

An Introduction to the Australian Fertiliser National Conference

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General Advice Disclaimer

Ord Minnett Limited including Ord Minnett Financial Planning Pty Limited

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Who is Ord Minnett Limited?

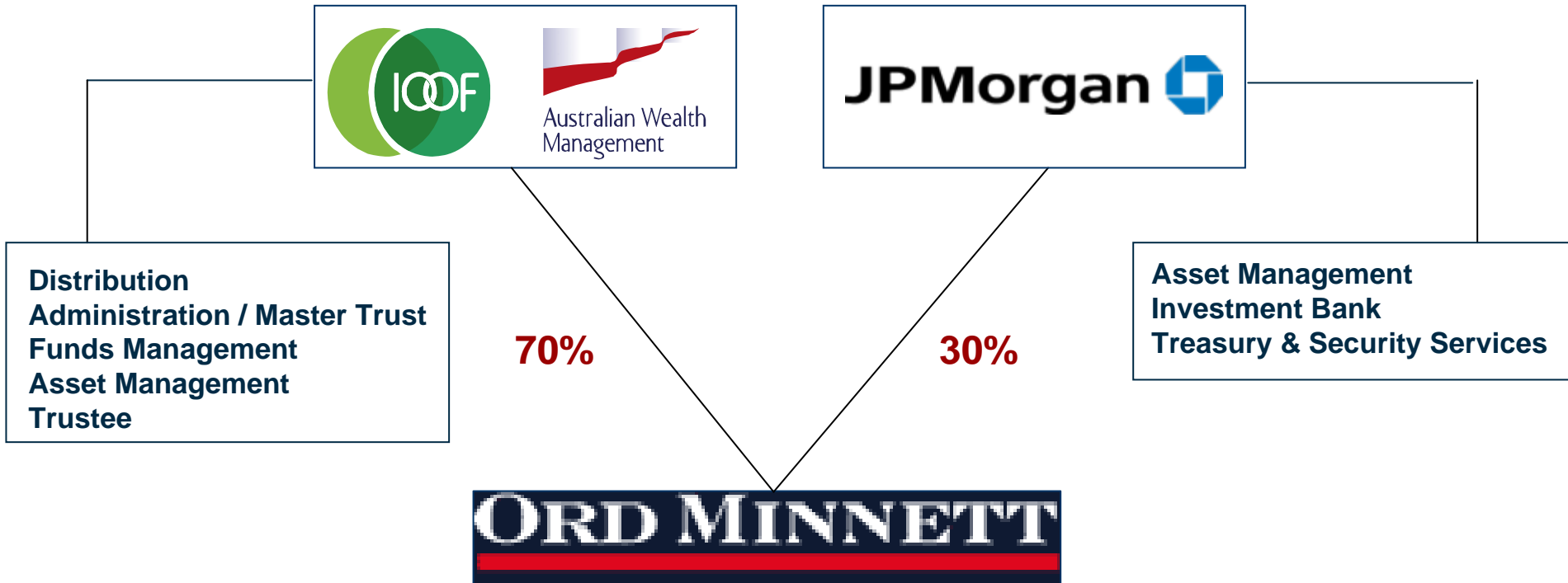
- Ord Minnett is a specialist investment advisory and financial services provider.
- Proud Australian heritage and via our founding firms have been managing the wealth of Australian investors since 1872.
- Ord Minnett employs over 340 Australians in 13 metropolitan and regional offices.
- Ord Minnett is an associated company of J P Morgan, a leading global financial services firm, with operations in more than 50 countries.

Ord Minnett Limited



- 163 advisers
Australia wide
- 13 office locations

Ownership



Ord Minnett Limited - Services

- Full service stockbroking
- Corporate finance
- Portfolio Administration & Reporting
- Separately Managed Accounts (SMA)
- Investment lending
- Derivatives
- Fixed interest desk
- Funds management
- Financial, retirement & estate planning
- Personal & corporate superannuation plans
- Self-managed superannuation

Investment Advisory Ethos

- Tailored investment strategy based on your financial requirements and objectives.
- Not quite.....but similar to the *Jerry Maguire* philosophy
- Changes in legislation, anti-money laundering provisions and compliance has resulted in a shift in investment advisory services.
- Provide a holistic approach to investment advisory, adding value through knowledge, experience, high level of service, and a broad range of quality products.

