accrued and not yet distributed. It includes all trades notified to the Custodian by the close of each Business Day.

The Unit price for a particular Business Day reflects the market value of the Fund at the close of business on that day. This means that if an investment is made before the processing cut-off time on a particular Business Day, the Unit price applicable to that investment will reflect that day's closing Fund market values.

For example:

- An application accepted at 10:00am (AEST) on Monday will be processed with the application price calculated on Monday's closing market values.
- An application accepted at 4:00pm (AEST) on Friday will be processed with the application price calculated on the following Monday's closing market values (because the application missed Friday's processing cut-off time).

A copy of the Manager policy regarding the exercise of discretions under the Constitution that affect Unit price calculations is available free of charge on request.

Buy-sell spreads

The buy-sell spread is the difference between the application price and redemption price of the Fund. The buy-sell spread represents the transaction costs involved in making or withdrawing from an investment. Transaction costs include brokerage, stamp duty and other taxes or charges incurred in buying or selling the underlying assets within the Fund.



The buy-sell spread is not a management fee. It applies only to those Investors entering or exiting the Fund, who pay the transaction costs incurred as these transactions occur. Existing Investors not undertaking transactions are not affected by the buy-sell spread.

Current buy-sell spreads are contained in section 5.2 (Additional explanation of fees and costs).

4.4 Transferring investments

Unit transfer

Investors may transfer Units in the Fund to any other person. However the Manager has the discretion to refuse transfers of Units without giving any reasons for this refusal.

To affect a transfer to another person, the following will be required:

- a signed and completed standard unit transfer form (with duty paid), and
- Notification of the transferee's Investor name and number (or if a new Investor, an Application Form).

Standard unit transfer forms are available by contacting the Manager or from the website.

No buy-sell spread is applied to Unit transfers. A transfer of Units may have tax implications and Investors should seek their own tax advice in this regard.

4.5 Redemptions

Investors may make redemption by sending the Manager a request in writing. The request should state the:

- Investor name;
- Investor number;
- Fund name;
- Redemption amount (or state account closure if the case);

And should be signed by the Investor(s) or authorised signatories.

The minimum redemption amount is \$50,000.

Redemption requests should be sent to the Manager at:

Selector Funds Management Limited
Level 3
66 Hunter Street
Sydney NSW 2000

or via facsimile to (612) 9235 2627 (please note the text box entitled "Warning" on page 15).

If you send a redemption request via facsimile and request remittance of an amount to a financial institution whose account details are different to those which the Manager has on file for your account, then your facsimile redemption will not be processed until the original document is received (in accordance with processing cut-off times).

Please note that the redemption request must be receipted at the Manager's offices to be considered for processing. The Manager is not responsible for any postal or service delivery delay or failure.

The Fund's processing cut-off time for redemptions is 12:00pm (AEST) each Business Day. Redemptions require 30 days notice prior to month end.

If your redemption request is received at the Manager's offices prior to the processing cut-off time, the redemption price will be calculated for payment at the next independent month end unit price calculation after the expiry of the notice period.

The proceeds of your redemption are normally available within 14 Business Days thereafter and can be deposited into a nominated Australian-resident bank, building society or credit union account.

Please note that the Manager's policy is not to make payments to third parties and the nominated Australian-resident bank, building society or credit union account you advise must be in the Investor's name.

There are no exit fees payable on redemption however any government charges payable will be deducted from the redemption proceeds.

4.6 Distributions

Distributions from the Fund will be made on an annual basis. There may also be times when no distribution is paid. The Manager may also elect to make special distributions from time to time, where the Manager deems it appropriate.

A distribution is a payment of the Fund's taxable income and may include interest, company dividends, foreign income, realised net capital gains and other income. The components of the distribution will vary from period to period. Distributions from the Fund are not pro-rated for the duration of the investment during the tax year.

Investors can choose to have distributions:

- reinvested in additional Units in the Fund;
or
- paid in cash.

Distributions will be automatically reinvested in additional Units in the Fund on the next Business Day after the end of the distribution period, unless an Investor elects by notice in writing to the Manager to receive a cash distribution. Please tick the relevant box on the Application Form if you wish to receive your distributions in cash.

Cash distributions will only be paid to an Australian resident bank, building society or credit union account. The account nominated by the Investor must be in the name of the Investor, as it is the Manager's policy not to make third party payments.

If payment to your nominated account is rejected by your financial institution, your distribution amount will be reinvested using the application price on the next Business Day after receipt of the notice of rejection from the financial institution.

Investors will need to advise the Manager in writing of any change to distribution nomination and account payment details. For a change to be reflected in the next distribution, such advice must be received by the Manager no later than five Business Days prior to the last day of the financial year.

4.7 Investor reports

The Funds is, or is expected to become, a "disclosing entity" under the Corporations Act and will be subject to regular reporting and disclosure obligations under the Corporations Act. These include the preparation of annual reports and half yearly reports. Copies of documents lodged with ASIC will be available to the public and may be obtained from, or inspected at, an ASIC office.

As an Investor in the Fund, you will receive the following advices and reports:

- Investment confirmation advice, indicating your initial investment in the Fund, together with details of application price(s) and number of Units issued (generally sent within 5 Business Days of the acceptance of the application).
- Redemption confirmation advice, providing details of Unit redemptions and redemption prices (generally sent within 5 Business Days of the redemption request being processed).
- Quarterly investment report dealing with Fund performance, and Unit prices (generally sent within 20 Business Days of the end of the quarter).
- Quarterly investor value report indicating individual transactions undertaken, and Unit values (generally sent within 20 Business Days of the end of the quarter).
- Distribution statement, detailing the amount of the distribution and disbursement details (generally sent within 20 Business Days of the end of each distribution period).
- Annual taxation statement, detailing all relevant taxation information required for Investor taxation returns (generally sent by the end of August each year).
- Annual financial report for the Fund.

