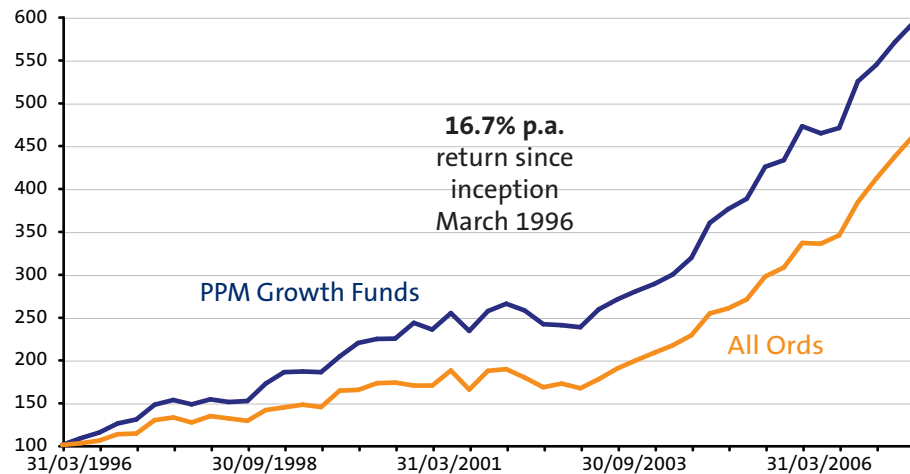


Performance of Portfolios

30 September 2007

Level 3, 2 Martin Place
Sydney NSW 2000 Australia
T: +61 2 8256 3777
F: +61 2 9235 1682
E: ppm@ppmfunds.com
AFS License No. 241 058

Growth Portfolios



GROWTH PORTFOLIOS

From 30/09/1997
to 30/09/2007
Percent Return Per Period

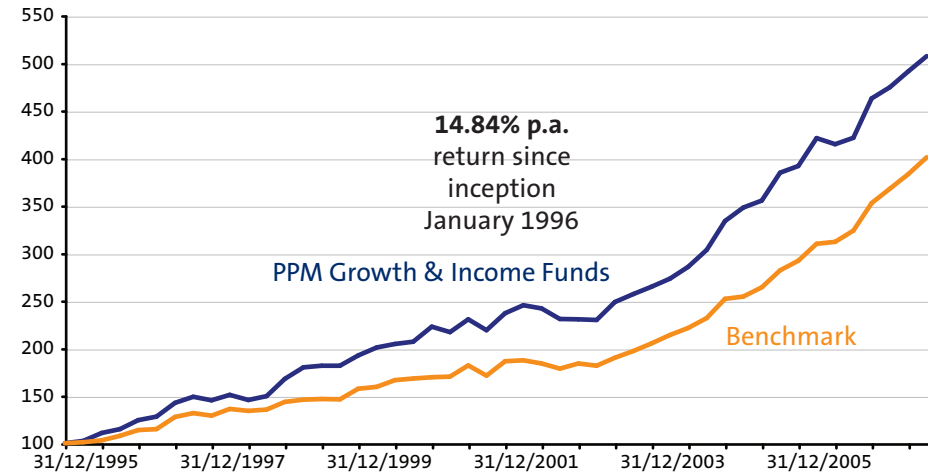
Objective:
Single objective of achieving long term
after tax return.

Assets:
Predominantly equities. Sound financial
structure with growth potential and
strong strategic position.

Benchmark:
All Ordinaries Accumulation.

	Yrs	*Portfolio	†Benchmark
	1998	-0.63	-2.76
	1999	22.29	12.37
	2000	21.11	19.83
	2001	4.02	-4.74
	2002	3.38	1.59
	2003	12.02	13.14
	2004	17.98	20.5
	2005	33.25	30.11
	2006	10.69	16.16
	2007	26.08	33.58
	Since inception 31/3/96	16.72	14.19

Growth and Income Portfolios



GROWTH AND INCOME PORTFOLIOS

From 30/09/1997
to 30/09/2007
Percent Return Per Period

Objective:
Tax effective long-term growth and income.

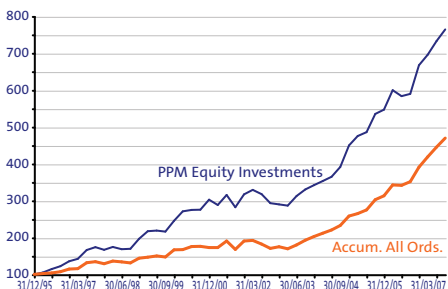
Assets:
Equities, property securities, fixed interest,
and cash.

Benchmark:
Composite, 60% All Ords Acc, 15% ASX Prop,
20% bonds, 5% cash.

