



Discovery Investment Services Core Income Fund - Retail Units

ARSN 122 452 457

Product Disclosure Statement – 30 April 2008

IMPORTANT INFORMATION

The Discovery Investment Services Core Income Fund – Retail 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 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 Retail 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 the investments, and particular aspects of risk.

In this document, the description ‘we’, ‘us’ or ‘our’ refers 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 available in electronic format, including access via www.discoveryinvestments.com.au. If you receive it electronically, please ensure that you have received the entire PDS and application form. If you are unsure whether the electronic document you have received is complete, please contact us. A printed copy is available free of charge.

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.

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 manages 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.

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A SNAPSHOT

Snapshot	
Key Features	
Investment objective	To provide investors with attractive levels of monthly income, together with capital stability.
Minimum investment requirements	
Minimum initial investment	\$20,000
Minimum additional investments	\$5,000
Minimum balance	\$20,000
Minimum withdrawal	\$5,000
Fees and other costs	
Contribution fee	Nil
Management costs	1.70% per annum
Withdrawal fee	Nil
Buy/Sell spread	Nil
Reporting	
Account statements	Quarterly
Tax statement	Annually
Confirmations	Following investments and withdrawals (excluding regular savings and regular withdrawal transactions)
Performance	Full information relating to the Fund's performance can be accessed at www.discoveryinvestments.com.au The website includes information about the Fund's returns over a period of time. While it is relevant information, you should not rely on past performance as an indicator of future performance for any asset class or the Fund.
Annual reports	Available for download at www.discoveryinvestments.com.au You can elect to have annual reports sent to you.

Obtaining other information before making a decision

The latest Fund information including Fund Updates are available for download at www.discoveryinvestments.com.au

For unit price information, visit our website 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.

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 mortgage 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 assist us in meeting 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 other income producing 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').

MAKING INVESTMENTS AND WITHDRAWALS

Investing

This table explains how to make an investment in the Fund. An application form can be found at the back of this PDS.

	What you need to send us	Minimums ⁽¹⁾	Cut off times	Important information
Initial investment	A completed application form and a cheque or completed direct debit details.	\$20,000	The application form (and cheque if applicable) must be received by 3:00pm at our Melbourne office on a business day* for you to receive the application price effective for that day. Otherwise, you will receive the price effective the next business day*.	It is important to review your application before you sign it, as incomplete applications may not be accepted.
Additional investment(s)	A completed application form and a cheque or completed direct debit details.	\$5,000		
Regular investments through a regular savings plan	A completed application form including Section 5 to nominate the amount and frequency of investment and your direct debit details.	\$500 per month \$1,500 per quarter \$3,000 per half year \$6,000 per year	The application form must be received five business days* before the start of your contributions. Your regular investments will be drawn from your bank account on the 15th of the month unless the 15th is a weekend or public holiday, then it will be on the next business day*.	Please ensure that you complete Section 5 of the application form. Changes can be made to your regular investments, provided you give us five business days* to action your request. Your regular savings plan will automatically cease if two consecutive payments are dishonoured.
Transferring your investment	A transfer form completed by both parties and a completed application form for the relevant fund completed by the transferee.	\$20,000	Your transfer form and the application form must be received by 3:00pm on a business day* for the transfer to be completed that day. Otherwise, the transfer will be completed the next business day*.	If you choose to transfer only part of your investment you will be required to keep a minimum of \$20,000 in your account.

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

(1) We reserve the right to vary minimum investment amounts and to accept or reject any investment (in whole or in part) at our discretion without explanation.

Withdrawing

This table explains what is required to make a withdrawal.

	What you need to send us	Minimums ⁽¹⁾	Cut off times	Important information
One-off withdrawals	A completed withdrawal form or letter requesting a withdrawal signed by the account holders or the authorised signatories and your bank account details.	\$5,000	Your written request must be received by 3:00pm at our Melbourne office on a business day* for you to receive the withdrawal price effective for that day. Otherwise, you will receive the next business day's* price.	<p>Withdrawal proceeds will only be paid to a nominated Australian bank account.</p> <p>Cheque withdrawals and third party payments are not available.</p> <p>Incomplete withdrawal requests may not be accepted.</p> <p>Withdrawals are generally paid within five business days*.</p> <p>The Fund's Constitution allows up to 90 days to meet withdrawal requests or a longer period, depending on the ability to realise the Fund's assets. Further information on risks that may impact on your ability to withdraw within the normal five day period is outlined below.</p>
Regular withdrawals	A completed application form including Section 6 to nominate the amount you will withdraw on an ongoing basis and your bank account details.	\$500 per month \$1,500 per quarter \$3,000 per half year \$6,000 per year	Your documents must be received five business days* before the payment calculation date (15th of each month).	Your regular withdrawals will be deposited into your bank account on the business day* following the payment calculation date.

