



Discovery Investment Services  
Core Income Fund - Wholesale Units  
Supplementary Product Disclosure Statement  
Dated 23 October 2008

### Important notice

This is a Supplementary Product Disclosure Statement ('SPDS') to the Discovery Investment Services Core Income Fund Wholesale Units Product Disclosure Statement ('PDS') dated 30 April 2008.

You should read this SPDS together with the PDS.

This SPDS covers the following investment product:

- Discovery Investment Services Core Income Fund – Wholesale Units ARSN 122 452 457 ('Fund')

This SPDS is issued by Australian Unity Funds Management Limited ('Australian Unity Funds Management', 'we', 'us', 'our') ABN 60 071 497 115, AFS Licence No. 234454, as the Responsible Entity for the Fund.

### Amendment to the withdrawal procedures

Australian Unity Funds Management advises that, effective 23 October 2008, the withdrawal procedures for the Fund have been amended.

This affects one-off withdrawals and regular withdrawals.

As a result of these amendments, you will only be able to withdraw from the Fund if we make a withdrawal offer.

When we make a withdrawal offer, we will send to you all the information you need to request a withdrawal.

We currently intend to make withdrawal offers for the Fund on a quarterly basis; however this is at our discretion and subject to the availability of sufficient liquidity to support withdrawal offers.

The withdrawal offer will be made in writing to all investors. The withdrawal offer will specify the period during which the offer will remain open (at least 21 days after the offer is made); the assets to be used to satisfy withdrawal requests (generally cash); the amount of money available to meet withdrawal requests; and the method for dealing with withdrawal requests if the money available is insufficient to satisfy all requests.

If an investor wishes to take up the withdrawal offer, the investor must notify us in writing by making a withdrawal request by the closing date of the offer. We will not make any payments to investors until after the closing date of the offer. The unit price investors will receive will be the effective unit price on the closing date of the offer.

Withdrawal requests must be satisfied within 21 days of the closing date of the offer, however we will endeavour to make payments as soon as possible after the withdrawal offer closes. If the total amount of withdrawal requests exceeds the amount of money available, requests will be met using a formula that is substantially based on a pro-rata allocation, and that is fair and equitable to all investors.

Under a withdrawal offer, investors may request to withdraw part or all of their investment in the Fund. The minimum withdrawal amount is \$5,000 subject to the requirement that investors maintain a minimum balance of \$20,000 or their request may be treated as a full withdrawal. We reserve the right to vary these minimums at any time at our discretion.

### Changes to the PDS

The PDS has been changed to reflect the amended withdrawal procedures for the Fund.

Please replace the section titled 'Investing with us' on page 4 of the PDS with the section titled 'Investing with us' in this SPDS.

## INVESTING WITH US

When investing in or withdrawing from the Fund through an IDPS, certain features of the Fund will not apply to your investment. Examples are minimums for investments and withdrawals, and processing times. You should ensure that you understand these differences before you invest.

Your application or withdrawal from the Fund is processed upon instructions from your IDPS operator. The product brochure for the IDPS will set out how your IDPS operator will undertake these for you and the time frames that apply.

Instructions to invest or withdraw received after 3:00pm (Melbourne time) on a business day\* mean that the unit price effective for the next business day\* is applied.

If you wish to withdraw part, or all of your investment, this may be achieved through a withdrawal offer made by us. On a periodic basis, at least quarterly, we will assess the liquid assets of the Fund. We may make a withdrawal offer for the Fund if sufficient liquid assets are available to support a withdrawal offer. We may make additional withdrawal offers at any time during the year.

In exceptional circumstances, where it is considered to be in the best interest of investors, the processing of all applications, and/or withdrawals can be suspended.

### Changing your mind

As you are investing through an IDPS, you should consult the IDPS operator in relation to cooling off rights that may apply to your investment in the IDPS (if any).