Historical and current information is available on the Managers website including monthly Unit prices and return information. www.selectorfund.com.au.

4.8 Taxation and Social Security

Taxation

There are taxation implications that arise from investing in the Fund. The following information is intended as a broad overview only of the current legislation.

Investors' tax liabilities are dependent on their individual circumstances. Therefore it is recommended that professional advice on the taxation implications of investing in the Fund be sought before any such investment is made.

Under existing income tax legislation, the Fund will not generally be liable for tax because of the Manager's policy of distributing to Investors all net taxable income of the Fund. Income distributed to Australian resident Investors will generally be assessable and should be included in the Investors' income tax returns in the financial year when entitlement to that income arises (even if distributions are reinvested or received in another period). The Fund will also distribute any capital gains, imputation credits and foreign tax credits received. These will also need to be included in Investors' income tax returns. The extent to which these credits can be used is dependent on the individual Investor's circumstances.

Disposal of Units in the Fund may give rise to a capital gains tax liability or a capital loss. Some Investors may be entitled to a capital gains tax discount if Units are held for more than 12 months. The Unit price between distribution dates reflects the return, including income, which has accrued during the period between distributions. When a distribution is made, the Unit price will normally fall by the amount of that distribution. As a consequence if an investment is made shortly before the end of a distribution period, the subsequent distribution the Investor receives may comprise taxable income of the Investor, while the value of the Unit price paid by the Investor would fall by an amount similar to that distribution. Conversely, redemption of an investment prior to a distribution may result in a higher Unit price obtained by the Investor (reflecting the impending distribution), thereby resulting in a higher capital gain (or reduced capital loss) for the Investor.

At the Fund's financial year end, Investors will be sent an annual taxation statement that sets out details of any assessable income, capital gains, credits and other information relevant to the preparation of their income tax returns.

Different taxation circumstances apply to Investors who are not residents of Australia. Tax will be withheld from your distributions at the appropriate rate and taxation law of the appropriate country will apply.

Tax File Number (TFN)

The Application Form provides for the notification by Investors of their TFN, TFN exemption or Australian Business Number (ABN). It is not compulsory to provide your TFN (or exemption) or ABN. However, tax will be required to be deducted from your income distribution, at the highest marginal tax rate, if the Manager is not provided with this information.

Social Security

An investment in the Fund may have an effect on a social security benefit to which the Investor is entitled and it is recommended that professional advice be sought on the effect of investment on such benefit.

4.9 Overseas investors

No action has been taken to register or qualify the Units or the offer of Units or otherwise permit a public offering of the Units, in any jurisdiction outside Australia. The Units have not been and will not be registered under the United States Securities Act of 1933 (US Securities Act) and may not be offered or sold in the United States (US) or to, or for the account or benefit of US persons except in transactions exempt from the registration requirements of the US Securities Act.



The distribution of this IM in jurisdictions outside Australia may be restricted by law and therefore persons into whose possession this IM comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of those laws.

The IM does not constitute an offer of Units in any jurisdiction where, or to any person whom, it would be unlawful to issue this IM.

Where this IM has been dispatched to any persons domiciled outside Australia and where that country's securities code and legislation require registration, this IM is provided for information purposes only.

It is the responsibility of any overseas applicant to ensure compliance with all the laws of any country relevant to his or her application. The return of any duly completed Application Form will be taken by the Manager to constitute a representation and warranty that there has been no breach of such laws and that all necessary approvals and consents have been obtained.

5. FEES AND COSTS

The following consumer advisory warning is required by the Corporations Act to be displayed in this section of the IM.

DID YOU KNOW?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the Fund or your Financial Advisor.

TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website (www.fido.asic.gov.au) has a managed investment fee calculator to help you check out different fee options.

5.1 Summary of fees and costs

The following table shows the fees and other costs that you may be charged.

These fees and costs may be deducted from your money, from the returns on your investment or from the Funds assets as a whole.

Taxes are set out in another part of this document (refer to section 4.8).

You should read all of the information about fees and costs as it is important to understand their impact on your investment in the Funds. The fees set out below are inclusive of GST, adjusted for the impact of reduced input tax credits where applicable.

| Fees when your money moves in or out of the Funds | Amount | How & When Paid |
|---|---|---|
| <i>Establishment fee:</i> The fee to open your investment. | Nil | Not Applicable |
| Fees when your money moves in or out of the Funds | | |
| <i>Withdrawal fee:</i> The fee on each amount you redeem. | 5% paid to the fund for redemption inside 12 months. Nil thereafter | Not Applicable |
| <i>Termination fee:</i> The fee to close your investment. | Nil | Not Applicable |
| Management Costs | | |
| The fees and costs for managing your investment. (See Note 1) | 1.9% of the Fund's net assets | Fees are calculated daily and paid from the net assets of the relevant Fund monthly in arrears. The fee is reflected in the daily Unit price. |
| Service Fees | | |
| Investment Switching Fee The fee for changing investment options. | Not applicable | Not applicable |

Note 1 For Wholesale Clients not utilising the services of an advisor the Manager may individually negotiate a rebate of part of or all of the contribution fee or management fee. Other than provided for in ASIC relief, the Manager is not permitted to negotiate fee arrangements with other Investors.

5.2 Additional explanation of fees and costs

Management costs

Management costs are the costs incurred for managing and administering the Fund.

