

SERVICE PROFILE

This document defines how our network differs from other financial service providers. Herein you will find a definition of our service charter, a matrix of service attributes and a more detailed description of our scope of service than that provided in our Financial Services Guide.

Our Service Charter

Our charter as a service facilitator within the Flair 4 Finance network is to seek out, develop and deliver the most appropriate, affordable services, products and resources for our clients.

In our continual search for improvements in service and efficiency we strive to reduce our cost of service and apply the resultant savings and resources to:

- Make services more affordable and accessible to a broader range of clients;
- Offer the by-products of the our development programs to all clients;
- Maintain a flexible set of modular services for clients to select from; and
- Fund further improvements to our services.

How do clients benefit?

Clients are provided with a greater variety of choices at an affordable price. We continually seek out the most affordable components to ensure that we remain price competitive. Clients can be assured that they are receiving genuine value for money, as our philosophy is to minimise overheads, without compromising on quality.

We believe that we have constructed a comprehensive and economical service framework through our comparative evaluation of systems, information, suppliers and sundry resources.

Existing Clients

Existing clients can be confident that we will not become complacent. Our clients will continue to benefit from the improvements that we develop. Their loyalty to the business is rewarded with consistent quality of service, competitive prices, continual service improvements and progressive access to complementary services.

Our commitment to quality and value involves listening to clients to understand which services and attributes provide the greatest value to them, and we set our service priorities accordingly.

Prospective Clients

Our modular structure allows clients to subscribe to some, many, or all of our services.

New clients can access a level of service and resources that might otherwise be beyond their means, or at least more expensive. Services are packaged at reduced prices to pass on savings to our clients.

Economic savings result from common administration and standard procedures, by removing redundant tasks and streamlining communications. Consequently, the more of our services a client uses, the more economical it becomes.

Through our investigation of various systems, support services and advisory resources we have developed a generic investment model and selected a set of resources that support that model. This model can be employed by professional advisors and DIY investors alike. Simply select the level of service required.

Competitors & Alternatives

We expect that others will attempt to duplicate our innovations. The difference is that we possess the necessary skills not only to identify opportunities, but also to implement them. But what really sets us apart is that we will not rest. We will maintain a budget for innovation and constantly strive for improvement, so that our clients can be confident that our services will stay ahead of our competitors in terms of value and quality.

Most boutique financial service providers pursue only the ideal client type - often described as the “high income, wealth accumulator”. They show little interest in attracting the average person as a client.

The reason for this selectivity is that:

- Most service providers do not plan or budget for service, process and product innovation. They do not recognise the benefits of planning for innovation.
- Many rely on commissions or volume-based fees to earn their revenue and generally, the bigger the portfolio value, the bigger their income. So smaller investors are less profitable to them.
- It’s easier to charge higher fees than to find ways to reduce the cost of service. Most service providers are content to “re-package” their existing services, than adopt new methods.
- Higher income earners are more willing to pay for “bells and whistles” that they may not need.

We believe that many services and resources can be extended to a broader range of clients at a reasonable cost. The fundamental resources required for a full-service offering can be leveraged to deliver different levels of service, including:

- Discount services by bundling them into packages;
- “Budget” grade services, such as limited scope of advice;
- Educational resources – newsletters, seminars, calculators, internet access; and
- Do-It-Yourself (DIY), general advice or non-advisory resources.

An example of how we provide added value to our clients is the provision of resources that enable effective DIY investment implementation and monitoring - tools for research, trading and administration. The fruits of our research provide our clients with helpful information on alternatives. The task of identifying and evaluating these various resources would take an individual many hours of effort.

“**Lifestyle Investment Planning**” is our core resource for investment implementation and monitoring. It offers investors modular service components to allow them to perform the research, trading and administration themselves.

DIY clients also have the option to UPGRADE their services to *DIY Plus*, or full service at any stage.

Our principle is not to try to “reinvent the wheel”, but to utilise the most valuable elements of available resources for a comprehensive and economical composite.

By leveraging resources that are not directly accessible to retail investors, we can provide a set of services with greater:

- ***Reliability;***
- ***Variety;***
- ***Convenience;***
- ***Flexibility; and***
- ***Affordability.***

See the *Service Matrix* and *Do-It-Yourself* sections below for further details of the services. Refer to our *Schedule of Fees* to identify the service level that’s most appropriate to your needs.

Specific Service Features

The following subsections define the features included within the various service packages. Although the most economical option is to subscribe to the "Full" service package, clients can select a sub-set of services in any combination of components. If the combination you want is not shown below, then please ask one of our advisors to quote the cost for you.