### Contact us

<b>Address</b>	114 Albert Road South Melbourne, VIC 3205
<b>Investor Services</b>	13 29 39
<b>Adviser Services</b>	1800 649 033
<b>Website</b>	<a href="http://www.australianunityinvestments.com.au">www.australianunityinvestments.com.au</a>
<b>Email</b>	<a href="mailto:investments@australianunity.com.au">investments@australianunity.com.au</a>



# Discovery Investment Services Core Income Fund - Wholesale Units

ARSN 122 452 457

Product Disclosure Statement – 30 April 2008

## IMPORTANT INFORMATION

The Discovery Investment Services Core Income Fund – Wholesale Units ARSN 122 452 457 (the 'Fund') offered under this Product Disclosure Statement (PDS) is an investment product issued by Australian Unity Funds Management Limited (Australian Unity Funds Management) ABN 60 071 497 115, AFS Licence No. 234454 in its capacity as Responsible Entity of the Fund. Australian Unity Funds Management is the issuer of this PDS and takes full responsibility for this PDS.

Australian Unity Funds Management is a wholly owned subsidiary of Australian Unity Limited ABN 23 087 648 888 and is a member of the Australian Unity Group of companies.

The Fund allows for the issue of different classes of units including Retail Units and Wholesale Units. Australian Unity Funds Management offers Wholesale Units under this PDS.

The Fund offered under this PDS is distributed by Professional Investment Services Pty Ltd ('Professional Investment Services' or 'PIS') ABN 11 074 608 558, AFS Licence No. 234951, under the brand Discovery Investment Services Corporation Limited ('Discovery Investment Services' or 'Discovery') ABN 74 100 299 125. PIS and Discovery are wholly owned subsidiaries of Professional Investment Holdings Limited (PIH) ABN 63 074 949 429. Neither Discovery, PIS, nor PIH is an agent of the Responsible Entity. Neither Discovery, PIS, nor PIH has any authority to bind or make statements on behalf of the Responsible Entity or any member of the Australian Unity Group of companies.

The Fund offered under this PDS is not guaranteed or otherwise supported by Australian Unity Funds Management, Australian Unity Limited, or any member of the Australian Unity Group. You should consider this when assessing the suitability of investments, and particular aspects of risk.

In this document, the description 'we', 'us' and 'our' is a reference to Australian Unity Funds Management.

A reference to 'Australian Unity Investments' is a general description, which covers those entities within the Australian Unity Group undertaking investment activities. It includes Australian Unity Funds Management, Australian Unity Property Limited, Australian Unity Finance Limited, Australian Unity Retirement Living Investments Limited and Australian Unity Investment Bonds Limited.

This PDS is made available by Australian Unity Funds Management which has authorised its use only for investors considering placing an investment through a masterfund, wrap or similar platform product (which are collectively known and referred to as 'investor directed portfolio service' or 'IDPS') in this document.

In this PDS, the operator of that IDPS product will be referred to as your IDPS operator.

This document can only be used by investors receiving it (electronically or otherwise) in Australia. No investments will be accepted on the basis of this document once it is replaced with a later PDS.

### Obtaining other information before making a decision

The latest Fund information including Fund Updates are available for download at [www.discoveryinvestments.com.au](http://www.discoveryinvestments.com.au)

For unit price information, visit our website [www.australianunityinvestments.com.au](http://www.australianunityinvestments.com.au)

We recommend that you obtain and review such information before you invest. Alternatively, you can call us on 13 29 39 and we will send you the requested information free of charge.

### Discovery Investment Services

The Discovery Investment Services brand has been established to develop market-leading managed investment products specifically for clients of Professional Investment Services, one of Australia's largest financial planning networks with over 1,000 advisers and accountants and more than \$10 billion funds under advice. As part of this strategy Discovery has requested that Australian Unity Investments manage the Discovery Investment Services Core Income Fund.

### Australian Unity Investments

Australian Unity Investments (AUI) is a specialist fund manager who aims to improve the financial wellbeing of investors by creating investment opportunities that add true value.