The management costs include fees payable to the Manager, investment management fees payable to Selector, and other fund operating expenses including custodial, insurance, compliance, accounting and auditing expenses. Management costs are calculated daily based on the value of the Fund and paid monthly. The amount of management costs reduces the net assets of the Fund and is reflected in the Unit price for the Fund.

The Indirect Cost Ratio ("ICR") is a calculation of the management costs of the Fund payable on an annual ongoing basis, expressed as a ratio of the Fund's average net assets.

Included in the ICR are the costs of managing the investment and any other expense the Manager may recover from the Fund pursuant to the Constitution.

The ICR is "indirect" in the sense that is incurred proportionally by all Investors in the Fund and is not directly deducted from an Investor's account (as are contribution fees and ongoing advisor fees).

Investment Manager performance based remuneration

A performance fee may be payable to Selector (if certain performance hurdles are met) which is in addition to the management cost paid to Selector as Investment Manager of the Fund.

We believe our investors should only pay a performance fee after a 100% return on application price has been achieved, regardless of stock market indexes and other benchmarks. This is what accurately aligns our interests with yours.

The initial Performance Benchmark is two times the Application Price of a particular Unit. Subsequent Performance Benchmarks are each subsequent whole number multiple of the Application Price of the particular Unit plus an amount equal to the Performance Fees previously paid in respect of that Unit.

The Manager is entitled to receive a Performance Fee calculated on a Unit-by-Unit basis so that each Unit is charged a Performance Fee, which equates precisely with that Unit's performance. This method of calculation ensures that any Performance Fee paid to the Manager is charged only on those Units, which have appreciated in value.

Whenever the Month End Unit Price equals or exceeds the Performance Benchmark in respect of a particular Unit the Manager will be paid a Performance Fee equal to 20% of the Application Price paid in respect of that Unit.

The Performance Fee shall be paid to the Manager by the Custodian, firstly, from any cash distributions payable to the Unit holders and then by redemption of sufficient units to make up the balance of the payment of the Performance Fee. Where units are redeemed to pay for a Performance Fee, the Month End Unit Price that triggered the payment of the Performance Fee will be used for the calculation of the number of units required to be redeemed to meet the performance fee due to the Manager.

On redemption a redemption performance fee is payable to the Manager in respect of each Unit redeemed equal to 20% of the positive difference between the Month End Unit Price at the date of the redemption and the application price paid in respect of each separate Unit, when your positive return on application price is above the All Ordinaries Accumulation Index performance for the same period.

The management fee and performance fees are less than those set out in the Constitution of the Fund. Should these fees be increased unit holders will be notified of the increase.

The performance fee is payable to Selector external to the Fund. Therefore the value of Units in the Fund is not affected by performance fees which Selector is entitled to receive.

The initial Performance Benchmark is two times the Application Price of a particular Unit. Subsequent Performance Benchmarks are each subsequent whole number multiple of the Application Price of the particular Unit plus an amount equal to the Performance Fees previously paid in respect of that Unit. In essence each performance fee is returned to the unit holder before another performance payment is made to further reward long-term investment.

See examples below:

| | Assumption 1 | Assumption 2 | Performance Fee |
|------------------|--|---|--|
| Example 1 | <ul style="list-style-type: none"> Entry price \$1.00 | <ul style="list-style-type: none"> Unit price increases from \$1.00 to \$2.00 | $(\$2.00 - \$1.00) \times 20\%$ $= (\$1.00) \times 20\%$ $= \$0.20 \text{ per unit}$ |
| Example 2 | <ul style="list-style-type: none"> Entry price \$1.00 | <ul style="list-style-type: none"> Unit price increases from \$2.00 to \$3.20 First performance fee paid at \$2.00 per unit | $(\$3.20 - \$2.20) \times 20\%$ $= (\$1.00) \times 20\%$ $= \$0.20 \text{ per unit}$ |

Buy-sell spreads

The buy-sell spread represents the transaction costs associated with buying or selling assets when Investors enter or withdraw from the Fund. The buy-sell spread is reflected in the Unit application and redemption prices of the Fund. It is not a fee paid to the Manager. Current buy-sell spreads for the Fund is as follows:

| Buy Spread | Sell Spread |
|------------|-------------|
| +0.25% | -0.25% |

An example is shown below.

If the net asset value of the Fund is \$1.00 and the buy and sell spreads are +0.25% and -0.25% respectively, the Unit application price would be \$1.0025 and the Unit redemption price would be \$0.9975.

Abnormal operating expenses

The Manager is entitled to recover from the Fund any abnormal expenses incurred in the administration of the Fund. Abnormal expenses relate to events such as the costs of holding Investor meetings, changes to the Fund's Constitution or engaging in legal proceedings, and are not expected to occur frequently.

Goods & Services Tax (GST)

The Fund will be required to pay GST on certain expenses including management fees. Where available the Fund will be entitled to reduced input tax credits of 75% of the GST paid. The fees and expenses quoted in this IM are exclusive of GST.

Maximum Fees

Under the Constitution the Manager is entitled to be paid the following maximum fees (including GST if applicable):

Contribution fee: Nil

- Redemption fee: 5% of the redemption price of each Unit withdrawn, if the Unit(s) have been withdrawn within twelve months of the Units original acquisition. The redemption fee is not paid to the Manager, but is retained in the Fund.
- Management fee: 1.25% per annum of the value of the assets of the Fund
- Total Costs: 1.90% inclusive of management fee above
- Performance fee: Payable external to the fund when individual hurdle is met. (see page 23)

If the Manager intends to alter the fees it is charging it will give Investors a written notice at least 30 days prior to the alteration of the fee.