Portfolio Administration & Reporting Service (PARS)

PARS

- Complete and efficient portfolio administration service
 - > Reconciled dividends and distributions.
 - > Management of corporate actions
- Preferred access to offers from Corporate Finance.
- Generally management fees are income tax deductible
- Shift away from traditional transactional brokerage to a percentage portfolio management fee.
- Creates a perception of objectivity versus subjectivity (i.e. aligns our interest with the clients – increased wealth)

Ord Minnett Prime Portfolios

Ord Minnett Presentation Disclaimer

All potential investors should consider the appropriateness of this summary information and read the Product Disclosure Statement for the Ord Minnett Prime Portfolios dated 19 March 2007 before making any decision to invest in the Ord Minnett Prime Portfolios. The Product Disclosure Statement is available from www.ords.com.au or by phoning 1800 650 970.

Ord Minnett Management Limited ABN 55 002 262 240 AFSL 237123 is the issuer of interests in the Ord Minnett Prime Portfolios.

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What is a SMA?

- A Separately Managed Account (SMA) is a registered Managed Investment Scheme
- Each investor has a separate account where they are the owner of all investments in the portfolio (typically shares)
- The Model Portfolio is managed by the Portfolio Manager
- Ords purchases the Model Portfolio securities on the investor's behalf on an efficient basis
 - > Concentrated in 20-30 stocks, selected from S&P/ASX 100

SMA versus managed funds

	SMA	Managed Funds
Ownership	<ul style="list-style-type: none"> Investors own the shares in the Model Portfolios which provides tax advantages and transparency benefits 	<ul style="list-style-type: none"> You buy units in a trust. The trust is the owner of the underlying securities
Taxation	<ul style="list-style-type: none"> You do not inherit existing tax liabilities Investors can generally transfer in or out of a SMA without triggering a CGT event 'Netting' reduces the number of trades required for account and hence CGT liabilities 	<ul style="list-style-type: none"> Inherit any existing tax liabilities in the fund A transfer out of a managed fund will trigger a CGT event No ability to transfer existing share holdings into or out of a managed fund
Costs	<ul style="list-style-type: none"> Portfolio management fee No brokerage charged for ASX listed securities 	<ul style="list-style-type: none"> Standard manager costs apply
Reporting	<ul style="list-style-type: none"> Portfolio holdings available 24 hours a day so you can see exactly what investments are in the portfolio(s) 	<ul style="list-style-type: none"> Usually quarterly reporting with top 5 holdings No ability to view entire portfolio's)

Prime Portfolio Performance

Portfolio Objective

The objectives of the Ord Minnett Core Australian Shares Portfolio are to:

1. Outperform the S&P/ASX 100 Accumulation Index over three to five year periods;
2. Provide capital growth through investment in Australian shares; and
3. To provide tax effective income through franked dividends.

Investment Performance to 31st March 2009	Portfolio	Benchmark	Difference
Three Months	-0.17%	-1.82%	1.65%
Six Months	-15.25%	-18.83%	3.58%
12 Months	-24.01%	-27.86%	3.85%
Since Inception	-19.14%	-25.42%	6.28%
Since Inception (p.a.)*	-8.70%	-11.80%	3.11%

NOTE: All Portfolio returns shown are net of all fees and expenses

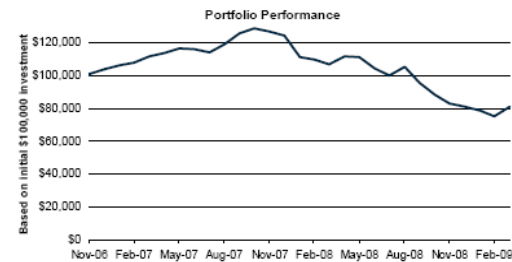
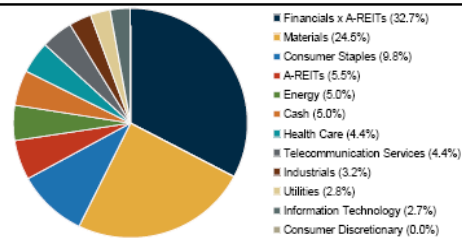
* Inception date, 30 November, 2006