(1) We reserve the right to vary minimum withdrawal amounts and to accept or reject any withdrawal requests (in whole or in part) at our discretion. If your withdrawal causes your account balance to fall below the minimum, it may be treated as a full withdrawal.

Changing your mind

Generally you have a 14-day cooling off period to decide if this investment is right for you. The 14-day period starts on the earlier of:

- the date you receive your initial investment transaction statement, or
- five business days* after your units are issued.

Therefore if you wish to cancel your investment, it is important that you write to us before the expiration of this period.

The amount repaid to you is adjusted to reflect any increase or decrease in the value of the investment due to market movement. We will also deduct any taxes or duties payable and a reasonable amount for transaction and administration costs incurred (further information about the 'Cooling off fee' is outlined on page 10). As a result, the amount returned to you may be less than your original investment.

If you are a 'sophisticated' or 'professional' investor (as defined in the Corporations Act 2001) the cooling off period is not available to you.

Suspension of applications and withdrawals

In exceptional circumstances, where it is considered to be in the best interest of investors, the processing of all applications and/or withdrawals may be suspended. If this occurs, your application or withdrawal request will be processed when the suspension is lifted using the next available unit price.

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

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 a fund. More information on the buy/sell spreads is outlined on page 10.

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 or call us on 13 29 39.

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.

Distributions

Generally, net investment income is paid after the end of the Fund's distribution period. Any net realised gains earned by the Fund are generally not paid until the end of the financial year. The Fund distributes on a monthly basis.

Payment of your distributions

Distributions are generally paid within 21 business days of the end of the distribution period. There are two payment options available:

1. You can reinvest your distribution. The distribution reinvestment price is the unit price at the end of the distribution period (without the 'buy' spread) less the cents per unit distribution payable. If you wish to reinvest your distributions, you should complete Section 6 of the application form.
2. You can have your distribution paid directly to an account held at an Australian bank or financial institution. If you wish to have the distribution paid to you, complete Section 6 of the application form and provide your bank account details. Please note that we do not make third party payments or cheques. If you do not provide bank account details then your distributions will be automatically reinvested.

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

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) has a managed investment fee calculator to help you check out different fee options.

This document shows fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the fund assets as a whole. Taxes are set out in another part of this document. You should read all the information about fees and costs because it is important to understand their impact on your investment.

Type of fee or cost	Amount	How and when paid
Fees when your money moves in or out of the Fund		
Establishment fee The fee to open your investment	Nil	We do not apply an establishment fee.
Contribution fee The fee on each amount contributed to your investment	Nil	We do not apply a contribution fee.
Withdrawal fee The fee on each amount you take out of your investment	Nil	We do not apply a withdrawal fee.
Termination fee The fee to close your investment	Nil	We do not apply a termination fee.
Management costs		
The fees and costs for managing your investment⁽¹⁾	1.70% p.a. of the Net Asset Value relating to the Retail Units of the Fund.	Management cost are accrued daily but paid monthly from the Fund.
Service fees		
Investment switching fee The fee for changing investment options	Nil	We do not apply a switching fee.

(1) This fee includes an amount payable to an adviser (see 'Adviser remuneration' on page 11).

Example of annual fees and costs for the Discovery Investment Services Core Income Fund

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

Example – Discovery Investment Services Core Income Fund – Retail Units	Balance of \$50,000 with total contributions of \$5,000 during year	
Contribution Fees	Nil	For every \$5,000 you put in, you will be charged \$0.
Plus Management Costs	1.70% p.a.	And, for every \$50,000 you have in the Fund you will be charged \$850 each year.
Equals 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 \$850. ⁽¹⁾ What your investment in a fund costs you will also depend on the fees arranged with your financial adviser.

(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 9 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.

You may also incur costs directly associated with transactions made on your account, such as Government taxes, stamp duty and bank fees. These costs will be directly deducted from your account by reducing the number of units you hold within the Fund. We are unable to estimate these costs until they are incurred.

Buy/Sell spread

The buy spread and the sell spread aim to ensure that each 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 relevant 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.