AUI is consistently recognised as one of Australia's leading mortgage fund managers. By following some of the most rigorous risk management processes in the market, we currently manage in excess of \$1.4 billion in our mortgage funds.

The AUI mortgage team maintains a core exposure to a diversified portfolio of registered first mortgages that provide consistent income and capital stability. Highly respected and experienced, the team shares an average tenure in the banking and finance industry of 20 years and has particularly strong relationships with mortgage-originators Australia-wide.



## ABOUT THE FUND

The Fund is a blend of various managed investments focused predominantly on the mortgage sector.

The Fund aims to provide investors with attractive levels of monthly income, together with capital stability.

The Fund is designed to spread exposure and reduce risk through diversification by geographic location, loan size, interest rate type, and loan maturity profile.

The Fund has been operating since December 2006.

### Who should invest in the Fund?

This Fund is typically suited to investors who:

- want regular monthly income payments at a relatively consistent level;
- seek an investment with comparatively low volatility;
- will invest in the Fund for at least three years;
- are looking to diversify the conservative part of their portfolio; and
- are willing to accept some risk associated with specialised loans, construction and development loans or loans of a higher loan-to-value ratio than a traditional mortgage fund.

### Who is the investment manager?

AUI undertakes the investment management of the Fund, and generally of the underlying investments.

AUI's talented and respected team of mortgage managers have a reputation for well-defined risk constraints, an excellent arrears record and sound management of cash levels.

### What does the Fund invest in?

The Fund gains its mortgages exposure by investing in the Australian Unity Mortgage Income Trust and the Australian Unity High Yield Mortgage Trust, which primarily invest in a portfolio of loans secured by first registered mortgages over quality retail, commercial, investment residential and industrial property. The Australian Unity High Yield Mortgage Trust also invests in specialised loans, construction and development loans, vacant land and other income producing assets.

The Fund may also from time to time invest in other asset sectors in order to meet the investment objective and to diversify sector and income risk.

The Fund typically has a 60-95% exposure to first registered mortgages. The balance of the Fund's assets is held in cash and similar investments.

## Benefits of the Fund

- Attractive income returns paid monthly.
- Capital stability.
- Access to investment in first registered mortgages, which are typically not accessible to you as an individual investor.
- Disciplined lending criteria, which reduces the risk of capital losses.
- Managed by specialist mortgage asset managers.

## Indicative risk profile

High
Medium – High
Medium
Low – Medium
Low

It is important that you consider the risks of investing which are explained below.

## UNDERSTANDING THE RISKS OF INVESTING

### What is risk?

'Risk' can generally refer to the variability and volatility of an investment return and the likelihood of incurring a loss on your investment.

All investments come with a degree of risk. You will need to determine how much risk you are able, or willing, to tolerate. The main risks of investing include a decrease in the value of your investment, a fluctuation or a decrease in the amount of income generated from the investment, or a lower than expected rate of return.

These risks can arise from various circumstances, including:

- changes to government policies relating to tax or economics that may have adverse impacts on investment markets or the tax treatment of investment returns ('regulatory risk'); and
- changes to social, economic (e.g. inflation and interest rates), political, commercial and technological environments, or to market sentiment, that may make certain investments less attractive ('market risk').



## INVESTING WITH US

When investing in or withdrawing from the Fund through an IDPS, certain features of the Fund will not apply to your investment. Examples are minimums for investments and withdrawals, and processing times. You should ensure that you understand these differences before you invest.

Your application or withdrawal from the Fund is processed upon instructions from your IDPS operator. The product brochure for the IDPS will set out how your IDPS operator will undertake these for you and the time frames that apply.

Instructions to invest or withdraw received after 3:00pm (Melbourne time) on a business day\* mean that the unit price effective for the next business day\* is applied.

Withdrawals are generally paid out within five business days\*. The Fund's Constitution allows up to 30 days to meet withdrawal requests or a longer period, depending on the ability to realise the Fund's assets.

In exceptional circumstances, where it is considered to be in the best interest of investors, the processing of all applications, and/or withdrawals can be suspended.

