

a distinctive approach

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PRIVATE PORTFOLIO MANAGERS

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Investment managers come in all shapes and sizes, yet most produce similar results. Since our founding in 1995, Private Portfolio Managers (PPM) has managed funds with a distinctive long-term approach that has set us apart and added considerable value to our investors' portfolios.

a distinctive approach

As a partner to institutional investors, charities, successful individuals, and their advisors, we manage Australian equity and balanced portfolios. We apply our skill and expertise to generating returns and protecting capital by assembling portfolios consisting of only our best investment ideas. Underpinning our strategy is a research driven process that targets attractive long-term investment themes and the companies best positioned to take advantage of them.

PPM's portfolio management practices reflect this independent and concentrated approach, rather than assembling portfolios by reweighting exposures to the companies in a benchmark index.

Our goal is to create stable portfolios that outperform over long periods, and in a tax efficient manner.

To do this we invest for the long-term in companies that hold strategic positions in superior growth industries.

Achieving the right balance between safeguarding investors' funds and positioning their portfolios to best capture opportunities is one of the key challenges facing any fund manager. If addressed properly, an appropriate balance between risk and reward can offer a compelling long-term investment. However, failure to successfully balance opportunity and protection in an investment portfolio often leads to the strategy's eventual failure.

PPM's tactics to navigate this balance is one of the key factors differentiating us from other fund managers. Our success in this area is based on several tenets that guide our investment decisions and portfolio management discipline:

blending prudence with o

Utilise structural investment themes

We identify structural themes that produce attractive economic environments for the companies that operate within them. Broader than industry research, a thematic approach looks to capture long-term structural opportunities and is forward looking. It may identify a theme at an industry, sector, or company level, either globally or locally. We look to leverage several themes at any given point, and invest in the companies best positioned to benefit from the attractive business environments created by these economic, regulatory, or industry structural themes.

Invest in 20-25 exceptional companies

PPM believe there are a limited number of very attractive situations in the Australian market at any given time, and our clients' interests are best served by holding exceptional companies rather than diversifying into mediocre companies. A concentrated portfolio of between 20 and 25 companies provides sufficient diversification and affords a greater opportunity to outperform, as the larger the number of holdings in a portfolio, the greater the likelihood the portfolio will track the broader market.

Risk management

Our risk minimisation efforts begins at the company level where we look at an array of factors; critical to this process is the elimination of companies with high debt levels or complex financial structures. When constructing a portfolio, achieving diversification across companies, business models, investment themes, and industries is an important consideration and no more than 10% of any portfolio is allocated to a single company with no more than 25% in any industry sector.

Invest in companies we understand well

We are research driven and attend more than 150 company briefings each year. Our research philosophy gives us the confidence and patience to allow the full benefits of our investments to play out. Underpinning our propriety research is the analysis and insights provided by a panel of leading global and Australian institutional research houses. Companies with complex business structures or less than transparent propositions are excluded as they can carry unquantifiable risks.

opportunity

Hold companies for long periods of time

The market risks in short-term investing are substantial and inherently unpredictable. Our patient approach is more predictable as we are relying on the performance of well managed companies and the investment themes we have identified, rather than market sentiment, to generate returns. Consistent with our long-term focus, turnover is exceptionally low.

Approach returns from an after-tax basis

We employ a variety of measures to help maximise after-tax returns and we are mindful of the tax position of the ultimate beneficiaries of the portfolios we manage. Our long-term approach means fewer tax events and capital gains concessions can be fully utilised. We favour fully franked dividends over other forms of returns which can create powerful tax benefits. This approach can have the effect of enhancing investors' real returns.

Avoid crowds and popular opinion

We prefer to avoid investments that are considered popular, as their pricing usually reflects the value of the opportunity plus a premium for their popularity. Where the underlying fundamentals are attractive, we are comfortable investing in companies and industries that are not fully understood by the market. When combined with our long-term approach, this strategy allows us to capture these underappreciated opportunities.

Invest with discipline and without compromise

The investment fads and noise that characterise the market are driven by sentiment which is not predictable. Having the discipline to ignore the market's changeable sentiment has allowed us to avoid pitfalls and create attractive returns over long periods of time. Therefore, our focus is wholly on investing in quality companies that operate in attractive environments.

Private Portfolio Managers was established in 1995 to provide a distinct investment management service to a select group of individuals, superannuation funds, institutional investors, and charities.

independent and aligned with investors

We believe the best way to meet the needs of our investors and their advisors is through a culture and corporate structure that strongly aligns our interests and is free from conflicts or competing priorities.

PPM is a single purpose organisation owned by its employees and founders, forming a truly independent investment manager with a strong incentive to deliver exceptional performance and service.

The position of responsibility we hold on behalf of our investors is at the core of our culture and our stewardship in exercising investors' interests is paramount.

We believe in the sustainability of our business through longevity of service to investors.



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