Cooling off fee

If you exercise a cooling off right, we may charge you a fee of \$50.00. This fee is deducted from your investment prior to us returning your money to you.

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 1.70%.

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 9.

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 charged, refer to the table on page 9.

Adviser remuneration

Your financial adviser will receive remuneration for placing your investment in the Fund unless he/she chooses not to receive it. The remuneration is paid as commission out of the management costs that we charge you in relation to your investment.

Your financial adviser is required to disclose to you all remuneration received for placing your investment in the Fund.

All adviser remuneration quoted is inclusive of GST unless otherwise specified.

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 9 and is not an additional cost to you.

In addition, we may also pay your financial adviser an ongoing trail commission of up to 0.495% p.a. (\$49.50 per \$10,000 invested). The trail commission is calculated on the average daily value of your account and is payable monthly in arrears.

The remuneration forms part of the Management costs detailed in the table on page 9 and is not an additional cost to you. However, your financial adviser may decide not to take the trail commission although there is no obligation for your adviser to do so. Where this occurs, the amount of trail commission rebated (partial rebate is not available) will be paid to your account in the form of additional units each month.

Additional adviser payments

You can choose to make payments directly to your financial adviser through an 'adviser service fee' from your account.

This payment reflects your arrangement with your financial adviser and is calculated and deducted (by way of a withdrawal of units) on a monthly basis. You can choose an amount up to 1.10% p.a. of your average account balance for each fund (see Section 6 of the application form). The adviser service fee is not a fee paid to us. You should notify us if you change or cancel your arrangement with your adviser.

If your average monthly account balance is \$10,000 and you nominate an adviser service fee of 1.10% p.a. this equates to approximately \$9.17 per month. The dollar amount will vary depending upon the average value of your account each month.

Negotiating fees with your financial adviser

You may be able to negotiate adviser remuneration with your financial adviser. Generally, a reduction in adviser remuneration corresponds to a reduction in fees on your account.

Alternative remuneration register

From time to time, we may also offer other incentives (alternative remuneration) to your financial adviser, which are determined by us and paid out of our own money.

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 inspect a copy of the register at our registered office at any time between 9:00am and 5:00pm (Melbourne time) 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.

ADDITIONAL INFORMATION

Taxation

Taxation laws can be complex and change over time. The comments below are relevant to unitholders who hold their investment on capital account. Whether you acquire your investment on capital account or as part of a business or as a revenue asset you should seek professional tax advice with respect to the tax implications of investing in the Fund.

Generally tax is relevant both while you hold your investment and when you withdraw all or part of your investment.

While you hold your investment

The Fund should not pay tax on income and gains generated because unitholders will be presently entitled to all of the Fund's income. Rather, you will pay tax on the taxable income and taxable gains generated by the Fund.

Your annual tax liability in respect of your investment will depend upon the type of components in the distributions paid over the financial year.

You will receive an annual tax statement from us detailing the components to be included in your annual income tax return. The taxable amount of the components can, in some instances, be different to the amount of any cash distribution.

The components may include interest, dividends, franking credits, capital gains (some of which may be eligible for the CGT discount), foreign income, foreign tax credits etc.

For example,

- Investment in shares can result in a portion of your assessable income comprising dividends and franking credits.
- If the Fund invests outside Australia you may be assessable on foreign source income. If foreign tax has been paid you may be eligible for a tax offset against Australian tax.
- The Fund may generate capital gains by selling investments or by receiving distributions (which may include capital gains) from other funds.

In addition, if you are a non-resident for tax purposes, a withholding tax at the corporate rate (currently 30%) applies for distributions excluding dividends, interest, royalties, foreign source income and capital gains on assets that are not taxable Australian property as defined in the tax law. You will still have an obligation to file an Australian income tax return and you will be eligible to offset the tax withheld against the Australian tax payable.

Non-resident withholding taxes still apply for unfranked dividends, interest and royalties. These amounts, however, are not generally required to be included in the non-resident's Australian income tax return.

TFN Withholding Tax

Where an Australian Tax File Number (TFN) or TFN exemption is not provided to Australian Unity Investments, Australian Unity Investments are obliged by the ATO to withhold tax on the total amount payable to an Australian resident.

Currently tax is to be withheld at a rate of 46.5% of the payment.