Top Ten Holdings

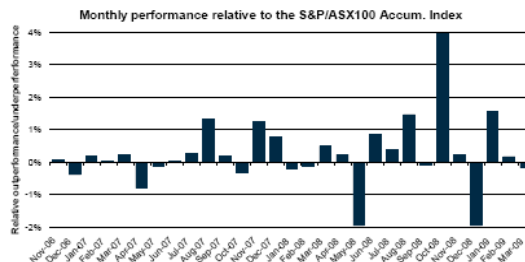
BHP Billiton
Westpac
Woolworths
Commonwealth Bank
Telstra
CSL
Rio Tinto
ANZ Bank
Westfield Group
National Australia Bank

Total Top 10 as a % of the overall portfolio value = 61.6 %

Sector Breakdown



Note: inception date, 30 November 2006



Note: % Returns are relative to the S&P/ASX100 Accumulation Index and are based on the period since inception, 30 November 2006 to 31 March 2009

Superannuation

Superannuation – a world of choice

- Personal superannuation platform
 - > Access
 - > Investment options (multi-manager, single manager & direct shares)
 - > A portable, lifetime super solution (attractive for employees)

- Corporate superannuation platform
 - > Ease of administration, dedicated service team with your adviser as point-man
 - > Investment options (single/multi-manager options & direct shares)
 - > May be only way an employer with health issues obtain cover (automatic acceptance levels)
 - > No entry fees and competitive management fees

- Self-managed Superannuation Funds

- > Control – shift towards direct investments
- > Fees
- > Planning
- > Taxation
- > Transparency
- > Minimum amounts (originally suggested ~\$250K but value probably kicks in over \$400K)

Tailored solutions

Clever strategies to add value

- Investment loans / margin lending
 - > Borrowing to investment at market and interest rate lows
- Derivatives
 - > Defensive options ideas to increase income
 - > Reduce risk
 - > As an alternative to buying shares directly
 - > Capital protected products
- Sophisticated Investor Program
 - > Access to capital raisings and placements at a institutional level.
 - > Access to products not available to retail investors