5.3 Example of annual fees and costs

This table gives an example of how fees and costs in the Fund can affect your investment over a one (1) year period. You should use this table to compare this product with other managed investment products.

| <i>Example:</i> | | Balance of \$500,000 with total contribution of \$50,000 during year |
|--|-------|--|
| Management fee | 1.25% | Included in total management costs below |
| Total Management Costs | 1.9% | For every \$500,000 you have in the Selector Fund, you will be charged \$9500.00 each year. |
| Total Management Costs attached to parts thereof | | If you had an investment of \$500,000 at the beginning of the year and you put in an additional \$50,000 during that year, you will be charged fees of from: \$9500.00 - \$10,450 |

6. ADDITIONAL INFORMATION

6.1 Complaints resolution

If you have a complaint concerning your investment in the Fund please contact the Manager on 02 8090 3610 or put your complaint in writing and send it to:

Selector Funds Management Limited
Level 3
66 Hunter Street
Sydney NSW 2000

The Manager will acknowledge any complaint in writing within 14 days of receiving the complaint and make every effort to resolve your issue within 45 days of being notified.

If the action taken by the Manager is not satisfactory to you the complaint can be lodged with the Financial Industry Complaints Service Limited (FICS). FICS is an external dispute resolution service provider which provides free advice and assistance to consumers to help resolve complaints relating to financial service providers, and can be contacted as follows:

Financial Industry Complaints Service Limited
PO Box 579
Collins Street West
Melbourne VIC 8007

Freecall: 1300 78 08 08
Fax: (03) 9621 2291
Email: fics@fics.asn.au

6.2 Privacy

When you complete and submit the Application Form, we will be collecting important personal information from you.

We need to collect personal information from Investors for the primary purpose of processing applications and issuing Units. We may not be able to process a submitted Application Form unless you provide all information required by the Application Form. There are also a number of related purposes for which the personal information will be used. These are to administer your investment, provide you with services relating to your investment and comply with Australian taxation laws and other regulatory requirements.

The information that you provide to us may be disclosed to certain organisations. The types of organisations or persons to whom we may disclose the information provided by you include:

- the Australian Taxation Office, ASIC and other government or regulatory bodies as required by law;
- your advisor or advisor dealer group; and
- any agent, contractor or third party service provider engaged by the Funds to provide administration, custody, technology, auditing, mailing or printing services.

Please contact the Manager on (612) 8090 3610 if you do not consent to us disclosing your personal information in these ways.

It is important that you contact us because, by investing in the Fund, you will be taken to have consented to these uses and disclosures.

In most cases, you can access the personal information that we hold about you subject to some exceptions allowed by law. If you would like to do so you need to contact us. We reserve the right to charge a fee for searching for and providing access to your information.

We aim to ensure that the personal information we retain about you is accurate, complete and up to date. To assist us with this, please contact us if any of the details you have provided change. If you have concerns about the completeness or accuracy of information we have about you, we will take steps to correct it.

6.3 Labour standards, environmental, social or ethical considerations

The Manager and Selector do not take into account labour standards, environmental, social or ethical implications for the purpose of selecting, retaining or realising the investments. However should the earnings potential of the investments be adversely affected by any of these issues, the Manager and Selector may consider alternative investments.

6.4 Interests of the Manager and its directors

The Manager and its directors have an interest in the formation of the Funds, the offer and the directors and family members have investments in the products managed by Selector and an indirect interest in investments acquired by the Funds.

6.5 Facsimile instructions

You can fax written instructions to the Manager subject to the following facsimile service conditions.

By using the facsimile instruction service you release the Manager from, and indemnify the Manager against all losses arising from any payment or action made based on any instruction (even if not genuine) that was received by facsimile bearing your account number, a signature apparently yours or that of an authorised signatory on the account. You also agree that neither you nor anyone claiming through you has any claim against the Manager in relation to these payments or actions.

6.6 Material contracts

This section is a summary of certain material legal documents relating to the Selector Fund. These include the:

- Constitution;
- Investment Agreement;
- Custody Agreement; and
- Compliance Plan.

Constitution

The Selector Fund is a wholesale fund. The main rules governing the operation of the Fund are set out in the Fund's Constitution. The Fund's Constitution is dated 9 March 2004. The Corporations Act, the Compliance Plan and the general law of trusts are also relevant to the rights and obligations of the Manager and of Investors.

Each Constitution deals with a wide range of matters including:

- application procedures;
- the life and winding up of the Funds;
- complaints;
- the nature of Investors' interests;
- income entitlements;
- the Manager's powers;
- Investor meetings;
- liability of the Manager and its right of indemnity;
- liability of Investors; and
- the Manager's fees and right to be reimbursed for expenses.

Copies of the Constitution is available free of charge and can be obtained by contacting the Manager. The following summary sets out the main provisions of the Constitution that deal with the principal rights and obligations attaching to Units in the Fund and the powers, duties and responsibilities of the Manager. This summary is not exhaustive and is not a definitive statement of the rights and liabilities of Investors.

The Manager

Selector Funds Management Limited is the Manager of the Fund and is responsible to Investors for the Fund's operation.

The Manager may retire in circumstances set out in the Corporations Act. Investors may also remove the Manager by following the procedures set out in the Corporations Act. This requires calling a meeting of Investors to vote on an extraordinary resolution that the Manager should be removed and a new Manager be appointed.

Acceptance of Applications

Applications for Units in the Fund may be accepted or rejected by the Manager in whole or in part at the absolute discretion of the Manager.

Transfer of Units

Investors may transfer Units. The Manager has the discretion to refuse transfers of Units without giving any reasons for this refusal.

Unit Pricing

The Constitution provides as to when and how the assets of the Fund or any other assets are required to be valued. The calculation of Unit prices is described under the heading "Unit pricing" on page 16 in this IM.