When you withdraw all or part of your investment

A capital gain or loss may be generated, which must be accounted for in your annual income tax return. Any non-assessable amount in your previous distributions could reduce the cost base used to determine your capital gain or loss. Units held for at least 12 months may be eligible for the CGT discount.

Goods and Services Tax

The acquisition, redemption or transfer of units in the Fund should not be subject to GST. Furthermore, the receipt of distributions should not give rise to any GST consequences as such amounts are considered to be outside the scope of GST.

For specific advice in relation to the GST implications of your investment in the Fund, you should contact your accountant or financial adviser.

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 inspect a copy of the Constitution at our Melbourne 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.

The Responsible Entity

Australian Unity Funds Management in its capacity as the 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 for the Fund is set out on page 4.

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 investments schemes and other unregistered schemes.

We 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 arm's length basis.

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

Small account balances

If the current value of your account is below the minimum balance required, the Responsible Entity may withdraw your units and pay you the proceeds. The amount payable will be the withdrawal price on the date of the withdrawal multiplied by the number of units you hold.

Keeping you informed about your investment

To help keep you informed of your investment, we will send you the following:

Communication	Frequency
Confirmation of your initial application	At the time of the transaction
Confirmation of subsequent applications (Excluding those made using a regular savings plan)	At the time of the transaction
Tax statement showing full taxation details	Annually
Annual financial reports (Available on request only, you can elect to receive hard copies of the report – see Section 8 on the application form.)	Annually
Account Statement	Quarterly

In addition, you can access up to date information about the performance of the Fund including returns and asset allocations at www.discoveryinvestments.com.au.

You have a right to request from us a copy of the annual financial reports most recently lodged with the Australian Securities and Investments Commission (ASIC) and, if available, any half-yearly financial report and continuous disclosure notices that have been lodged after the annual reports but before the date of this PDS. We are required to send you a copy (free of charge) within five business days* of receiving your request.

Annual financial reports are also available to download from www.discoveryinvestments.com.au.

Changing your personal details

It is important that we maintain accurate records about you. Please inform us of any changes to your personal details as soon as possible.

You can change your personal details, such as mailing address, phone or email address, by sending us a request by mail, emailing us at investments@australianunity.com.au or contacting us on 13 29 39.

Please ensure that you provide us with the following information when requesting a change of personal details:

- your account number
- the full name on your account
- the change(s) you are requesting
- a contact name and daytime phone number in case we need to contact you, and
- ensure each signatory to the investment account signs the request.

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

Providing instructions via fax

We offer a fax service that allows you to send us instructions on your account. By using our fax service, you are taken to have agreed and understood that neither we nor any part of the Australian Unity Group accept any responsibility or liability for any payment or action we make based on any instruction (even if not genuine) that we receive by fax bearing your account number, a signature which is apparently yours, or that of an authorised signatory on your account.

This means that you cannot make a claim for such a thing as a fraudulent fax redemption request made by someone who has access to your investor code and a copy of your signature.

You use the fax service entirely at your own risk.

Your personal information

We collect your personal information for the following purposes:

- to administer and provide products and services and to manage our relationship with you
- to process transactions, to answer queries and for security purposes
- to develop products and services
- to allow the Australian Unity Group to market products and services to you (subject to your right to opt-out of receiving various direct marketing materials at any time).
- In managing your account, we may need to disclose your personal information to:
 - your financial adviser, either directly or through other service providers (such as platform software including Xplan and Visiplan) which we may have arrangements with
 - reputable service providers who may carry out functions associated with our products and services on our behalf (e.g. mailing houses who conduct mailings for us)
 - our financial institution to initiate the drawing from or payment to your nominated account (where you have selected the direct debit or credit facility), and
 - a third party, as required by law.

You are entitled to access information we have about you. You should notify us immediately if any of the information we hold about you changes, so that we can ensure that your information is always complete, accurate and up to date. If you do not provide the information requested on the application form, we may be unable to process your application request.

If a financial adviser's details appear on the application form, you authorise us to give information relating to your account and investments to your financial adviser and acknowledge that your financial adviser is your agent for the purpose of receiving this information.

Our privacy policy can be found at:
www.australianunityinvestments.com.au.