### Changing your mind

As you are investing through an IDPS, you should consult the IDPS operator in relation to cooling off rights that may apply to your investment in the IDPS (if any).

## UNIT PRICES AND INVESTMENT INCOME

### How we calculate unit prices

Unit prices are generally calculated daily. The unit price is calculated by taking the value of the Fund's assets, and deducting the liabilities. The resulting value is then divided by the total number of units held in the Fund.

Where there are multiple classes of units, the unit price for each class of unit within the Fund is calculated in the same manner, taking into consideration only the net asset value and the number of units on issue for that class at the relevant time. Where fees or costs relate to more than one class, the deduction is made on a pro rata basis.

Both the application and the withdrawal price are calculated taking into account any applicable buy/sell spread. The buy/sell spread is a percentage amount applied to the unit price. It ensures that there is an equitable application of the costs of buying and selling assets to investors entering and exiting the Fund. Refer to page 6 for more information on the buy/sell spreads relevant to the Fund.

Where the Responsible Entity applies its discretion to calculate the unit price using its powers under the Fund's Constitution (e.g. in determining an appropriate level for the buy/sell spread, based on estimates of underlying transaction costs being incurred by the Fund), the Responsible Entity acts in accordance with its set policies. Investors may access a copy of these policies at our registered office at any time between 9:00am and 5:00pm (Melbourne time) on a business day\*.

For daily unit price updates please visit our website [www.australianunityinvestments.com.au](http://www.australianunityinvestments.com.au) or call us on 13 29 39.

### Distributions

Generally, net investment income is paid to your IDPS operator after the end of the Fund's distribution period. Distributions are generally paid within 21 business days of the end of the distribution period. This Fund distributes on a monthly basis.

### Interest in the Fund

Each unit entitles you to an equal and proportionate interest in the total investments of the Fund but does not give you an interest in any particular asset the Fund holds.

The Responsible Entity has the right to create additional classes of units. These may be issued with any preferred, deferred or other special rights, obligations or restrictions, relating to such things as distributions, voting, return of capital, or payment of calls.

### Tax information

The Fund does not generally incur an income tax liability. The Fund is a resident of Australia for taxation purposes. The Fund's net taxable income is assessable in the hands of Australian investors who receive distributions. Please note, as you are investing through an IDPS, you should refer to the taxation information in your IDPS operator's product brochure and seek professional taxation advice before making an investment decision.

\* A business day is a Melbourne business day on which Australian banks are open for business in Melbourne excluding Saturday and Sunday and public holidays.

## FEES AND OTHER COSTS

### 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 member 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 adviser.

### 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](http://www.fido.asic.gov.au)) has a managed investment fee calculator to help you check out different fee options.

Type of fee or cost	Amount	How and when paid
<b>Fees when your money moves in or out of the Fund</b>		
<b>Establishment fee</b> The fee to open your investment	Nil	We do not apply an establishment fee.
<b>Contribution fee</b> The fee on each amount contributed to your investment	Nil	We do not apply contribution fees.
<b>Withdrawal fee</b> The fee on each amount you take out of your investment	Nil	We do not apply withdrawal fees.
<b>Termination fee</b> The fee to close your investment	Nil	We do not apply a termination fee.
<b>Management costs</b>		
<b>The fees and costs for managing your investment</b>	1.10% per annum of the Net Asset Value relating to the Wholesale Units of the Fund.	Management costs are accrued daily but paid monthly from the Fund.
<b>Service fees</b>		
<b>Investment switching fee</b> The fee for changing investment options	Nil	We do not apply a switching fee.

### Example of annual fees and costs for the Discovery Investment Services Core Income Fund – Wholesale Units

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

Example – Discovery Investment Services Core Income Fund – Wholesale Units	Balance of \$50,000 with a contribution of \$5,000 during year	
Contribution Fees	Nil	For every additional \$5,000 you put in, you will be charged \$0.
<b>Plus</b> Management Costs	1.10% p.a.	<b>And</b> , for every \$50,000 you have in the Fund you will be charged \$550 each year.
<b>Equals</b> Cost of Fund		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees of \$550. <sup>(1)</sup>

(1) It is assumed that the contribution of \$5,000 is made at the end of the year.