Income Entitlements and other Distributions

Investors listed on the Unit register of the Fund at the close of business on the last day of a distribution period are presently entitled to the distributable income for that period. Each Investor is entitled to the distributable income on a pro-rata basis according to the number of Units held in the Fund at that time.

Deductions

The Manager may deduct from any amount to be paid to an Investor any amount of tax or other amount (or an estimate of it) which the Manager is required or authorised to deduct in respect of that Investor by law or which the Manager considers should be deducted, whether the amount is paid or payable.

Rights and Powers of the Manager

The Manager is given very wide powers under the Constitution. It has all the powers in respect of the Fund that it is possible under the law to confer on a trustee as though it were the absolute owner of the assets of the Fund and acting in its personal capacity. The Manager may appoint agents and delegates pursuant to the Constitution. The Manager and its associates may hold Units in the Funds subject to the Corporations Act.

Meetings of Investors

The Constitution provides that:

- the Manager may convene meetings of Investors and must do so when required by the Corporations Act. The Constitution sets out the manner in which such meetings will be conducted;
- each Investor is entitled to receive notice of meetings of Investors;
- resolutions passed at meetings duly convened and conducted bind all Investors, whether or not they were present at the meeting; and
- meetings of Investors are also regulated by the Corporations Act which, amongst other things, provides that each Investor will have one vote for each dollar of value of the total interests they have in the Fund (on a poll). On a show of hands, each Investor has one vote.

Limitation of Liability and Indemnity

The Constitution contains provisions which allow the Manager to take and act on various opinions, statements and documents without being liable to Investors provided that it has acted in good faith.

The Constitution provides that the Manager is not liable for any loss, costs, damages or expenses arising out of any act or omission on its part, except where the act or omission is fraudulent, negligent or in breach of trust or any duty imposed on the Manager by deed or implied by law.

The Manager is entitled to be indemnified out of the assets of the Fund for any liability, costs or expenses reasonably incurred by it in properly performing or exercising any of its powers or duties in relation to the Fund. To the extent permitted by the Corporations Act, the indemnity includes any liability incurred as a result of any act or omission of a delegate or agent appointed by the Manager.

To the extent permitted by the Corporations Act, members of the Fund's Compliance Committee may be indemnified out of the assets of the Fund if they incur a liability in good faith.

Amendment of the Constitution

Under the Corporations Act the Constitution may be amended by a special resolution of the Investors or by the Manager if it reasonably considers the amendments will not adversely affect Investors' rights. Amendments to the law governing managed investments and relevant ASIC relief can also affect the provisions of the Constitution.

Liability of Investors

The Constitution limits the liability of each Investor in the Fund to the amount unpaid on their investment in the Fund. Based on the Constitution and current law, an Investor should not (other than as stated above), solely by reason of being an Investor, be personally liable to indemnify the Manager or any creditors of the Fund should the Fund be unable to meet its debts. However, the Manager cannot give an absolute assurance that an Investor's liability is limited in all circumstances as the issue has not been finally determined by a superior court.

Rights of Investors

Each Unit of the Fund confers an equal beneficial interest in the Fund.

The rights of Investors may vary given changes to the Constitutions, the Corporations Act 2001, or the regulations to that Act.

Remuneration and Expenses of the Manager

The current fees charged are set out in the Fees and Costs section of this IM (see section 5 for more information). Under the Constitution, the Manager is entitled to fees as follows:

Except as disclosed in section 5, no other fees will be payable. The Manager will be reimbursed by the Fund for out of pocket expenses in respect to the establishment of the Fund.

The Constitution provides that the Manager may be reimbursed by the Fund for all expenses incurred in relation to the proper performance of its duties and the administration of the Fund.

The fees described above do not include any amount referable to Goods and Services Tax (GST). If the Manager becomes liable to pay GST in respect of any matter arising under the Constitution, then in addition to any other amount to which the Manager is also entitled to be paid or reimbursed from the assets an amount equal to the amount of the GST liability.

Transaction Costs (Buy-sell Spreads)

The current transaction costs applicable to the Fund are set out in the Fees and Costs section of this IM. Under the Constitution the transaction costs are capped at +0.50% of the value of the assets of the Fund on entry and -0.50% of the value of the assets of the Fund on exit. Refer to section 5.2 for more information about the actual transaction costs charged by the Manager.

Redemption from the Fund

You will be able to redeem your Units if the Fund is liquid. Under the Corporations Act a Fund will be liquid if its liquid assets account for 80% of the value of the assets of the Fund. For the Fund, liquid assets generally include bank bills, bank deposits and marketable securities. If, for any reason, the Fund becomes illiquid, the Manager may make a redemption offer to all Investors, however there is no obligation to do so. Investors will not otherwise have a right to redeem their Units where the Fund become illiquid. Under the Corporations Act, the Manager must satisfy a redemption request no later than 21 days after the offer to withdraw closes.

Termination of the Fund

The Fund will terminate on the earliest of the following events:

1. the date specified by the Manager as the date of termination of the Funds in a notice given to Investors;
2. the date on which the Funds terminate by law; or
3. the 8th March 2084.

Upon termination, the Manager must realise the assets of the Fund. This must be completed within 180 days if practical and in any event as soon as possible after that. The net proceeds of realisation, after making allowance for all liabilities of the Funds (actual and anticipated) and meeting the expenses (including anticipated expenses) of the termination and the fees referred to above, must be distributed pro-rata to Investors according to the number and class of Units they hold.

Borrowing Powers

The Constitution allows the Manager to borrow on behalf of the Fund. Currently it is the policy of the Manager not to borrow for any reason.

