

Solaris Core Australian Equity Fund (Performance Fee Option)

Product Features

- Clear alignment of interest between the fund manager and the investor
 - Experienced and highly rated manager - renowned for consistent top quartile performance
 - Any underperformance must be made up before a performance fee is payable
 - Performance Hurdle is the S&P/ASX200 Accumulation Index
 - Performance fee of 30% is ONLY payable when the Fund's performance exceeds the Performance Hurdle (a separate fee of 0.10% is charged to cover administration costs)
 - Only payable on the amount that exceeds the Performance Hurdle (payable annually)
 - No reset date
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About Solaris

The Solaris team has a successful, demonstrated investment management and performance history spanning many years, despite having recently established the funds management business in January 2008. Solaris analysts are empowered as the portfolio managers for their sectors and engage in pure, bottom up stock picking unfettered by top-down overlays. Solaris employees are majority equity partners in the business, with the remainder owned by experienced boutique incubator, Pinnacle Investment Management.

Investment Objectives

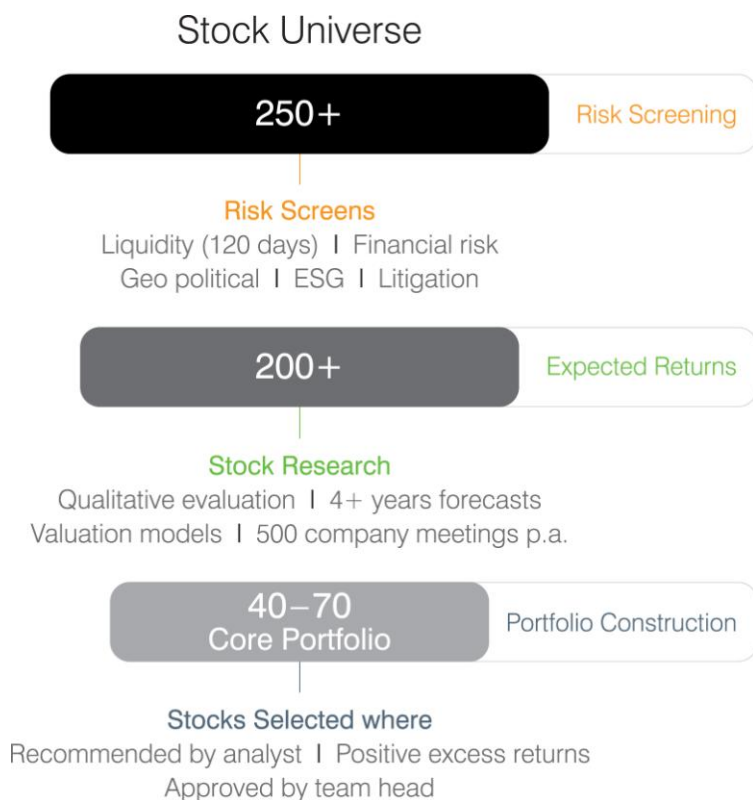
- 3.0% p.a. outperformance of the benchmark (S&P/ASX200 Accumulation Index) over rolling 3 year periods.
 - Tracking Error target = 2.0% - 4.0% p.a.
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Investment Principles

- We pick stocks using fundamental analysis to exploit market inefficiencies in forecasts and valuations.
- Active Management can provide better investment returns than passive investment.
- To achieve superior returns, positions may be taken which deviate from the benchmark portfolio, through skilful stock selection.
- All investment decisions are supported by detailed analysis of the securities and key financial markets, with an eye on the global perspective.
- Strict risk controls are applied to minimise the exposure to downside risk.
- Stock selection is our main area of expertise. Our research aims to identify the "true" value of each stock, based on qualitative and quantitative company fundamentals.
- We do not have a bias towards value or growth stocks ("style-neutral"). Our process identifies the stocks with the best expected return, regardless of perceived style.

An investment principle with particular resonance for Solaris is that fundamental analysis is optimised by analysts being empowered and rewarded as portfolio managers. Through experience, Solaris has identified that analyst management of the portfolio is the best way to capture identified market inefficiencies.

