

MEDIA RELEASE

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Not all stocks go down with the bears, says quiet achiever

- Australian equities manager forecasts increasing opportunities to invest in online advertising, IT and retail banking sectors
- Announces 15.3 per cent outperformance for year to March 2009

Sydney, Australia - One of Australia's most established boutique fund managers, Private Portfolio Managers (PPM) believes 2009 offers great long-term opportunities particularly in sectors where there has been structural change, such as online advertising, IT and the four major retail banks – reinforcing that bear markets present good opportunities for long-term investors.

PPM also today released its 13th full year performance figures which show the manager has delivered 11.7 per cent return per annum since March 1996 for its Australian equities PPM Growth portfolios, and 10.2 per cent per annum since January 1996 for its Australian equities PPM Growth and Income portfolios.

Recent Mercer performance figures for March 2009 indicate that PPM's composite growth fund return would have placed PPM at the top of the Mercer survey of 92 Australian equity managers.

PPM's investment strategy is to identify stocks that offer long-term growth prospects as well as good income potential. The selection process is a combination of top down/bottom up analysis, which looks at the total environment, risks and opportunities facing a prospective investment.

According to founder and director Hugh MacNally, PPM's investment approach is particularly suited to difficult market conditions, and has helped protect investors from the worst elements of the global financial crisis.

"We look at companies that we feel have the qualities that will provide continuing growth, rather than follow a market-cycle. An example of this is our investment in the gas sector, in companies like Origin Energy who have increased their profits and dividends during this difficult period. If we relied heavily on the direction of the market to make investments, we probably wouldn't have invested heavily in Origin Energy which is now up nearly 50 per cent – the mirror image of the market return," Mr MacNally said.

Through this approach PPM has outperformed the All Ordinaries Accumulation Index by a substantial 15.3 per cent over the year to March 31, 2009

Mr MacNally attributed PPM's performance to its disciplined investment approach which has avoided "major disaster areas" such as highly geared stocks and property. He said a number of PPM's long-term situations also performed well during this period.

"Our approach of constructing concentrated portfolios that invest in areas we think have strategically attractive characteristics, seems to have worked over a number of investment cycles. We ignore index considerations which makes us different from many of the larger managers," Mr MacNally said.

Strong outlook for Aussie equities

Mr MacNally said the current market presented increasing opportunity for investors to find good value in companies, with tremendous growth opportunities in sectors such as retail banking, IT and online advertising.

“Markets start to go up well before bad news has finished coming out – for example there will still be negative economic data coming out such as rising unemployment and bankruptcies well after the market has turned. Indeed the best chance to buy attractive companies at attractive prices is when news is at its worst – something you can’t do in bull markets,” he said.

“The global financial crisis has significantly strengthened the position of the four major Australian banks which now face far less competition. Meanwhile, difficult economic conditions have fast-tracked the transition from the print to online advertising sector which is experiencing tremendous growth. This resilience has also been demonstrated in other new business models such as the performance of pay television operators versus free-to-air.”

IT companies and internet related service companies also provide good value at present according to Mr MacNally, where earnings multiples have fallen to below 10 times low debt or net cash and strong business models make them attractive.

Regarding the outlook for the Australian equities sector, Mr MacNally said: “We take the view that the substantial fall in equity valuations that has occurred over the last 15 months or so is not likely to be sustained in an economy that is in fairly good shape. Whether the recovery is immediate or takes a bit of time is uncertain. What is certain is that it will recover and we currently see a lot of investment opportunities that look attractive if you take a long-term perspective.”

PPM believes there is a limited number of superior investments available and thus tends to limit the number of securities in a portfolio to around 25 stocks.

“Our focus has always been on delivering long-term tax-effective strategies for investors. The recent figures indicate that our investment approach continued to perform consistently well over the two decades we have been managing funds,” Mr MacNally concluded.

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About PPM: Established in Sydney in 1995, PPM is a boutique funds manager that specialises in managing individual equity portfolios for high net worth investors as well as superannuation funds and charitable organisations. PPM focuses on delivering conservatively generated long-term, tax effective investment returns. Its investment approach is driven by its founders and majority shareholders, Hugh MacNally and Bill Gregerson.

For more information on PPM go to www.ppmfunds.com

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