Use of Derivatives

The Fund may invest in derivatives but it is not the intention of the Manager to invest in derivatives.

Custody Agreement

The Manager has entered into a Custody Agreement in respect of the Fund with Invia Custodian Pty Limited.

The Custodian is to enter into contracts to purchase and hold assets on the Manager's behalf. The Custodian's duties also include opening and maintaining bank accounts to hold Application Money and other income of the Fund, maintaining records of the assets and providing reports to the Manager. The Custodian's liability under the Custody Agreement is limited, except in the case of fraud, negligence or breach of the Custody Agreement by the Custodian.

The Custodian is entitled to compensation for expenses incurred in connection with the proper performance of its duties and the exercise of its powers.

The Custody Agreement continues until terminated. Either party may terminate the agreement on three months written notice unless a different period is agreed. Either party may terminate the agreement immediately on the occurrence of certain other events, including changes in corporate control, acts of insolvency, and material breaches of the agreement.

Compliance Plan

The Manager has established a Compliance Plan for the Fund which is monitored by the Fund's Compliance Committee. The Compliance Plan addresses compliance with laws, regulations and the Constitution and comprises structural, operational and maintenance elements. Matters covered by the Compliance Plan include procedures for complaints handling, applications and distributions, monitoring and resolution of suspected breaches of the Corporations Act, audits, fees, related party transactions, conflicts of interest and disclosure and reporting requirements.

6.7 Declarations and consents

The Manager is the issuer of this IM. None of the persons named below has authorised or caused the issue of this IM.

None of the persons named below has:

- Withdrawn their written consent to be named in this IM in the form and context in which they are named; or
- Withdrawn their written consent to the inclusion in this IM of the following information in the form and context in which it is included.

Selector has given consent to being named as Investment Manager of the Fund and to the inclusion of information in relation to Selector of its logo in this IM. Selector has only been involved in that part of the IM which contains statements about Selector and its products, services and performance. Selector expressly disclaims and takes no responsibility for any other part of the IM and has not authorised or caused the issue of or takes any responsibility for the contents of this IM. Selector does not guarantee the success of the Fund nor the repayment of capital or any particular rate of capital or income return.

6.8 Authorisation

This IM is issued by the Manager. Each director of the Manager has consented to the issue of this IM.

GLOSSARY

| | |
|----------------------------|--|
| AFSL: | Australian Financial Services Licence. |
| Application Form: | The application form for Units in the Fund attached to or accompanying this IM. |
| Application Money: | The money payable by an applicant on submitting the Application Form. |
| Application Price: | Means the Unit price calculated in accordance with the Constitution on the issue of a Unit. |
| ASIC: | Australian Securities and Investments Commission |
| Benchmark: | S&P/ASX All Ordinaries Accumulation Index |
| Business Day: | A day other than a Saturday, Sunday or public holiday in Brisbane, Queensland. |
| Constitution: | The constitution of the Fund, dated 9 March 2004, as amended from time to time. |
| Corporations Act: | Corporations Act 2001 (Cth). |
| Custodian: | INVIA Custodian Pty Limited |
| Custody Agreement: | The agreement dated 11 May 2004 pursuant to which the Manager has appointed INVIA to act as custodian in relation to the Fund. |
| Financial Advisor: | Means a financial advisor licensed by ASIC. |
| Fund: | Selector Fund |
| Investment Manager: | Selector Funds Management Limited (ABN 85 102 756 347, AFSL 225316) |
| Investor: | A holder of Units in the Fund. |
| IM: | This product disclosure statement dated 1 st July 2011. |
| Selector: | Selector Funds Management Limited (ABN 85 102 756 347, AFSL 225316) |
| Unit(s): | Means a unit in the Fund. |
| Wholesale Client: | Has the meaning given in section 761G of the Corporations Act. |
| Withdrawal Price: | Means the Unit price calculated in accordance with the Constitution on the redemption of a Unit. |

APPLICATION FORM

Selector Fund

How to Complete the Application Form

Please complete the accompanying Application Form in BLOCK LETTERS and sign on the back page of the Application Form.

1. Investor details

Please complete the Investor details for each Investor as follows.

- If you are a current Investor in the Selector Fund and you wish to invest in the same name, please provide your investor number.
- For a Unit holding in one person's name, complete Section 1A and proceed to Section 2.
- For a joint Unit holding complete Section 1A and 1B and proceed to Section 2.
- For a Unit holding in a company name or an incorporated association complete Section 1C and proceed to Section 2. Please state your ACN, ARBN or your ABN, where applicable.

As a corporation, you may use your common seal if you wish, witnessed by two directors or a director and a secretary (check your constitution). Otherwise, two directors or a director and secretary or, if a proprietary company with a sole director, that director alone, may sign.

- For a Unit holding in the name of a partnership, a trust, a superannuation fund or a deceased estate, complete as shown in the following examples and proceed to Section 2. Please state your ACN or ARBN, or (if available) your ABN, where applicable.

If you are investing on behalf of a **partnership**, the Unit holding must be in the name of the principals. Please supply us with operating instructions as to how partners are to sign.

If you are investing for a **trust**, the Unit holding must be in the name(s) of the trustees rather than the trust. Please complete Section 1D.

If you are investing for a **superannuation fund**, the Unit holding must be in the name(s) of the trustees of the superannuation fund. Please complete Section 1D.

If you are investing for a **deceased estate**, the account must be in the name of the executor(s) of the estate. A certified copy of the grant of probate must be attached. Please complete Section 1D.

Please provide a contact name where applicable.

2. Mailing address

Please complete details of your mailing address.

3. Residential address

If the same as your mailing address, leave blank.

