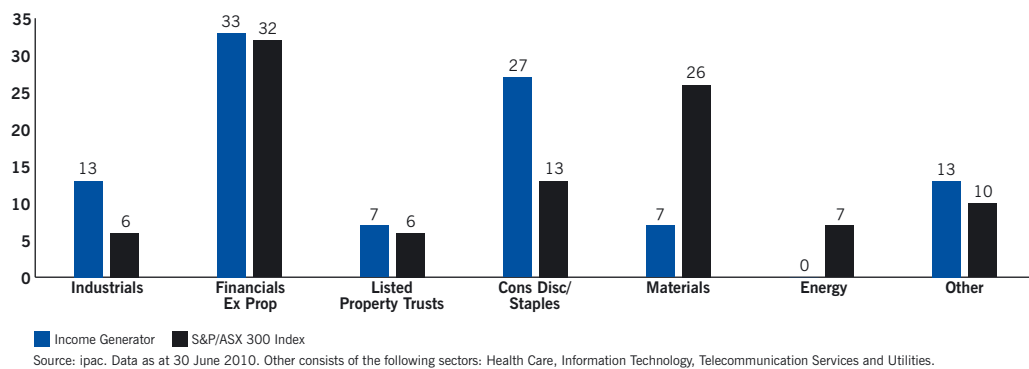


to meet an income need use a specialist

Australian shares in the Income Generator

The Income Generator is specially designed to deliver regular and reliable income. Specialist strategies have been implemented across asset classes to achieve this income objective. A close look at the Australian shares component of the Income Generator brings the focus on income to life.

focus on the opportunity not the index



Sustainable and high yield, with attached franking credits, are the key attributes for inclusion in the Income Generator. Consequently, the Income Generator has no exposure to energy stocks and 7 per cent exposure to material stocks as the dividends of resource companies are typically low at present. In contrast, a third of the S&P/ASX 300 Index by market capitalisation is comprised of energy and materials companies.

The Income Generator has significant exposure to financials, investing across many companies in the sector. The focus on capturing high, sustainable yield with franking credits has also led to a large exposure to the consumer discretionary and consumer staples sectors.

The Australian share portfolio of the Income Generator has an estimated gross yield around 40% more than the index. Gross yield is dividends plus franking credits.

top 10 holdings highlight the income emphasis

Income Generator

	%	gross yield %
CBA	3.8	8.2
Westpac	3.6	9.1
ANZ	3.6	7.7
NAB	3.3	9.1
ASX	3.2	8.6
GUD Holdings	3.0	10.4
Woolworths	3.0	6.0
Metcash	2.9	9.2
Telstra	2.7	12.3
Adelaide Brighton	2.7	7.3
Total	32%	

S&P/ASX 300 Index

	%	gross yield %
BHP Billiton	12.3	3.8
CBA	7.3	8.2
Westpac	6.1	9.1
ANZ	5.3	7.7
NAB	4.8	9.1
Telstra	3.5	12.3
Woolworths	3.3	6.0
Wesfarmers	3.2	5.7
Rio Tinto	2.8	2.7
Westfield	2.5	5.3
Total	51%	

Source: ipac. Data as at 30 June 2010.

Income Generator – Australian shares

The composition of the Income Generator's Australian shares portfolio differs significantly from the holdings in the Australian shares portfolio of a typical balanced fund, which is generally more closely aligned to the index profile. The top 10 holdings in the Income Generator includes companies like the Australian Stock Exchange, GUD Holdings, Metcash and Adelaide Brighton. These companies are down the list of top holdings in the S&P/ASX 300 Index at 36th, 153rd, 56th and 96th respectively as at 30 June 2010.

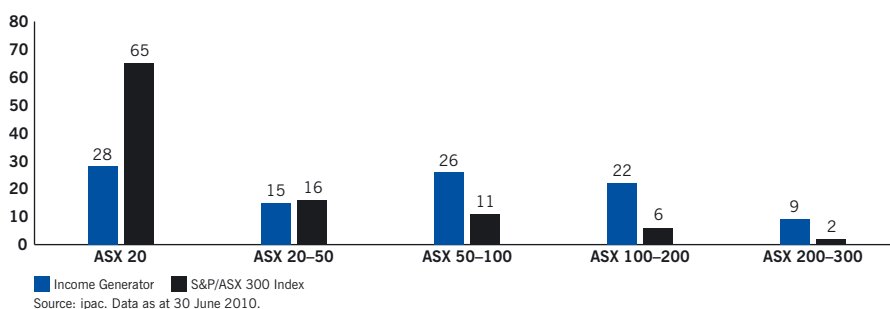
In total, the Australian shares portfolio of the Income Generator is diversified across around 80 stocks, to capture high and sustainable yield with franking credits.

significant holdings in mid and small cap stocks

The vast majority of Australian shares owned directly by Australian investors are in the largest companies (ASX 20 Leaders). This is understandable, given that these companies account for around two-thirds of the market capitalisation of the index and are well known.

Some of the best opportunities to capture yield in the Australian share market exist in mid and small sized companies. That's why a significant portion of the portfolio is invested outside the largest 20 stocks.

The chart below shows the exposure of the Income Generator to companies of different sizes compared to their representation on a market capitalisation basis in the overall index.



managers with specialist approaches

Ankura Capital and Legg Mason each manages 50 per cent of the Australian shares sector of the Income Generator. They have been specially mandated to create a total portfolio with a diversified mix of investment opportunities with high and sustainable yields, solid growth prospects and a healthy stream of franking credits.

These two managers possess complementary investment styles. Ankura Capital has a quantitative investment process while Legg Mason takes a qualitative approach. An outworking of these investment styles is that Legg Mason tends to have a stronger focus on medium-to-large cap stocks while Ankura's approach has a greater emphasis on opportunities at the medium-to-small end of the spectrum.

For more information on how you can include the Income Generator in your advice solutions please contact your business development manager on 1800 655 655.

important information

ipac asset management limited ABN 22 003 257 225 (ipac) AFS Licence No. 234655 has released this information for guidance purposes only. The information provided is of a general nature and does not take into account the particular needs, objectives and circumstances of any individual. Investors should seek independent financial advice before making an investment (or before implementing this strategy).

ipac asset management limited is the responsible entity of the ipac Income Generator. Neither the Directors, officers and members of the ipac asset management limited Group of Companies guarantee the performance or rate of return or return of capital of the ipac Income Generator. Before a decision is made to invest in the ipac Income Generator, the current product disclosure statement should be obtained and read.

While ipac asset management limited ABN 22 003 257 225 (ipac) AFS Licence No. 234655 has released this information for guidance purposes only and believes the information contained herein is correct, no warranty of accuracy, reliability or completeness is given and, except for liability under statute which cannot be excluded, no liability for errors or omissions is accepted.