## Additional explanation of fees and costs

### Other expenses and costs

The 'Management costs' detailed on page 5 include the usual expenses incurred in the day-to-day operation of the Fund except for the following:

- expenses that would normally be incurred by a direct investor that relate to the buying and selling of assets;
- abnormal operating expenses which are due to abnormal events such as the cost of running investor meetings. These expenses are infrequent and are paid out of the Fund; and
- costs of borrowing (if any), including the interest expense.

Additional costs can be incurred for government taxes, stamp duty and bank fees.

### Buy/Sell spread

The buy spread and the sell spread aim to ensure that an investor shares the transaction cost associated with their investment decision to either enter or exit the Fund. The amount is:

- in the case of a buy spread, an extra cost charged to enter the Fund and the sell spread is a cost charged to exit the Fund;
- an estimate to cover the costs incurred when buying or selling assets, such as brokerage and taxes;
- not an additional fee paid to the Responsible Entity but is retained in the Fund to cover those transaction costs; and
- not applied to the reinvestment of distributions.

The following buy/sell spreads currently apply, although they may change from time to time.

Buy Spread	Sell Spread
Nil	Nil

### Goods and Services Tax

All fees and charges shown are inclusive of the impact of Goods and Services Tax (GST) and any Input Tax Credits (including Reduced Input Tax Credits) available.

### Sophisticated or professional investors

From time to time, we may rebate, reduce or waive some of our fees (or issue units in the Fund) to what the Corporations Act 2001 calls 'sophisticated' or 'professional' investors or 'wholesale clients' or to employees of the Responsible Entity and related entities. We do not enter into individual fee arrangements with other investors.

### Indirect cost ratio (ICR)

The ICR is a useful measure of the ongoing fees and expenses of investing in the Fund. It is expressed as a percentage of the average size of the Fund over a financial year. The ICR for the year to 30 June 2007 is 1.10%.

The ICR shows the cost of investing in the Fund compared to investing directly in assets. It is calculated by dividing the total ongoing fees and expenses by the average fund size over the period. The ICR does not include transaction costs or buy/sell spreads, brokerage, borrowing costs and Government charges incurred by the Fund as these costs would generally also be incurred by an investor investing directly.

### Where the Fund invests in other funds managed by us

The Fund may invest in other funds or investment companies managed by our associates or us, but management fees are not taken from both funds. Instead, our management fees will be adjusted to reflect the Fund fees described on page 5.

### Fee changes and maximum fees

Fees may increase or decrease for many reasons, including changes in the competitive, industry and regulatory environments or simply from changes in costs. We are allowed to change fees, without your consent, but will provide at least 30 days written notice. If you withdraw within this notice period, the increased fees will not apply to you.

The maximum fees we are allowed to charge the Fund (excluding any GST) is stated in the Fund's Constitution and is as follows:

- Management costs: 3.00% p.a.
- Contribution fees: 6.00%
- Withdrawal fees: 6.00%

There is no limit in the Fund's Constitution on the amount that we can charge for expense recoveries. For the actual fees currently charged, refer to the table on page 5.

The fees and charges outlined in this PDS do not include any IDPS operator fees and charges that may apply.

## Payments to Financial Advisers and Intermediaries

From time to time we may offer incentives to your financial adviser or other intermediaries, which we determine and pay out of our own money.

We will pay PIS an ongoing trail commission of 0.275% p.a. (\$27.50 per \$10,000) of the Fund's net assets paid monthly in arrears. This remuneration forms part of the Management costs detailed in the table on page 5 and is not an additional cost to you.