4. Investment and distribution instructions

Indicate how much you wish to invest in the Fund.

Minimum initial investment: \$500,000.

Cheque: Make your cheque payable to "Invia Custodian Pty Limited <Selector Fund Application A/C>" and crossed "Not Negotiable". Please note we do not accept third party cheques.

EFT: Account name: Invia Custodian Pty Limited <Selector Fund Application A/C>
 Bank: National Australia Bank
 BSB: 083 973
 A/C: 000556071

If you wish to make an additional investment in the Fund, please read page 14 for the procedures.

Please indicate your preferred method for income distributions. If you do not nominate your preferred option, it will be assumed that you require the income to be reinvested in additional Units in the Fund.

How to Complete the Application Form Continued

5. Financial institution account details

If income or redemption proceeds are to be credited to an account with an Australian bank, building society or credit union, we require your complete account details.

6. Consultant or advisor

Please indicate if you wish us to send information relating to your investment to your consultant or advisor.

Consultants or advisors are requested to complete their details, sign and stamp the Application Form.

7. Tax File Number (TFN) or Australian Business Number (ABN)

Please complete the details providing either your TFN or ABN (if available) or give the appropriate exemption information.

You are not obliged to provide your TFN/ABN or exemption details.

8. Signature

Joint applications must be signed by all parties, who are treated as joint tenants under the Constitutions.

If signed under Power of Attorney, the Attorney must certify that he or she has not received notice of revocation of that Power (the Power or a certified copy is required to be forwarded).

If you are a corporation, you may use your common seal if you wish, witnessed by two directors or a director and a secretary (check your constitution). Otherwise, two directors or a director and secretary may sign or, if a proprietary company with a sole director, that director alone may sign.

Lodgement of Application Form

Forward the completed Application Form, together with your cheque to:

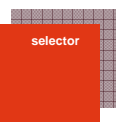
Selector Funds Management Limited
Level 3
66 Hunter Street
Sydney NSW 2000

If you have any questions, please call Selector Funds Management Limited (612) 8090 3610.

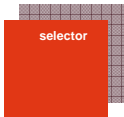
How to Complete the Application Form Continued

Checklist

- Read the IM in full before completing the Application Form.
- Use a black or blue pen.
- Print in BLOCK LETTERS.
- Supply your TFN or ABN if you wish to do so.
- Sign the Application Form.
- Send your Application Form and payment to Selector Funds Management Limited.



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Selector Fund

Application Form

Selector Funds Management Limited ABN 85 102 756 347 AFSL 225316
Telephone (612) 8090 3610 Facsimile (612) 9235 2627
Email: apply@selectorfund.com.au Website www.selectorfund.com.au

1. Investor details

Are you an existing investor and wish your investment to be in the same name? No Yes

Investor Number

Investor type Individual Joint Company Partnership Trust Superannuation Fund

A. Investor one

Title First Name(s) Surname

Telephone Private Business Mobile

Date of birth Email address

B. Investor two

Title First Name(s) Surname

Telephone Private Business Mobile

Date of birth Email address

C. Company/incorporated association

Name

ACN, ARBN or ABN Contact Person

Telephone Business Facsimile

Email address

D. Trust/trustee/estate/executor/principal's name/superannuation fund/partnership

Name

Trustee/Executor name/s

ACN, ARBN or ABN Contact Person

Telephone Business Facsimile

Email address

2. Residential address (Compulsory)

| | | | | | | | |
|-----------------|--|-------|--|----------|--|---------|--|
| Number / PO Box | | | | Street | | | |
| Suburb | | State | | Postcode | | Country | |

3. Mailing address (if same as above, leave blank)

| | | | | | | | |
|-----------------|--|-------|--|----------|--|---------|--|
| Number / PO Box | | | | Street | | | |
| Suburb | | State | | Postcode | | Country | |

4. Investment and distribution instructions

| Initial application amount (Minimum \$500,000) | Additional application amount (Minimum \$50,000) | How would you like to receive distributions? * | |
|---|---|--|-------------------------------------|
| | | Reinvest distribution | Direct credit financial institution |
| \$ | \$ | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

* Note: if no election is made, distributions will be reinvested in additional Units in the Fund.

5. Financial institution account details – to be completed if distributions are to be paid in cash and for redemption payments

| | | | |
|--|--|------------|--|
| Name of Australian bank or financial institution | | Branch | |
| Name in which the account is held (i.e. investor's name) | | | |
| BSB No | | Account No | |

6. Consultant or advisor

I/We agree that information relating to my/our investment be supplied to my/our consultant/advisor Yes No

Please provide copies of all transactions to my/our consultant/advisor. If no election is made no copies will be sent Yes

Consultant/advisor name

ADVISOR'S STAMP

Dealer group

Dealer branch

ABN

Contact phone No

Consultant's/advisor's address

7. Tax File Number or Australian Business Number notification

You may choose to quote your TFN or ABN (if applicable) or claim an exemption in relation to your investment in the Fund by completing this form. The law strictly regulates how we may use TFNs.

It is not an offence to decline to provide your TFN/ABN or exemption details.

If TFN/ABN or TFN/ABN Exemption details are not supplied, we are required to withhold tax from your income distribution at the highest personal tax rate (plus Medicare Levy).

- Exemptions:** *Pensioner:* Please write the type of pension on the TFN Exemption line
- Non resident:* Please write your country of residence on the TFN Exemption line
- Organisation:* If you are not required to lodge a tax return, write "NIL" and the reason on the TFN/ABN Exemption line

Investor one TFN

I/We do not wish to quote a TFN

TFN exemption – state type of exemption

Investor two TFN

I/We do not wish to quote a TFN

TFN exemption – state type of exemption

Company/trust TFN/ABN

I/We do not wish to quote a TFN/ABN

TFN/ABN exemption – state type of exemption

Inflow & Investment procedure

New units may be issued monthly, based on the independent month end unit price calculation.