Subscription Engagement

The standard Subscription Engagement process includes:

1. Registering clients for Internet access, newsletters, scheduled reports and administration.
2. Establishing accounts for trading, administration and record management.
3. Preparation and Lodgement of product applications and related administration.

Core Subscription – Ongoing Monitoring & Review

The standard (core) service components included in all subscription packages are:

1. Internet access to personal account details.
2. Internet, e-mail and fax access to trading of Australian shares, listed securities and managed funds.
3. Internet, e-mail, fax and postal access to extensive research information from multiple sources. See the *WERCS* section for a detailed description.
4. Internet access to portfolio holdings and reports such as:
 - a. Comprehensive portfolio valuations;
 - b. Income reports (including franking, imputation credits);
 - c. Realised & unrealised capital gains reports;
 - d. Investment performance reports.
5. Quarterly Newsletters distributed via Internet, e-mail, fax or post.

Full and DIY-Plus Packages

The following items are only included in the Full and DIY-Plus service packages.

6. Quarterly portfolio snapshots and consolidated reports via e-mail fax or post.
7. Data entry of financial transactions, income and expenses.
8. Electronic CD-ROM archive and records of all documents (Statements, Invoices, Reports etc.). This safeguards the information and can alleviate the need for paper copy storage.
9. Annual Taxation Return Preparation and Lodgement *.
For conditions, please read "SCOPE OF FIXED-FEE TAX SERVICE" below.

Full Service Review

Formal Review of an investment strategy is only included in the Full service package.

10. Quarterly Portfolio Review to re-balance investments if necessary.
11. Annual formal review of financial position, including:
 - a. Changes to investment strategies,
 - b. Debt consolidation or mortgage rate reductions;
 - c. Tax minimisation and
 - d. Refinement of previous recommendations.

Scope Of Fixed-Fee Tax Service

The standard Fixed-Fee Tax Service is limited to the scope listed below. Variations beyond this scope are assessed to determine if any additional fee is warranted and the added costs quoted, **at discount rates**, for your consideration. The standard scope for the preparation and lodgement of taxation returns is:

- An individual, resident PAYG Salary or Wage earner. Subscribers can obtain **discounted** tax services for related entities (companies, trusts, partnerships and self-managed super funds).
- Additional members of clients' immediate family who satisfy these criteria can also obtain the same tax service for an additional, fixed-fee per person of \$100 (plus GST).
- Up to 3 bank accounts (Cash/CMT, Savings & Cheque).
- 1 credit card (deductible work/business expenses).
- 1 share trading account (CHESS Broker Sponsored), multiple listed holdings.
- 1 equity margin loan account.
- Up to 5 investment accounts (distinct wraps, master trusts, savings plans, managed funds).
- Up to 3 investment properties (the advisor assists to prepare depreciation schedules).

PLUS Upon subscription the client must ensure that our Client Services division receives a copy of all statements relating to all relevant assets, liabilities and related transactions to enable progressive recording of transactions. Our administration team manages account postal address registration appropriately.

We electronically archive documents and can forward the originals to clients.

The simplest means of achieving this is to request that institutions (banks, brokers, fund managers, insurers) register the following contact details as an additional mailing address for document duplicates:

Client Services
Flair 4 Finance Services Pty Ltd
PO Box 1544
St Kilda Victoria 3182
admin@lifestyleip.com
Phone: 1800 17 37 57
Fax: (03) 8660 2800

Our preferred form of correspondence in all instances is electronic mail (e-mail). Where an institution is unable to send copies of the relevant documents, the alternative process is one of:

- Register the Lifestyle Investment Planning Client Services address (shown above) as the postal address for the respective accounts and our Client Services department can copy the documents and forward the original to clients' mailing address within 2 business days of receiving them.
- Upon receipt of each document send a copy to our Client Services department and retain the original document until the annual CD-ROM archive is received (as part of the annual review).

NOTE: This process can deliver great savings and benefits to clients, our natural resources and environment. Our unique document processing services help to reduce paper use and physical storage. The process ensures the timely and accurate recording of information, while saving time, space and trees.

For more details please refer to the **Services** page on our web site, or ask us for a copy of our service agreement. Your Lifestyle Investment Planning advisor is happy to answer any questions you may have.

Ad hoc services

Quotes for ad hoc, individual and related services are available upon request. Our standard Fee Schedule indicates the hourly charge rate for professional services.