### Alternative remuneration register

As the Responsible Entity, we maintain an Alternative Remuneration Register in accordance with the IFSA/FPA Industry Code of Practice on alternative forms of remuneration in the wealth management industry. The register outlines alternative forms of remuneration that are paid and received by us. You may access a copy of the register at our registered office at any time between 9:00am and 5:00pm on a business day\*.

\* a business day is a Melbourne business day on which Australian banks are open for business in Melbourne excluding Saturday and Sunday and public holidays.

## ADDITIONAL INFORMATION

### Constitution

The Fund is a registered managed investment scheme and is governed both by a Constitution and a Compliance Plan.

The statements in this PDS only provide a summary of some of the provisions of the Constitution. You can access a copy of the Constitution at our Melbourne office at any time between 9:00am and 5:00pm on a business day\*.

### The Responsible Entity

Australian Unity Funds Management in its capacity as a Responsible Entity, is subject to the provisions of the Constitution and the Corporations Act 2001. The Responsible Entity is responsible for administration and management of the Fund, and sets the investment policy and objectives.

Any investment managers appointed by the Responsible Entity will be entitled to receive fees for investment management functions.

The Responsible Entity is entitled to the benefit of various indemnities under the Fund's Constitution, which means that it has limited its liability for acting as the Responsible Entity.

### Labour standards or environmental, social or ethical considerations

We do not take into account labour standards or environmental, social or ethical considerations in the selection, retention or realisation of investments in the Fund offered under this PDS.

### Authorised investments

A broad range of investments is permitted in the Fund. The typical range of investments is set out on page 2.

The Fund may gain exposure to certain assets by investing through other investment vehicles including those managed by a related entity. These investment vehicles may include investment companies, registered managed investment schemes and other un-registered schemes.

The investment managers may use derivatives in the management of the Fund, but will generally not use derivatives for gearing purposes or speculative activities.

### Borrowing

The Responsible Entity is permitted to borrow money for the purposes of the Fund and to grant security over the Fund's assets. The Responsible Entity only intends to borrow to meet short-term needs.

### Related party transactions

All transactions, including those with related parties, are conducted on commercial terms and conditions, and on an arms length basis.

Entities of the Australian Unity Group may provide investment management, accounting and registry services, project services and other services to the Fund for fees charged at a commercial rate.

### Up to date information on your investment

Your IDPS operator will provide you with regular reporting on your investment. You can access up to date information about the performance of the Fund and the annual financial report at [www.discoveryinvestments.com.au](http://www.discoveryinvestments.com.au).

### Personal information

We do not collect or hold your personal information in relation to your investment in the Fund. You should contact your IDPS operator for information about the collection, storage and use of your personal information.

### Dispute Resolution

If you have a complaint, this should be directed to your IDPS operator.

If you are not satisfied with the handling of the complaint, you may contact:

#### **Financial Industry Complaints Service Limited**

PO Box 579  
Collins Street West  
Melbourne VIC 3007  
Phone: 1300 780 808  
Fax: (03) 9621 2291  
Website: [www.fics.asn.au](http://www.fics.asn.au)

This service operates as an independent body for the industry, to determine unresolved complaints. There is no cost to you for using this service.

\* A business day is a Melbourne business day on which Australian banks are open for business in Melbourne excluding Saturday and Sunday and public holidays.

# CONTACT DETAILS

## The Responsible Entity

**Australian Unity Funds Management Limited**

ABN 60 071 497 115

AFS Licence No. 234454

## Investor Services

T 13 29 39

F 03 8682 5057

## Adviser Services

T 1800 649 033

F 03 8682 5057

## Website

[www.australianunityinvestments.com.au](http://www.australianunityinvestments.com.au)

## Email

[investments@australianunity.com.au](mailto:investments@australianunity.com.au)

## Address

Australian Unity Investments

114 Albert Road

South Melbourne VIC 3205

## The Distributor

**Professional Investment Services**

ABN 11 074 608 558

AFS Licence No. 234951

Under the brand:

**Discovery Investment Services Corporation Limited**

ABN 74 100 299 125

04/08

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