If you have any complaints or questions about the privacy of your personal information, please contact our Privacy Officer by writing to:

Investments Privacy Officer

Australian Unity Investments
114 Albert Road
South Melbourne VIC 3205

If we do not satisfy your complaint to your satisfaction, you may write to the Privacy Commissioner at:

Office of the Federal Privacy Commission

GPO Box 5218
Sydney NSW 1042

Dispute Resolution

We take complaints seriously and aim to resolve them as quickly as possible. If you would like to make a complaint you can call us on 13 29 39, email us at investments@australianunity.com.au or write to us at the following address:

Manager – Client Services

Australian Unity Investments
114 Albert Road
South Melbourne VIC 3205

We will promptly acknowledge your complaint within 14 days, investigate it and decide in a timely manner what action needs to be taken. We will notify you of our decision within 45 days after receipt of the complaint, together with any remedies that are available, or other avenues of appeal against the decision.

If you are then not satisfied with our handling of your complaint, you may contact:

Financial Industry Complaints Service Limited

PO Box 579
Collins Street West
Melbourne VIC 8007
Phone: 1300 780 808
Fax: (03) 9621 2291
Website: 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.

DIRECT DEBIT REQUEST (DDR) SERVICE AGREEMENT

Our commitment to you

- Where you request a one off debit, the payment will be drawn from your nominated account on the date we accept your application.
- For regular debits, payment will normally start to be drawn from your nominated account from the 15th day of the month following the date we receive your application (e.g. For an application received on 1 March, the first deduction will occur on 15 March).
- Where the due date for a drawing falls on a non-Melbourne business day, it will be drawn from your account on the next business day*.
- We will provide you with at least 14 days notice when we intend to make changes to the initial terms of the arrangement.
- We will terminate your direct debit arrangement if two consecutive payments are dishonoured or if you close your account.
- We will keep the details of your nominated account and financial institution private and confidential.
- We will investigate and deal promptly with any queries, claims or complaints regarding debits.

Your commitment to us

- It is your responsibility to check with your financial institution to confirm that direct debits are available on your account.
- It is your responsibility to ensure that the authorisation at Section 5 "Direct debit request for investments to your account" of the application form matches the signing instructions on your nominated account.
- It is your responsibility to ensure that there are sufficient cleared funds in the nominated account on the drawing date.
- It is your responsibility to cover any charges resulting from the use of the direct debit program. This may include transaction fees charged by us or your bank due to dishonoured drawings.

Changes to the arrangement

If you want to make changes to the drawing arrangements, please notify us in writing at least five business days* prior to your next scheduled drawing date. These changes may include:

- deferring the drawing;
- altering the schedule;
- stopping an individual debit;
- suspending the DDR; or
- cancelling the DDR completely.

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

Enquiries

If you have any enquiries, they should be directed to us, rather than to your financial institution.

All personal customer information held by us will remain confidential, except for information that may be provided to our financial institution to initiate the drawing to your nominated account, or information that may be disclosed to a third party as required by law. Information may also be provided to any entity within the Australian Unity Group to enable the DDR to be effected as required by law.

Disputes

- If you believe that a drawing has been initiated incorrectly, you should raise the matter directly with us.
- If you do not receive a satisfactory response from us, then please follow up with your financial institution regarding your claim.
- You will receive a refund of the drawing amount if we cannot substantiate the reason for the drawing.

Note: Your financial institution will ask you to contact us initially to resolve your disputed drawing prior to involving them.

COMPLETING THE APPLICATION FORM

Anti-money laundering legislation has been introduced to help combat money-laundering and financing terrorism. This requires significant changes to the information we are required to collect from investors. If you are applying through a financial adviser, your adviser will assist you in providing the necessary verification documents prior to lodging the application.

If you are submitting your application directly (without the assistance of a financial adviser), please refer below to the information that should be provided with your application.

We need to identify the underlying owner of each investment. For example, a private company will need to provide supporting documentation to identify their directors and shareholders as well as the usual account opening information.

If you are an existing investor in this Fund and are making an additional investment using the same customer name, then you are not required to provide us with verification documents. However, we may, at our discretion, request these documents from you in an effort to comply with the new anti-money laundering legislation.

Submitting your application without the assistance of a financial adviser

If you are submitting this application form directly, without having consulted with a financial adviser, you must submit certified copies of your identification documents with the application form. The required identification documents are set out on page 17.

Please take your time to complete the application form, ensuring that all of the required information is included, or we may not be able to process this application.

Incomplete applications

There may be instances where we do not receive sufficient information from you. Where this happens, we will contact you to request the necessary information. Any delay in providing the necessary information may result in you receiving a different unit price than you expected. We recommend you carefully complete the application form and use the 'How to apply' on page 16 and 'Application form checklist' on page 18 to ensure that you provide all of the required information. If you require assistance with completing the application form, please call us on 13 29 39.