The Manager may accept new inflows at any time throughout a given month.

Investors who have lodged cleared funds with the Custodian on or prior to the last business day of each month will be issued new units at the price established by the independent month end unit price calculation

The Custodian may give the Manager access to the new cleared funds on the first business day of the new month.

New unit holders will be notified by the Manager, by mail or electronically, of the number of units issued and the relevant issue price of the units within 7 business days of the Managers receipt of the independent month end unit price calculation.

Interest accrued on monies held by the Custodian for the purpose of issue of new units in the Fund, will be paid to the Fund.

Redemption

The Manager requires a completed & signed redemption form via fax (original to be mailed) or by mail.

The Manager requires 30 days notice for redemption. The redemption will be based on the next independent month end unit price calculation after the notice period has expired.

Redemption of units within 12 months of the date of issue shall be subject to a 5% withdrawal fee. The withdrawal fee shall accrue for the benefit of continuing Unit holders. The Manager may at its discretion waive or charge a reduced withdrawal fee.

On redemption a redemption performance fee is payable to the Manager in respect of each Unit redeemed equal to 20% of the positive difference between the Month End Unit Price at the date of the redemption and the application price paid in respect of each separate Unit. No redemption fee is payable if your positive return on application price is less than the All Ordinaries Accumulation Index performance for the same period.

The performance fee to be deducted by the Custodian and paid to the Manager is 20% (and is in addition to any withdrawal fee) of the return above the issue price (adjusted for any distributions) of the units subject to redemption.

Redemption of units will be affected on a FIFO basis.

Fee payment procedure

A management fee is charged by the Manager as set out in the terms of the Information Memorandum

Whenever the Month End Unit Price equals or exceeds the Performance Benchmark in respect of a particular Unit the Manager will be paid a Performance Fee equal to 20% of the Application Price paid in respect of that Unit.

The initial Performance Benchmark is two times the Application Price of a particular Unit. Subsequent Performance Benchmarks are each subsequent whole number multiple of the Application Price of the particular Unit plus an amount equal to the Performance Fees previously paid in respect of that Unit.

The Performance Fee shall be paid to the Manager by the Custodian, firstly, from any cash distributions payable to the Unit holders and then by redemption of sufficient units to make up the balance of the payment of the Performance Fee. Where units are redeemed to pay for a Performance Fee, the Month End Unit Price that triggered the payment of the Performance Fee will be used for the calculation of the number of units required to be redeemed to meet the performance fee due to the Manager

8. Signature

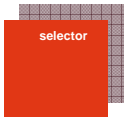
I/We acknowledge that this Application Form is attached to or accompanying the Selector Fund Product IM dated 1st July 2011, which I/we have read and understood.

I/We agree to be bound by the terms and conditions of the Selector Fund IM, including the facsimile indemnity outlined on page 14 and the Constitution of the Fund pursuant to which the Fund was established as amended from time to time.

I/We acknowledge that none of Selector Funds Management Limited or Invia Custodians Group Limited guarantees the repayment of capital or the performance of the Fund.

I/We acknowledge that a person who gives another person access to this Application Form must, at the same time and by the same means, give that person access to the Selector Fund IM. It is advisable to read the IM before completing the Application Form.

If you have received this Application Form and/or the related IM in electronic form, either Selector Funds Management Limited or the person who provided you with the electronic copy will send you paper copies of the IM and any relevant supplementary documents and the Application Form on request and without charge.



I/We acknowledge that either I/we will be the beneficial owner of the Units to be purchased or can identify the beneficial owner of the Units if required to by Selector Funds Management Limited for regulatory purposes.

I/We acknowledge that all statements made by me/us in this Application Form are complete and accurate.

I/We acknowledge that I am/we are residents of Australia and physically located in Australia.
I am/are in compliance with all laws of the Commonwealth of Australia relevant to this Application.

Your investment in the Fund does not represent deposits or other liabilities of Selector Funds Management Limited. Your investment is subject to investment risk, including possible delays in repayment and loss of income and capital invested.

Please note: If signed under Power of Attorney, the Attorney verifies that no notice of revocation of that power has been received.

Redemption Requests must be signed by:

Investor 1 only Investor 2 only Investor 1 and 2 either Investor 1 or 2

COMPANY SEAL

Investor's Signature Date

Investor's Signature Date

DIRECTORY

Manager

Selector Funds Management Limited
 ABN 85 102 756 347
 AFSL 225316
 Level 3
 66 Hunter Street
 Sydney NSW 2000

Telephone: (612) 8090 3610
 Facsimile: (612) 9235 2627

www.selectorfund.com.au

Auditor

Moore Stephens WI
 Level 5
 14 Martin Place
 Sydney NSW 2000

Administration & Registry

DDH Graham Limited
 ABN 28 010 639 219
 AFSL 226319
 Level 18
 344 Queen Street
 Brisbane QLD 4000

Free call: 1800 226 174
 Telephone: (07) 3210 2277
 Facsimile: (07) 3210 6986
 Email: ddhselector@ddhgraham.com.au

Custodian

Invia Custodian Pty Limited
 Level 15
 101 Collins Street
 Melbourne VIC 3000

Investor Relations

You can obtain information about investing in the Fund including the latest Unit price via contacting:

Selector Funds Management Limited

- Telephone: (612) 8090 3610
- Facsimile: (612) 9235 2627
- Email: info@selectorfund.com.au
- Internet: www.selectorfund.com.au