Do-It-Yourself (DIY)

In essence, the generic process of investing is the same whether you are an advisor, or an individual “doing it yourself”. The difference between these two types of investors is generally the different levels of tools, resources, training and experience and the time available to focus on the process. Professional advisors are paid to spend their days maintaining their skills and researching broader strategies for financial management. Occasionally people prefer to perform some, or all of their investment activities personally, rather than employ a financial manager, or utilise managed/pooled investment vehicles.

Their reasons for doing so often vary, but may include:

- The monetary cost of a DIY approach can be lower;
- Individuals may desire more frequent contact or level of service that exceeds advisor capacity; and
- Hence, some believe that DIY gives them a greater degree of control.

However such reasoning may be misguided as there are drawbacks in performing activities yourself.

For example,

- Limits on one’s ability to keep informed of changes in the products, economy and legislation;
- Non-professionals are generally more reactive, than proactive and could miss some opportunities;
- Difficulty accessing the quality of research and expert advice that professional advisers use;
- Limited access, or increased lead-time for ad hoc advisory or administrative support;
- Limited access to discount transactions (brokerage, reporting, tax returns);
- Limited access to Initial Public Offerings (IPO/floats);
- Increased costs and complexity for administration services (eg. tax returns);
- Inability to properly assess the impact of investment decision on one’s tax obligations, right to social security, estate value and basic legal implications.

Lifestyle Investment Planning’s DIY service packages helps to overcome those drawbacks.

DIY investors should be confident in their ability to:

- Commit sufficient time to read the necessary research information (in summary form at least);
- Monitor their investments diligently; and
- Act promptly to respond to changes in products, prices, markets and their own circumstances.

If an investor has such confidence and is willing to bypass the review, analysis, strategy definition and plan development stages of the investment process, then our DIY service packages enables them to perform various core investment tasks personally. An advisor conducting detailed review and analysis usually does investor classification. For DIY investors that task falls upon the investor him or her self.

Having determined the classification, the investor then performs the following tasks:

1. Identify a suitable portfolio profile to match the investor’s objectives and risk tolerance.
2. Utilise research information to recommend individual products to fill the portfolio profile.
3. Apply appropriate systems to trade in financial products.
4. Regularly monitor the performance of the selected products and read research information to ensure that the portfolio remains consistent with the profile adopted in step 1 above.
 - Where a change in overall strategy is required, then an advisor should be consulted.
 - If the change relates to individual products, then repeat step 2 with respect to those products.
5. Satisfy legislative requirements for reporting income and capital gains.

The resources related to these elements are provided in our DIY service packages. They include:

- Formal, introductory investment process instruction and training.
- Expert recommendations defining “Model Portfolios”.
- Access to a broad range or detailed research and recommendations from expert analysts.
- Broker trading account facilitating purchases and sales.
- Portfolio reporting, news and alerts to monitor holdings.
- Administration facilities to assist in preparing taxation returns.

Why use our *DIY Basic* package?

DIY investors may question why they shouldn't just open an E-trade Standard account and simply rely on the trading tools and research provided with that service. That approach would provide the cheapest DIY environment for those on a very limited budget. However, one should consider that the cost of our *DIY Basic* subscription is relatively inexpensive and delivers several valuable resources that aren't provided by *E-trade Standard*. The fees are also likely to be tax-deductible, thus making them quite affordable¹.

Additional benefits and resources that *DIY Basic* provides beyond those of *E-trade Standard* include:

- Up to 25% discount on brokerage rates (reduced from \$32.95 to \$24.50 per trade).
- Instructional tutorial in Lifestyle Investment Planning's Investment Process.
- This teaches investors to use the various DIY resources to apply the investment process.
- Extended set of independent research. Access up to 4 separate providers and dozens of analysts' recommendations in a summary format - see the *WERCS Report* section below.
- Detailed analyst reports for selected shares (alternate providers limit the level of detail).

The *Basic DIY* service provides the resources for an investor to perform all of their trading and administration. Coupled with the introductory training, it equips DIY investors with the necessary research information, trading tools and support to manage their own portfolio. Put simply, ***DIY Basic* gives the DIY investor the resources to manage their affairs the same way as professionals do.**

The DIY package is essentially a GENERAL ADVICE service. The resources and advice provided does not take account of subscribers' individual objectives and needs. DIY Basic investors conduct their own detailed needs and risk tolerance analysis.

Subscribers can easily upgrade services if they subsequently find they want personal advice or extra components. For example, if they find the effort to manage the portfolio exceed initial expectations.

Subscribers access a resource unique to Lifestyle Investment Planning – the **W**eighted **E**quity **R**esearch **C**onsensus **S**ummary (**WERCS**) report. WERCS saves clients a great deal of time by summarising the recommendations and statistics from several research sources in a single concise report. Thus the WERCS report delivers a broad range of recommendations “at a glance”. Clients have the ability to review the research detail that underlies the report.