Investment Process



Solaris is an active, style-neutral equities manager using fundamental analysis to select stocks. Industry positions are a function of stock selection.

1 Solaris employs a three-tiered investment process using the following criteria: litigation, liquidity, geopolitical, ESG and financial.

The end result = an “Investable Universe” of 200-250 companies.

2 Investable Universe Analysis

The team conducts industry analysis, company meetings and does modelling and valuations of all companies in the Investable Universe, using both qualitative and quantitative techniques to arrive at an expected return of stock.

3 Expected Returns Platform

- The Expected Return of a stock is compared against the expected return for the Universe, to arrive at an "Excess Return".
- The size of Excess Returns is used to generate portfolios.
- The typical portfolio size is 40 to 70 stocks.

A critical factor in the Solaris investment process is the analysts (who are most knowledgeable about the prospects for a stock and who analyse the stocks) are also the portfolio managers.

Investment Parameters

The Fund is subject to the following parameters:

- Cash 0-5% of portfolio.
- Australian shares 95-100% (including derivatives).
- Delta-adjusted derivatives exposure cannot exceed 20% of the Fund.
- Guideline for maximum active position is +/- 3% Stock.
- Guideline for maximum active position is +/- 5% Sector Limit.

Investment Team

Solaris comprises 10 experienced investment professionals with an average investment experience of 15 years who have worked together for many years as a successful Australian Equities team. Before heading Solaris in January 2008, Denis Donohue, Managing Director, led the 9 person team at Suncorp Investment Management and was responsible for managing equity investments in excess of \$5.5bn from 2004 until December 2007. During his time in the Suncorp equities team, the funds' performance was consistently placed in the top quartile of Australian equity managers. Denis has 26 years' financial, investment and business experience, the last 21 of which have been at Suncorp. Featured below is a summary of the team's qualifications, experience and sector responsibilities.

Name & Role	Sector Responsibilities	Qualifications	Industry Experience
Denis Donohue Managing Director	Management of Solaris Australian Equities Team	B. Com., FCPA	26
Sean Martin Analyst	Insurance; Telecommunication; IT; Diversified Financials and Transport	B. Com., ACA Grad Dip Appl. Fin	14
Andrew Gatenby Analyst	Energy; Utilities; Consumer Services; Capital Goods; Commercial Services; Infrastructure	B. Com., M. Appl. Fin	8
Will Earnshaw Analyst	Banks; Media; Pharmaceuticals & Biotechnology; Healthcare, Retail	B. Com., B. Econ., CFA, Grad Dip Appl. Fin, ACA	14
Bernard Machen Analyst	Real Estate; Construction Materials; Food, Beverage & Tobacco; IT Development/Support	B. Bus. (computing)	16
John Hodder Analyst	Diversified Metals & Mining; Aluminium; Precious Metals;	B. Sc., B. Com. (Finance), Masters in Finance (London Bus. School)	24
Michael Bell Analyst	Chemicals, Packaging, Paper, Steel	B. Bus Grad. Dip. Appl. Fin.	15

Rob Pownall Portfolio Analyst	IT Development/Support & Portfolio Analysis	B. Eng., B. Info. Tech.	15
Damien Keune Head of Dealing	Execution; Mkt. Information; Performance Analytics	B. Bus. Grad. Dip. Appl. Fin.	9
Gus Roberts Dealer	Execution; Mkt. Information; Performance Analytics	B. Com. (Finance)	5

Fund Awards & Ratings



The Solaris Core Australian Equity Fund strategy has been rated by van Eyk Research Pty Ltd *

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S&P FUND RATING



Solaris Core Australian Equity Fund

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For further information, please contact:

QLD: Peter Mahoney on 07 3259 7616 or email peter.mahoney@solariswealth.com.au

All other areas – please contact Pinnacle distribution on 1300 010 311 or email distribution@pinnacleinvestment.com.au

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