INVESTMENT CASE FOR **FIDUCIAN ULTRA GROWTH FUND**

The Fiducian Ultra Growth Fund is a diversified fund that aims to provide relatively high growth returns to investors over the medium- to long-term. It does this by investing in assets that have been proven to provide superior growth if managed well for the medium- to long-term. These assets are Australian smaller companies, global smaller companies, emerging markets (including an extra weighting to India), global technology companies and listed property. A portion is held in cash for liquidity and rebalancing the portfolio.

The fund provides an excellent opportunity to access – through one application – wide diversification that can cushion risk and volatility and as well provide global investment into a range of high growth assets selected for Fiducian by 15 different fund managers. The fund does not permit gearing.

The Fiducian Ultra Growth Fund is a fund for the future and provides a blend of investments that are typically not available in a single fund elsewhere. It can suit investors who are looking for relatively high growth from their investments, but recognise that these investments also carry higher risk (volatility) over short periods which could be overcome over the longer term. With the exception of index fund exposure, all securities are owned directly by Fiducian and held for safekeeping by our custodian, National Australia Bank.

Why 15 fund managers?

In the current environment of heightened volatility in financial markets, the Fiducian investment process helps investors avoid what we perceive to be the higher risks arising from selecting a few securities or a single manager fund within an asset sector.

The Fiducian process aims to reduce risk by carefully researching and selecting a number of specialist investment managers offering different investment styles and stock selection processes and then combining them so investors can obtain this diversification through the convenience of a single investment application.

Further, we then manage and tactically tilt exposure to our selected fund managers and asset sectors to try to enhance performance. We call this the Fiducian Manage the Manager system of investing. As with most diversified funds, risk is further reduced by combining different asset sectors, where one or more asset sectors could cushion the fund's returns from an underperformance in other asset sectors.

What is the composition of the Ultra Growth Fund?

At the date of this paper, the fund was comprised as follows.

Australian Smaller Company Shares	47%
International Smaller Company Shares	17%
Emerging Markets (including India)	17%
Property Securities (Australia and international)	9%
International Technology Shares	9%
Cash	1%

How are the different asset sectors managed?

Australian Smaller Company Shares

We have chosen four fund managers that select securities for us. Three fund managers have a mandate to select companies listed on the ASX but ranked between 100 to 300 by capitalisation. One fund manager has been mandated to select companies ranked as micro-capitalised securities which are smaller companies outside the ranking of 300 on the ASX, but have the potential to show rapid growth. In total, our four specialist fund managers have selected 150 securities for this sub-sector which significantly reduces the risk of holding a few securities or the reliance on a single fund manager's decisions.

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International Smaller Companies and Emerging Markets

This segment uses six fund managers which comprise global smaller companies, emerging markets actively managed, emerging markets share index and three fund managers for exposure into India.

Property Securities

This component predominantly comprises Australian listed property securities, though there is some investment in overseas listed real estate investment trusts. For the property sector we have appointed two active fund managers and one property securities index manager to select stocks for the fund.

International Technology

We have employed two separate teams that select securities for this sector. One focuses on bio-technology and other one on technologies that could comprise IT, robotics and nano-technology applications.

Why has this combination of securities been chosen?

The smaller company, emerging market and technology sectors have the potential to grow more strongly over time than other more 'blue chip' investments, such as large-cap stocks. Financial theory teaches that smaller companies, on average, should provide investors with superior long-term returns than larger companies.

This is because they operate in their niche markets, can be flexible and supposedly nimble in their decision-making unlike large corporations, which tend to be bureaucratic and procedure-driven. Empirical evidence backs this up, although these higher returns also tend to come with higher volatility (or short-term movement both up and down).

Greater returns also tend to accrue to emerging markets, where economic growth in developing economies generally starts from a lower base and tends to be higher than in the developed world. Within the developed world though, so-called high technology holds the key to the future through its potential to deliver high returns through ground-breaking innovation. Property securities have been added because they are able to deliver a regular income and are also considered growth assets which do not behave the same way as do company shares. As stated earlier, there is unlikely to be another product with such a combination of assets.

How has the Ultra Growth Fund performed?

Our aim is to provide a true-to-label investment opportunity, while also trying to reduce the risk for our clients. From time to time, investment returns can be quite exceptional and deliver the objectives for which the fund was designed. While short-term returns can be volatile, the objective of the fund is to deliver an attractive ranking against its high-growth peers (some of which may be geared) over the longer-term. The graph below says it all. Although this fund can be volatile at times and can under-perform in falling markets, in which investors tend to react defensively, in more confident times it has done exceptionally well. In upward moving markets this fund has a history of considerable out-performance, proven over time periods, as a consistently been a standout performer

Chart 1: Growth of $100 Invested

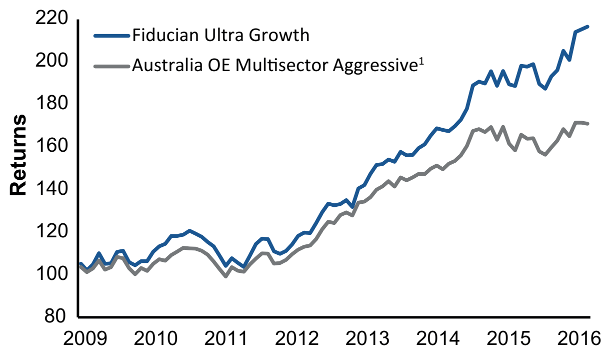

Table 1: Fiducian Ultra Growth Fund Performance

	6 Month	1 Year	2 Years	3 Years	5 Years
Fund Returns	14.5%	13.2%	12.8%	14.8%	14.5%
Index Return[1]	9.1%	5.1%	6.0%	8.3%	10.9%
Excess Return	5.4%	8.1%	6.8%	6.4%	3.6%

	2009	2010	2011	2012	2013	2014	2015
Fund Returns	34.8%	7.0%	-12.2%	20.8%	23.6%	12.1%	15.1%
Index Return[1]	22.0%	3.6%	-6.9%	15.4%	23.3%	8.6%	4.8%
Excess Return	+12.8%	+3.4%	-5.3%	+5.3%	+0.3%	+3.5%	+10.3%

* Note: Performance figures are calculated using month-end exit prices, after fees and reflect the reinvestment of distributions. The fund's future performance may bear no relationship to its past performance

[1] Morningstar