	Yrs	*Portfolio	†Benchmark
	1998	0.44	2.72
	1999	21.31	8.07
	2000	13.90	14.85
	2001	5.89	1.89
	2002	5.35	4.28
	2003	11.44	10.32
	2004	18.00	17.67
	2005	26.73	21.69
	2006	9.57	14.76
	2007	20.40	23.76
	Since inception 31/12/95	14.82	12.53

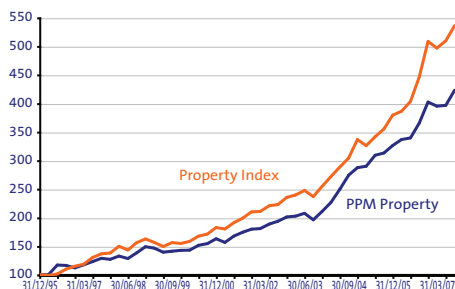
EQUITIES

ALL ORDINARIES INDEX†



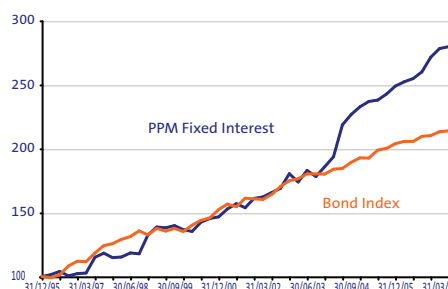
PROPERTY

ASX PROPERTY INDEX†



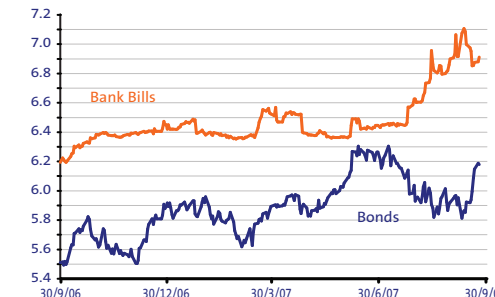
FIXED INTEREST

INTEREST RATES†



INTEREST RATES

INTEREST RATES†



EQUITIES

The September Quarter saw the All Ords Index post a gain of 5.48% which belies a very eventful and volatile first 3 months of the financial year. At one stage global equity markets, including Australia, were sold down significantly on the back of a melt down in the US sub-prime mortgage market. At the confidence low the All Ords was 15% off its previous high. By quarter end the All Ords had rebounded strongly, shrugging off any suggestion the US credit crisis will offset longer term market value. Certainly the health of the US economy is no longer as influential on the global investment psyche now that China, India, Russia and Brazil have the potential to mitigate any US slowdown.

The quarter also contained the FY07 reporting season which showed overall earnings per share growth of 15% for the Australian market but interestingly the rate of growth showed an easing in the second half of the year to around 9%. A plateauing of commodity prices and higher costs in the June half kept resource company earnings flat whereas strong earnings growth was again reported by retail, construction, healthcare and wealth management stocks.

The outlook for the Australian economy we believe remains strong but stock selection remains important as there are a few headwinds in a strong A\$, higher energy prices, ongoing drought and with low unemployment and high capacity utilisation there is potential for wage inflation and further increases in interest rates.

† Source: Goldman Sachs JB Were
Information contained in this document is general advice only, please see your advisor before acting on this advice.

PROPERTY

The listed property sector enjoyed a strong performance over the quarter, little of which was to do with fundamentals. The price rise seems to ignore the increased cost of debt, the falling share prices of listed global REITs, and falling private property values internationally (40% of Australian listed REITs investments are overseas). The interest in the listed property sector appears to be due to the perceived safety of the sector in volatile markets. Value, at current levels, is hardly compelling.

INTEREST RATES

As can be seen from the above graph the direction of short-term and long-term rates diverged markedly during the quarter. Short-term rates represented by the 90-day Bank Bill rose approximately 1/2% and long-term rates (10 year Government bond) fell, at one stage being down 0.4%.

This divergence can be directly attributed to the US sub-prime mortgage fallout, with a collapse in confidence in credit markets resulting in a blow out in rates at the short end.

The RBA hiked the official interest rate by a further 0.25% during the quarter to 6.50%. Despite a slowing growth outlook in a number of overseas countries, particularly the US, domestic economic conditions have remained firm as Australia continues to benefit from strong global demand for the country's commodities. Further, although this rate hike was made before the worst of the impact of the sub-prime fallout was felt in credit markets, the RBA made clear that any dampening effect on global growth from the financial market turmoil was unlikely to be sufficient to be a risk to both the domestic economy and the inflation outlook. Partly as a result, financial markets continue to look for a further hike from the RBA either later this year or early in 2008.



Bill Gregerson
wg@ppmfunds.com



Andrew Martin
am@ppmfunds.com



Hugh MacNally
hm@ppmfunds.com



Elton Doyle
elton@ppmfunds.com



Peter Reed
pr@ppmfunds.com