The package delivers a significant cost saving compared with direct purchase of equivalent resources. It simplifies the investment process for investors by consolidating services and information, summarising recommendations and reporting exceptions to deliver timely, relevant support for trading decisions. Without such summaries, an investor would need to subscribe to many research providers and read detailed reports from each of them. WERCS provides quality research information in a form that saves time and money. The DIY resource table below illustrates how costly and complex it would be for an individual investor to obtain those services and resources directly.

While a DIY investor might not be expected to perform as well as a professional advisor, the process provides a method that enables the investor to improve their chances of success. Applying expert analysts' recommendations to a formal framework promotes discipline and knowledge. Having it presented in the form of the WERCS Report makes it easier to apply that knowledge and discipline.

Our team of analysts has compiled what we believe is the most cost-effective, comprehensive set of resources. Other resource combinations may achieve a similar framework, but at a higher cost. These resources equip DIY investors with the same resources that professionals use. Coupling those resources with the support and structure of our DIY framework enables our clients to maximise their chances of success with minimal cost and effort.

¹ ATO Tax Determination TD95/60 6 December 1995. Initial set-up must be capitalised, but ongoing subscription services are believed to be deductible.

Why upgrade to the *DIY Plus* package?

DIY Plus provides extended GENERAL ADVICE, resources and support services. Added components in *DIY Plus* help to reduce the effort required to manage an investment portfolio. Extended exception reporting and notification enhances investors' ability to remain up-to-date with the latest changes.

The extended services are listed within the matrix above and the main benefits of upgrading are:

- Clients can submit orders and correspond without needing internet access – post, e-mail, fax.
- Assistance in analysis for Investor Classification and Model Portfolio selection.
- Client Services perform key administrative tasks and data entry to reduce clients' workload.
- Considerable discount on preparation & lodgement of annual tax returns for immediate family.

How important is it to have multiple research providers?

When it comes to investments, the more information one has available to assist in making decisions, the better. But it needs to be reliable information. More often than not, verification of a recommendation via a second, or third opinion helps to further qualify that recommendation.

Theoretically, having a broader set of independent recommendations should reduce the effects of any bias or anomaly resulting from:

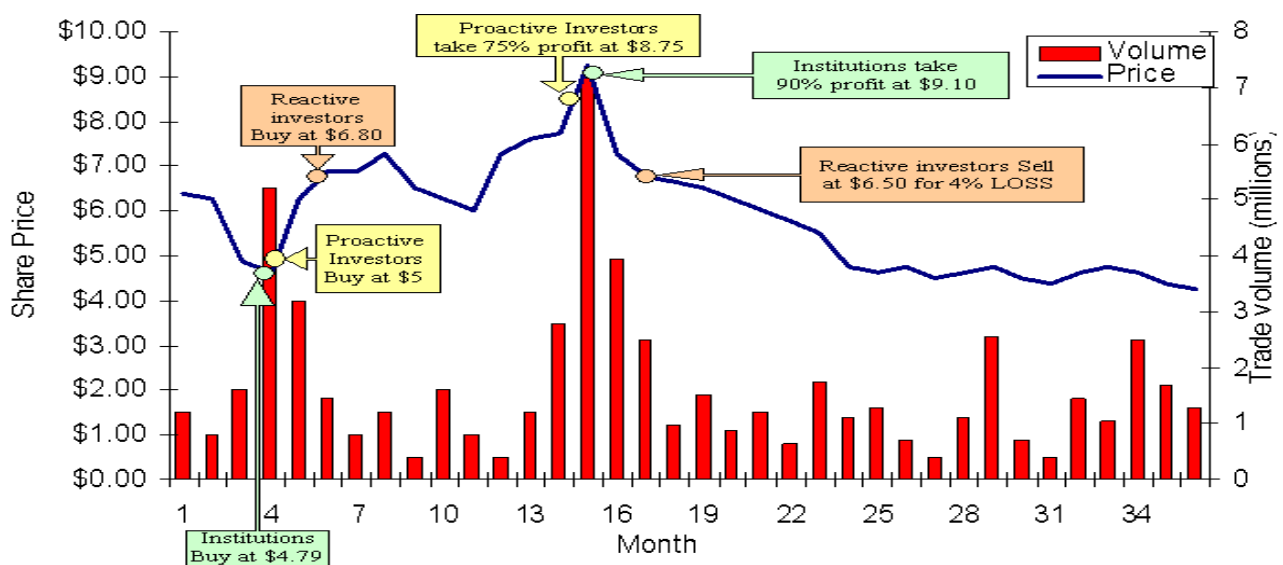
- Research limitations,
- Limits to the precision of statistical valuation techniques, and
- Diminished objectivity due to commercial interests and influences.