If your application is incomplete and if the additional information is not provided on request, we may return the application and your application monies to you.

Certification of documents

Where your identification documents need to be certified, we suggest that the person certifying the document(s) for you use the following statement on the copy being certified:

'I certify this to be a true copy of [name of document] the original of which, was produced to me at the time of signing'.

The document must also be dated, and have the signature, printed name, occupation, employer and address of the person certifying the document.

Some persons who may certify copies of original documents are:

- Officer with or authorised representative by an Australian Financial Services licence holder with 2 or more years of continuous service with one or more licensees
- Chartered Accountant, CPA or member of the National Institute of Accountants with 2 or more years of continuous membership
- Officer of a financial institution or finance company with 2 or more years of continuous service with one or more institutions or companies
- Permanent employee of the Australian Postal Corporation with 2 or more years of continuous of service, or someone who operates as an agent of the Australian Postal Corporation
- Police Officer
- Lawyer, magistrate, registrar of a Court, Justice of the Peace
- Notary Public

HOW TO APPLY

The following information is provided to assist you in completing and lodging the application form.

Completing the application form

- use a blue or black ballpoint pen
- print in **BLOCK** letters inside the boxes
- answer all sections unless otherwise indicated (if a section does not apply, please indicate using “N/A”)
- ensure you sign on page 27
- complete the Direct debit request section on page 24 or if you are paying by cheque, make it payable to: Australian Unity Investments – <name of investor(s)>
- mail your application form, identity documents (where required) and cheque or direct debit instructions to our Reply Paid address (see ‘Lodgement’).

Providing your Tax File Number (TFN)

You can decide whether you wish to provide your TFN on the application form. If we do not receive your TFN, ABN or appropriate exemption information, we must withhold tax at the highest marginal tax rate (plus the Medicare levy) from income distributions paid to you.

Investing on behalf of a superannuation fund

If an investment is made on behalf of a superannuation fund, we will consider the superannuation fund to be a complying fund under the Superannuation Industry (Supervision) Act.

Signing the application form

Read the declaration section carefully before signing the application form. Each signatory to the investment account must sign the application form.

- If signed under Power of Attorney, the Attorney must certify that they have not received notice of revocation of the Power (We require a certified true copy of the Power of Attorney for our reference.)
- Company applications must be signed in accordance with the constitution or rules of the company.

Lodgement

You can send the completed application together with a cheque or your Direct debit request instructions to:

Australian Unity Investments

Reply Paid 64466
South Melbourne VIC 3205
(No stamp required if mailed in Australia)

The application will be considered lodged when it is received in our Melbourne office on a business day*, prior to 3.00 pm.

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

APPLYING FOR DIFFERENT TYPES OF INVESTMENT ACCOUNTS

If you are applying through a financial adviser, your financial adviser will assist you in providing the necessary verification documents. The following verification documents are required if you are submitting your application directly, without the assistance of a financial adviser.

Type of investor	Your account must be in the name of:	TFN(s) or exceptions to be submitted	Signature(s) required	Verification documents required (in support of this application form)
Individual account	The individual E.g. Jane Citizen	The applicant's	The individual's	Certified copy of any of the following that verify your name, date of birth and current address:
Joint account	Both or all joint applicants E.g. Jane Citizen and John Citizen	Each applicant's	All joint applicants'	<ul style="list-style-type: none"> ■ Birth Certificate ■ Citizenship Certificate ■ Pension Card ■ Drivers Licence ■ Passport ■ Notice issued by a government body or utility provider
Partnership	All partners E.g. Jane Citizen & John Citizen	The partnership's	All partners	<ul style="list-style-type: none"> ■ Certified copy or certified extract of a partnership agreement ■ Certified copy or certified extract of minutes of a meeting <p>For an individual partner, please provide the same type of information requested for an Individual account</p> <p>For a corporate partner, please provide the same type of information requested for a Company</p>
Company	The name of the company E.g. Sample Company Pty Ltd.	The company's	Two directors; or a director and a company secretary or if there is only one director, by that director	<ul style="list-style-type: none"> ■ Copy of the Certificate of Registration ■ ASIC search <p>For one director only, please provide the same type of information requested for an Individual account</p>
Superannuation Fund	The trustee(s) of the fund and not the name of the Super Fund E.g. ABC Trustees ATF Jane Citizen Super Fund	The superannuation fund's	The trustee(s), "as trustees(s) for..."	<ul style="list-style-type: none"> ■ Certified copy of first page and schedule of the Trust Deed. <p>For individual trustees, please provide the same type of information requested for an Individual account</p>
Trust	The trustee(s) of the trust and not the name of the trust E.g. ABC Trustees ATF Jane Citizen Trust	The trust's		<p>For corporate trustees, please provide the same type of information requested for a Company</p>
Estate	The executors of the estate E.g. Estate of the late Jane Citizen	The deceased person's	The executor(s)	<ul style="list-style-type: none"> ■ Certified copy of the grant of probate or Letters of Administration; or ■ Death Certificate.
Minor (a person under 18 years of age)	The adult's name in trust for the minor's name E.g. Jane Citizen ITF John Citizen Jr.	All adults	All adults investing on behalf of the minor	<ul style="list-style-type: none"> ■ Certified copy of birth certificate or birth extract of the minor <p>For adults please provide the same type of information requested for an Individual account</p>