Investment Strategy

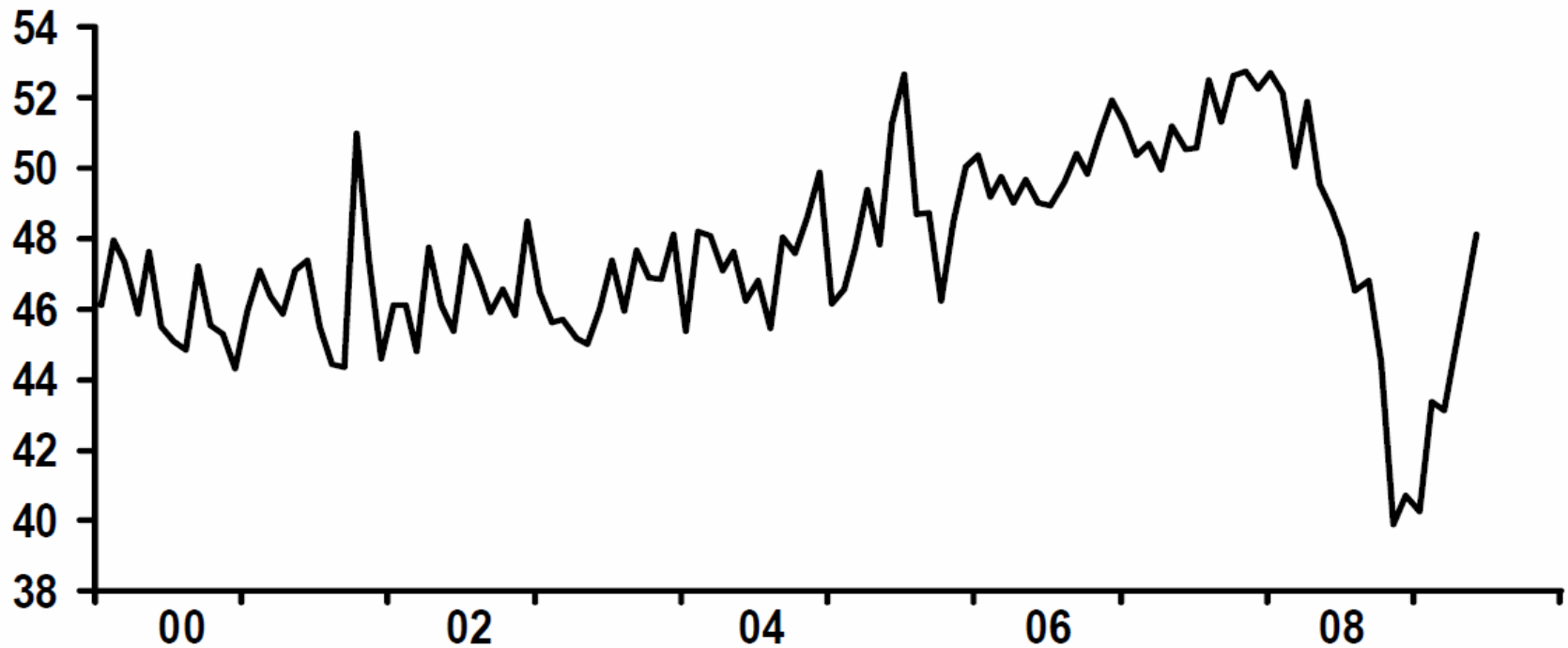
Making the most of a crisis

Economic challenges remain

- Fiscal stimulus fades
- Interest rates appear to have stopped falling
- Oil prices have risen from their lows
- Unemployment is rising.