Having multiple conflicting recommendations can cause confusion and uncertainty. Reviewing multiple recommendations in their raw form would involve considerable time and effort. Using a quantitative approach to evaluate each in a summary can reduce the uncertainty, while saving time and effort.

Meaningful summaries can be produced by assessing each provider's recommendations in terms of their:

- Frequency and scope of coverage (number of products covered and how often),
- Quality of the analysis (how often does the analyst "get it right"),
- Independence (the analyst or their employer holds no interest in the recommended product), and
- Scope of influence (how many investor are likely to follow the recommendations).

Timely access to information used by advisers puts an investor among market leaders, rather than following them. Trade volume stemming from significant acceptance of a recommendation can make it self-fulfilling due to impacts on supply and demand. Our WERCS Report helps forecast the actions of the majority (volume). Such composite forecasts can be invaluable, as illustrated by the graph below.



DIY Resource Comparison

This table shows the various resource attributes that make up the Lifestyle Investment Planning DIY toolset. The shaded areas of the table identify the component resources required to obtain a similar, composite toolset, with the associated costs (inclusive of GST). The savings are evident from the totals.

Service or Resource Provider	Cost Per year	Research Recommendations						Model Portfolios			Monitor & Admin
		Intra-day Review of Recomms	Broker, Analyst Consensus	Equity Research	Managed Fund Research	Alert Changed Recomms	Summary Table (WERCS)	Model Portfolios	Alert Model Changes	Price Range, News Alerts	Full Tax Reports & Administration
Westpac Broking (Standard)	\$0			S&P ASX 50							
E-trade (Standard)	\$66		Yes	Yes, limited. (1)		Yes				SMS & e-mail	
Sanford Securities (Premium)	\$120				limited(1)			Weekly Report	Weekly Report	SMS & e-mail	
Westpac Broking (Premium)	\$240			Yes, limited. (1)		Yes		Yes			
Aegis Equity Research	\$599		Yes	Yes		Yes		Yes	Yes		
Aspect Huntley (Your Money Weekly)	\$487		Yes, but not tabular								
Aust. Stock Report	\$690			Yes							
Fat Prophets	\$695										
InvestmentWise	\$690										
InvestorWeb	\$399	Yes		Yes	Yes	Yes		Yes	Yes		
Lincoln Indicators	\$1,199										
Rivkin Report	\$799										
Thomson Financial	n.a.										
Van Eyk Research	n.a.	Yes		Yes	Yes			Yes	Yes		
SUB-TOTAL	\$1,064										
DIY Basic	\$660	Yes	Yes	Yes	Yes	Yes	Unique	Yes	Yes	Yes	
SuperEasy-PAS	\$335										Partial DIY
Praemium Portfolio Services	\$500										DIY Entry (2)
Standard Accountants	\$300										Tax Return
SUB-TOTAL	\$635										
TOTAL	\$1,699										
DIY Plus	\$1,320	Yes	Yes	Yes	Yes	Yes	Unique	Yes	Yes	Yes	Yes

- NOTES:**
- (1) Broker-supplied research generally limits either the scope, or level of detail of the company/product research provided to clients.
 - (2) Praemium has initial set-up cost of \$5,000 and \$200 per tax entity after initial 25. The listed cost is an approximated average.
 - (3) Prices are current as at 31 April 2005.

Please direct any questions or queries to one of our advisors, or authorised representatives.

Disclaimer of warranties

All material published by Lifestyle Investment Planning (LIP) is provided in good faith. It is believed to be accurate and current as at the date of publication, with a bona fide expectation that the source of the material is both current and reliable. Your use of the information is at your sole risk. LIP will not be liable for loss resulting from any action or decision by you in reliance on the information, nor any interruption, delay in operation or transmission, virus, communications failure, Internet access difficulties, or malfunction in equipment or software resulting from any action or decision by you.

LIP, its related bodies corporate, directors and employees make no representation or warranty that any published material will remain reliable, accurate or complete over time. Nor do they accept any responsibility arising in any way for errors in, or omissions from that material.

Not to be considered advice - General reference only

Unless specifically published as a formal Statement of Advice, all material provided by Lifestyle Investment Planning is for general reference only. It is not to be taken as advice. You should seek formal, specific advice from an LIP authorised representative to ensure that any advice is tailored to your specific circumstances prior to making any decisions.