APPLICATION FORM CHECKLIST

Ensure you complete the relevant sections according to your investor type outlined in the table below:

Investor type	Application Form Part A	Application Form Part B
Individual	Complete Sections 1-9	Not applicable
Joint	Complete Sections 1-9	Not applicable
Partnership – Individual	Complete Sections 1-9	Not applicable
Partnership – Corporate	Complete Sections 1-9	Complete relevant sections
Company	Complete Sections 1-9	Complete relevant sections
Superannuation Fund	Complete Sections 1-9	Complete relevant sections
Trust	Complete Sections 1-9	Complete relevant sections
Estates – Individual Executor	Complete Sections 1-9	Complete relevant sections
Estates – Corporate Executor	Complete Sections 1-9	Complete relevant sections
Other applicant types	Please contact us on 13 29 39 for assistance	

To ensure that we are able to process your application form quickly and efficiently, please “X” that you have completed all of the following:

- Section 1 Investment details** – Indicate whether to open a new account or to invest additional funds in an existing account (mandatory). Please note that if you have an existing account with us, you are not required to supply verification documents, though we may request them at our discretion.
- Section 2 Investor details** – Indicate your account type and provide your personal details (mandatory).
- Section 3 Mailing address** – Provide only if different from your residential address.
- Section 4 Contact details** – Provide your contact details.
- Section 5 Investment selection** – Indicate the amount you wish to invest in the Fund (mandatory) and provide details for your Direct debit request instructions (if applicable).
- Section 6 Payments from your investment** – Indicate your preferred method of payment for distributions.
- Section 7 Adviser arrangements** – This section is to be completed by your financial adviser. If you are not using the services of a financial adviser, please leave blank.
- Section 8 Annual report** – Indicate if you would like to receive a printed copy of the annual report.

Section 9 Declaration and investor signature(s) (mandatory)

- Individual investors** – Provide your signature and date the form.
- Joint investors** – Provide your signatures and date the form.
- Partnership** – Provide your signatures and date the form.
- Corporate Partnership** – Provide the signature of two directors; or a director and a company secretary or if there is only one director, by that director and date the form. Ensure you also complete the relevant sections in **Part B**.
- Company** – Provide the signature of two directors; or a director and a company secretary or if there is only one director, by that director and date the form. Ensure you also complete the relevant sections in **Part B**.
- Superannuation Fund** – Provide the signature of the trustees and date the form. Ensure you also complete the relevant sections in **Part B**.
- Trust** – Provide the signatures of the trustees and date the form. Ensure you also complete the relevant sections in **Part B**.
- Estate** – Provide the signature of the executor and date the form. Ensure you also complete the relevant sections in **Part B**.
- Power of Attorney** – Provide your signature and date the form. Attach a certified copy of the Power of Attorney. A Justice of the Peace, Solicitor or Notary Public must certify each page of the Power of Attorney. You also need to provide the same type of information requested for an **Individual account** as it relates to the Attorney named in the application. Should the Power of Attorney document not contain a sample of the Attorney's signature, please also provide a certified copy of identification documents for the Attorney, containing a sample of their signature, e.g. Driver's Licence, Passport, etc.

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3. Mailing address

Same as Investor 1 residential address/business address or Same as Investor 2 residential address

Otherwise complete mailing address details below.

