AUSTRALIAN
RESEARCH
MANAGED INVESTMENTS ANALYSIS

Lifeplan Education Investment Fund

October 2009

Tax-effective investment with education benefits

EXTRACT

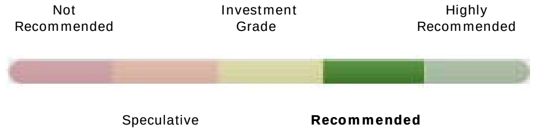
Note: This report is based on the Lifeplan Education Investment Fund PDS, dated **1 December 2008** and Supplementary PDS dated **6 August 2009**, together with other information provided by Lifeplan Funds Management.

Australian Managed Investments

Structured Products

Lifeplan Education Investment Fund

Tax-effective investment with education benefits



Offer Overview

Product Summary

The Lifeplan Education Investment Fund (the *Fund*), being issued by Lifeplan Funds Management (*Lifeplan*), is a tax-effective investment that caters to those investors who are looking to fund an individual's (the *beneficiary's*) education. The Fund provides access to 19 investment options offering differing risk/return profiles. The Fund offers daily liquidity and, as such, investors may partially or wholly withdraw their investment at any time. Features of the Fund include the ability of the investor to control the source (that is, Contributions or Earnings) from which withdrawals are made; the deferral of annual tax liabilities until Earnings are withdrawn; tax liability for Earnings withdrawn for education purposes is that of the beneficiary rather than the investor; and a convenient investment vehicle providing taxation benefits and the ability to set up a regular savings plan. The Fund has been recently updated. Three Colonial First Choice Funds were added and the BT Cash Fund was replaced by a UBS Cash Fund. Other changes include the tax free threshold for students increasing on 1st July 2009 ($3,000 for under 18 yr olds, $15,000 for over 18 yr olds).

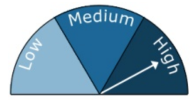
Offer Details

Offer Period	1-December-2008: Open ended
Listing Date	Not listed
Maturity	Ongoing
Min. Investment	A$1,000
Liquidity	Daily
Distributions	None

Risk/Return Profile

The risk/return profile of the Fund is dependent on the underlying investment options chosen by the investor.

Tax Effectiveness



Fees (paid to advisers), incl. GST, %

Up-front	Up to 4.4
Ongoing, p.a.	Up to 0.44

Note: The above represent the maximum advisor fees payable by investors. Actual fee levels are subject to the commercial relationship between investors and advisors

Investment View

Investor Suitability

Aegis regards an investment in the Fund to be suited to parents and/or grandparents who are seeking a tax-effective investment/ savings plan to assist in funding the education of their child/ grandchild. The ability of the investor to elect the investment option(s) in which to invest results in the Fund being suitable for investors with varying risk/return appetites. Investors should note that this report analyses the structure of the Fund. Aegis has not performed an in-depth analysis of the underlying investment options.

Recommendation

Aegis has issued the Fund a **Recommended** rating, with our rating based on the investment structure, as opposed to the individual funds. Aegis views the Fund as a convenient tax-effective investment/savings plan designed to assist investors in funding an individual's education. The Fund enables investors to defer tax liabilities primarily as a result of the ability of investors to withdraw funds from Earnings and/or Contributions when used for the purpose of paying education expenses, with the onus of any tax liabilities resulting from such withdrawals being on the beneficiary. Furthermore, investors benefit from deferring withdrawals used for non-education purposes beyond eight years of the commencement of the investment, given the favourable tax treatment of such withdrawals. The ability of investors to determine and to change the risk/return profile of their investment enables them to cater the investment to suit their specific requirements and risk/return appetite.

The investment opinion in this report is current as at the date of publication. Investors and advisers should be aware that over time the circumstances of the issuer and/or product may change which may affect our investment opinion.

SWOT Summary

Strengths

- Tax benefits are received upon the withdrawal of funds, the extent of which depends on the use of the funds withdrawn. Investors benefit from tax deferral, with tax liabilities, if any, incurred only upon the withdrawal of Earnings.
- Ability of the investor to control the source from which withdrawals are made. Investors can nominate whether to draw down funds from Contributions or Earnings when withdrawals are to be used for 'education expenses'. Lifeplan, unless requested, will not draw down any more than the effective tax-free threshold of the beneficiary from Earnings to eliminate any tax liability of the beneficiary.
- The Fund encompasses an estate planning feature.
- Unclaimed education expenses may be carried forward and claimed up to 12 months later, provided the education expenses were incurred after the commencement of the investment.
- Ability to change the beneficiary at any time.

Weaknesses

- Investors incur a double layer of fees: that of the underlying investment manager plus Lifeplan's management fee.
- Accrued earnings can be accessed for non-education purposes only after all funds have been withdrawn from the investor's Contributions account. Therefore, the amount of returns generated and the education tax benefit reduce as the amount of funds invested declines.
- Beneficiaries under the age of 18 are taxed at the highest marginal tax rate for income, excluding 'excepted' income, above the effective tax-free threshold.

Opportunities

- Opportunity to generate earnings with reduced tax liabilities.
- Investors can change the funds they have invested into, in line with any changes in their investment profile. Investors can switch between investment options with no service fee; however, transaction costs (up to 0.5%) will be incurred.

Threats

- Depending on the investment funds chosen, Investors may be exposed to various risks (for example currency risk, market risk, and interest rate risk) through the underlying investment options, which may affect returns.
- Australian tax laws or the interpretation of the tax laws may change over the investment term, which may affect the value of the investment.

Product Fees (paid by investors)

Base Fees, % of Assets	
Up-front	4.00[1]
Ongoing (p.a.)	1.33–2.15[2]
Buy/Sell Spread[3]	0–0.50
Exit	0.0

1. Assumes maximum advisor commission. Actual commissions may be less.
2. Depending on investment option.
3. Transaction costs are incurred upon investment and in the event an investor switches between investment options. Transaction costs depend on investment option taken.

Total Fees, % of Expected Total Return*	
Up-front	2.51
Ongoing[1]	20.28
Buy/Sell Spread[2]	0-0.50
Total	22.79

* Based on an average return of 10% p.a. over a 10-year term. The actual fees paid will depend on the investment option, and the returns from them over time.

1. Assuming highest ongoing fee charged.
2. Assuming no switching between options.

Performance Fees

The underlying investment option manager may be eligible for performance fees, thus such fees may be incurred as a result of an investment in these options. Currently, investment options eligible for performance fees are AMP Capital Conservative Option, AMP Capital Balanced Growth Option and all BT managed options.

Indirect Fees/Product Costs

Investors may incur additional fees and charges as a result of an investment in the underlying investment options, such as ongoing operating expenses and infrequent abnormal expenses. These additional fees will be reflected in the unit price determined by Lifeplan.

Fee Commentary

Investors may incur both up-front and ongoing fees, the extent of which varies depending on the underlying investment option(s) selected.

A buy/sell spread of up to 0.5% will be incurred by investors upon investment and in the event they switch between investment options throughout the investment term.

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