But the global economy is... ...heading back in the right direction

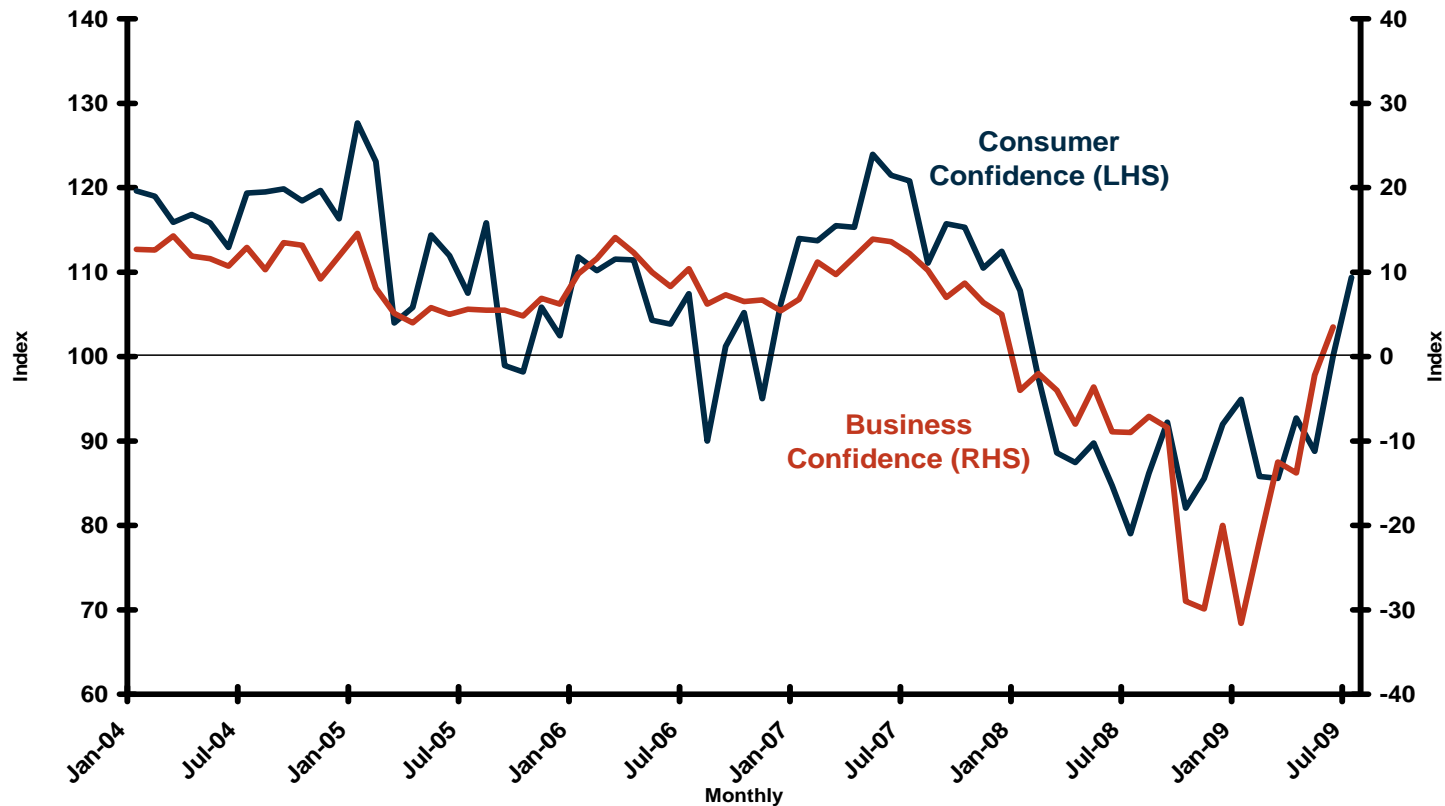
Global motor vehicle sales pick up strongly*



* Millions of units, seasonally adjusted, annualised return
Source: JPMorgan
Past performance is not a reliable indicator of future performance

With signs of recovery broad-based

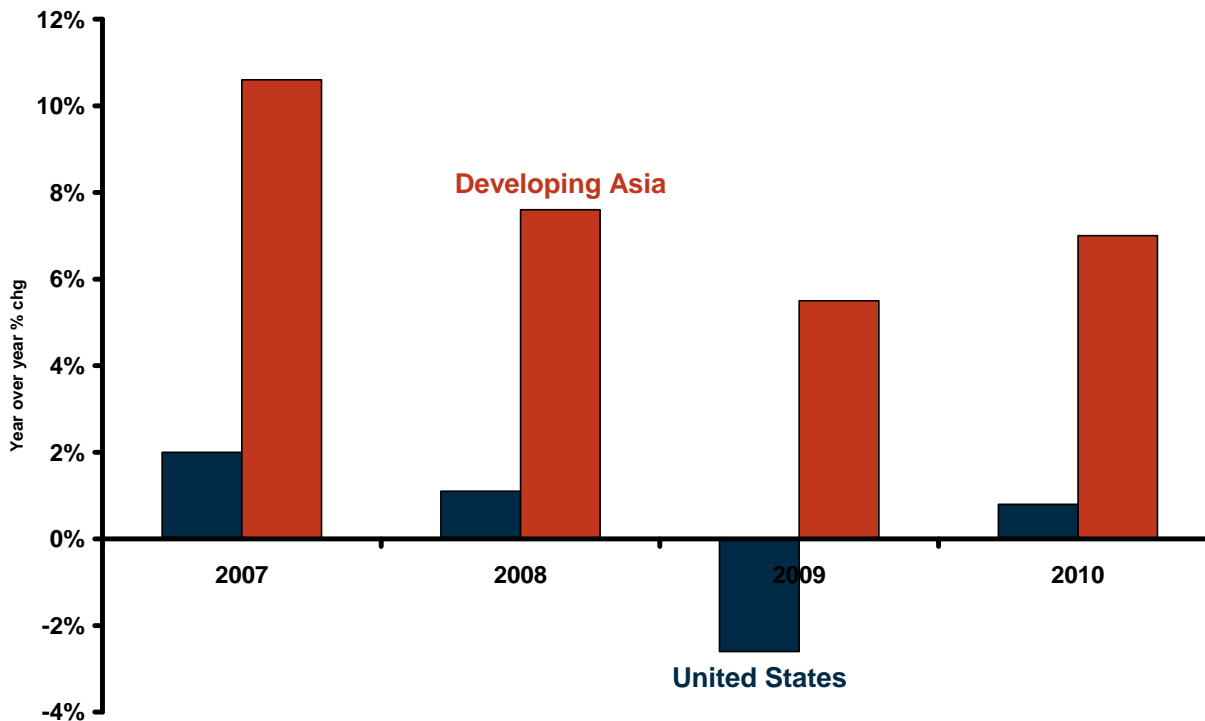
Australian consumer and business confidence rebounds



