

Investstone Wealth Management now offers a managed portfolio service to investors – The Defensive Share Portfolio (DSP).

Investment Objective

To provide investors with exposure to large cap Australian shares that have a defensive bias, with the ultimate objective of outperforming the ASX 200 (passive index of Australian shares) over the full market cycle.

The Defensive Share Portfolio

The past 12 months has seen the ASX 200 index surpass the 6,000 points barrier but also suffer a sharp correction in late February. After returning to another climb it has since stalled, with mixed views about the future direction. This volatility provides a timely reminder of the unpredictable nature of stock markets and the speed at which corrections can take place. Investors tend to forget this when the market is dancing in record territory, but for how long will this latest bull run last? Hence, investment philosophies must be built on rigid theoretical and quantitative framework; and those implementing them must display discipline regardless of market direction or sentiment.

The Investstone Wealth Management Defensive Share Portfolio embodies this philosophy and is designed to meet the needs of conservative investors, who realise the importance of being exposed to the stock market but are not comfortable with extreme price movement. The defensive share portfolio achieves this by investing only in financially robust companies that offer higher than average yields and are trading at a fair price. This follows the belief that companies displaying these characteristics are less likely to suffer during a downturn, therefore preserving an investor's capital.

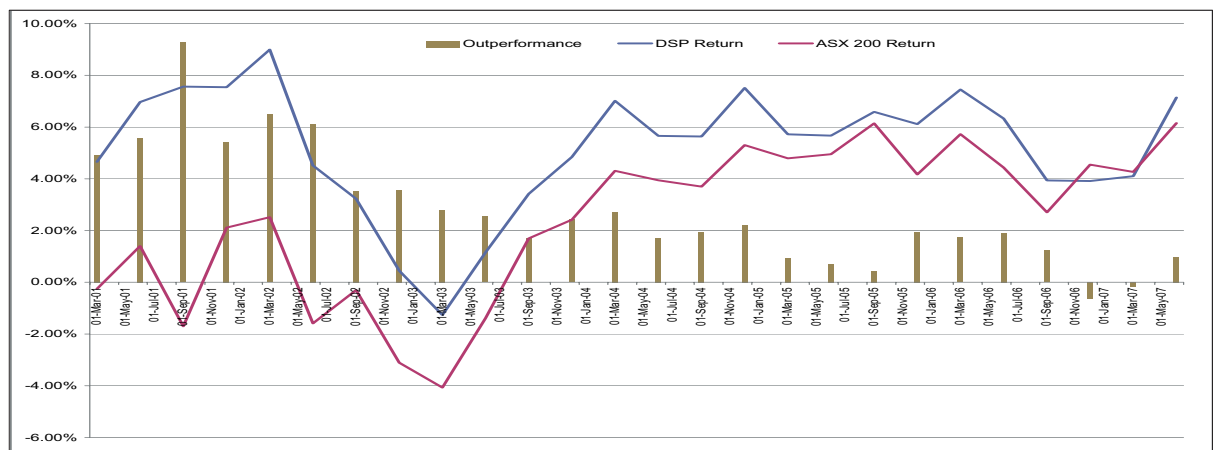
Performance Summary

The record over the past seven years strengthens the logic underpinning this approach. The table and graph below illustrate the performance against the ASX 200 and All Ordinaries Index. The Defensive Share Portfolio has continued to achieve significant returns to investors, particularly during market downturns, yet has also achieved solid growth during subsequent bull runs. Since inception, the Defensive Share Portfolio has delivered a return of 21.74% per annum, compared with the market return of 13.96% per annum.

As at June 2007, before fees.

	6 Month %	Year 1 % pa	Year 3 % pa	Year 5 % pa	Inception % pa
Defensive Share Portfolio	18.47%	31.08%	27.61%	20.75%	21.74%
Index	13.46%	27.32%	26.55%	19.17%	13.96%

12 Month Moving Average – DSP versus All Ordinaries Index



Please visit :

www.investstone.com.au/portfolio.php for a copy of the product review and the PDS.

Direct Ownership

All investments are purchased in your name, as with direct ownership. Therefore, should you decide to depart from the fund, you can continue to hold the shares.

Transparency

Investors have online access to their investment portfolio which allows them to view all their holdings and track the investment decisions that Investstone Wealth Management makes for the portfolio.

Tax efficiency

Investstone Wealth Management's Separately Managed Account (SMA) delivers all the tax transparency and efficiency of direct share ownership.

- in a managed fund, your tax position can be affected by the actions of other investors. For example, if a managed fund receives a large number of redemptions, the manager may be forced to sell securities and realise capital gains. This capital gain is passed on to all investors in the fund. In other words, you may have to pay more tax or tax at a time that may not suit you because other investors have chosen to withdraw their money from the fund.
- investing in managed funds can lead to the problem of embedded capital gains, whereby you inherit the tax position of the fund at the time of investment. This can lead to situations where you inherit a tax liability for actions the manager took *before* you invested in the fund.

Competitive fees

Investstone Wealth Management has sought to revolutionise the managed investment service by insisting on a performance only fee structure — 15% of positive performance. This, when coupled with a low administration fee starting at 0.6%, makes investing with Investstone's SMA a low cost option for DIY investors.

Professional Management

Investing through Investstone's SMA provides all the benefits of direct share ownership with the added benefit of professional investment managers. Your portfolio will be managed by a well-educated, experienced and diligent investment team.

Stress-free ownership

With all the administration done for you, regular reporting, and the ability to create reports on demand, Investstone's SMA has taken all the stress and hassle out of direct share ownership.

Regular contribution plan

Another added benefit is the ability to create a regular contribution plan — a great addition for those wishing to add the Investstone SMA to their Self Managed Superannuation Fund.

Trading

Investstone pool all their share trades together with one of Australia's largest investment houses — providing you with access to wholesale brokerage fees of around 0.05%.

Disclaimer

All investment decisions need to be made with complete consideration of personal circumstances which are different for every investor.

This Fact Sheet is general advice only and investors need to read and understand the Product Disclosure Statement (PDS) and/or seek professional advice before making any investment decision.

Further information

Investstone Wealth Management

190 Drummond Street Carlton Vic 3053

PO Box 1290 Carlton Vic 3053

Phone (03) 9663 1570

Fax (03) 9663 8262

Email advice@investstone.com.au

Website www.investstone.com.au

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