Unit	<input type="text"/>	Street Number	<input type="text"/>	P.O. Box	<input type="text"/>
Street name	<input type="text"/>				
Suburb	<input type="text"/>			State	<input type="text"/>
Postcode	<input type="text"/>	Country (if not Australia)	<input type="text"/>		

4. Contact details

Phone (after hours)	<input type="text"/>	Phone (business hours)	<input type="text"/>
Mobile	<input type="text"/>	Facsimile	<input type="text"/>
Email	<input type="text"/>		

5. Investment selection

Please specify the amount that you wish to invest in the Fund. The minimum initial investment is \$20,000. The minimum additional investment is \$5,000. The minimum for Regular Savings Plan investments is \$500 per month e.g. \$1,500 per quarter.

	Initial or additional investments	Regular Savings Plan	Frequency* (M,Q,H or Y)
Discovery Investment Services	\$ <input type="text"/>	\$ <input type="text"/>	<input type="text"/>
Core Income Fund – Retail Units	\$ <input type="text"/>	\$ <input type="text"/>	<input type="text"/>

*Please indicate your desired frequency. (M = monthly, Q = quarterly, H = half-yearly or Y = yearly)

9. Declarations

I/ we agree and acknowledge:

- to be bound by the terms and conditions of the Discovery Investment Services Core Income Fund - Retail Units Product Disclosure Statement ('PDS') dated 30 April 2008 and the Fund's Constitution (which may be amended from time to time);
- to be bound by the terms and conditions of the Direct Debit Request Service Agreement contained in the PDS dated 30 April 2008, where I have opted to use the Direct Debit Service;
- that none of the entities mentioned throughout this PDS guarantee the performance of the Fund, nor any return of capital;
- that monies invested in the Fund do not represent investments in Australian Unity Funds Management, nor with a member of the Australian Unity Group;
- that the investment is subject to investment risk, including possible delays in repayment, loss of income and principal invested;
- having read and understood the PDS dated 30 April 2008 and where this document has been obtained through electronic means, then I/we declare that I/we received a printout which comprised the whole PDS and the application form before making an application for units in the Fund;
- that Australian Unity Limited, Professional Investment Holdings Limited and their related bodies corporate may offer goods and services appropriate for my needs and interests. I/We consent to my information being disclosed between those entities and to its use for direct marketing (subject to my right of opt-out), product management and development and for other related purposes;
- that Australian Unity Funds Management may give information relating to my/our account and investment in that account to my/our adviser whose stamp appears on the application form;
- that if this application is signed under a Power of Attorney, the Attorney verifies that no notice of revocation of that power has been received at the date of completing this application;
- for all account types other than individual and joint accounts, that the application is signed in accordance with the governing rules and/or constituent documents;
- that all of the information provided in this application form is complete and accurate to the best of my/our ability/abilities;
- that I/we will provide any supporting or additional information which might be required in order to process this application, or subsequently, as a consequence of my holding units in the Fund; and
- that I/we have no reason to suspect that the monies used to fund this application, or any subsequent contributions into the Fund, is or will be derived from or related to any money laundering, terrorism financing or other illegal activities.

Who signs below?

If the account is held for one or more individual	THEN	those individuals sign.
If the account is held for a partnership	THEN	all partners or those authorised to sign on behalf of the partnership.
If the account is held for a company or corporate partnership or corporate trustee	THEN	two directors; or a director and a company secretary; or if there is a single director, by that director. By signing as a single director you confirm that your company is a single director company.
If the account is held for a superannuation fund or trust	THEN	the trustee(s), 'as trustee(s) for....' .

Investor 1

Capacity Individual Joint Director Partner Trustee Other

Surname

Given name(s)

Investor signature

Date

Investor 2

Capacity Individual Joint Director Partner Trustee Other

Surname

Given name(s)

Investor signature

Date

Submitting your application form

Partnership, company, superannuation fund, trust or estate applications please also complete **Part B** on page 29.

Sign the application form.

Where identity verification as required by anti-money laundering legislation has not been undertaken by a financial planner, please enclose the additional documentation outlined in the 'Application form checklist'.

Complete the Direct Debit details in **Section 5** or enclose your cheque. Please make your cheque payable to: Australian Unity Investments - <name of investor> and crossed 'Not Negotiable'.

Mail the completed application form and cheque (if not paying by Direct debit request) to (no stamp required):

Australian Unity Investments
Reply Paid 64466
South Melbourne VIC 3205



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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

Email

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

Form No. INV457