Source: Datastream. This chart measures the Westpac/Melbourne Institute Consumer Sentiment Index and the National Australia Bank Business Confidence Survey. Past performance is not a reliable indicator of future performance

Asia – Last in but first out

Economic Growth



- China exited first...
- ...followed by emerging Asia & Australia...
- ...then UK & Japan...
- ...North America...
- ...finally continental Europe.

Source: IMF, July 2009. The data points for 2009 and 2010 are IMF projections.
Past performance is not a reliable indicator of future performance

Why Australia has seen off the worst of it

- Banks well positioned
 - > Australia has 4 of the world's 10 'AA' rated banks
- Resources demand remains
 - > Chinese demand for iron ore and coal has been consistent
- Capital raisings
 - > Huge amount of money raised has relieved pressure on balance sheets

Factors to watch over the next 12 months

- Earnings certainty
 - > Shift away from financing risks
- Forward looking economic indicators
 - > Consumer sentiment and business expenditure
- Portfolio construction
 - > Appropriate diversification is critical
 - > Rotation amongst sectors will be ongoing, in line with investor sentiment

Investment Allocation

Adjusting to suit conditions

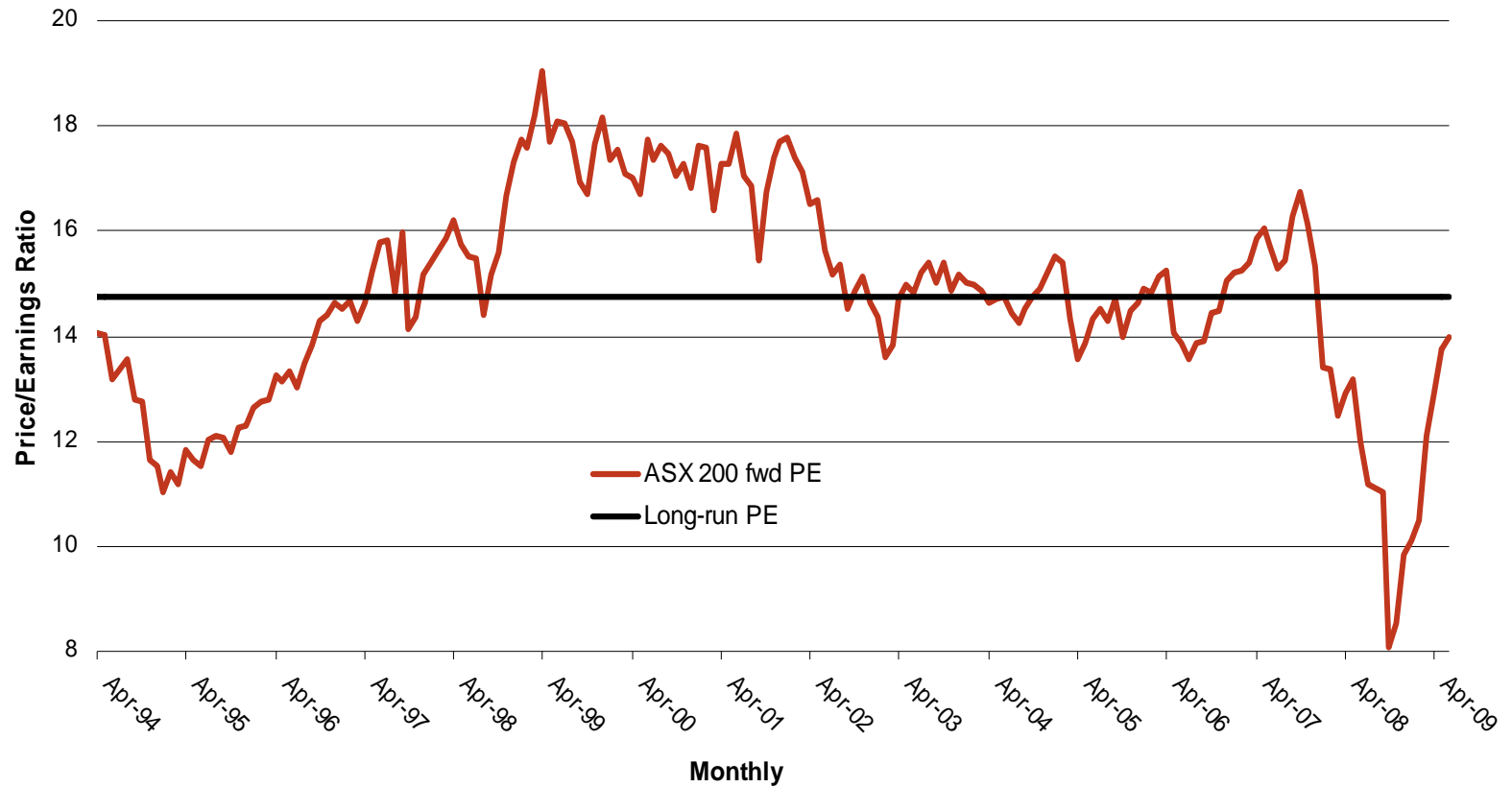
- The Opportunity in the Australian Market

- > To invest in quality companies...

- > ...at prices we haven't seen for a long time

Value still evident in market

Profit recovery will make market look cheaper



Source: IBES consensus estimates & IRESS
P/E is using consensus 12mth forward earnings
Historical Period: April 1994 – June 2009
Past performance is not a reliable indicator of future performance

How the recovery has played out so far...

- Cyclical stocks
 - > Industries exposed to economic turnaround – e.g. banks, building materials, consumer discretionary
- Resource stocks
 - > A play on global economic growth and commodities – miners and energy stocks
- Financial stocks
 - > Leverage to a bounce in financial markets

...at the expense of defensive stocks

- Defensive sectors have languished **and represent better value in the near term**
 - > Consumer staples, healthcare, telcos, utilities

Downturn evident in sector rotation

Last 12 months

Best sectors	Worst sectors
IT (+0.9%)	Property Trusts (-46.9%)
Healthcare (-3.0%)	Materials (-35.2%)
Consumer Staples (-7.1%)	Industrials (-33.9%)

As is the recovery

Last 3 months

Best sectors	Worst sectors
Consumer Discretionary (+17.2%)	Utilities (-2.2%)
Industrials (+13.1%)	Healthcare (+3.9%)
Property Trusts (+12.9%)	Telcos (+6.3%)

Sectors we like near term

- Consumer staples
 - > **Woolworth, Coca-Cola Amatil**
 - > Stable businesses
- Healthcare
 - > **CSL, Sonic Healthcare**
 - > Excellent profitability
- Information Technology
 - > **Computershare**
 - > Represents value

Sectors we're cautious about near term

- Resources
 - > A very strong economic recovery has been priced in. Buy on pull back. BHP still quality.
- Banks
 - > Exposed to risks in economy
 - > L-T benefits from stronger market positions
- Consumer Discretionary
 - > Has run ahead of itself
 - > Unemployment will dent profitability

Key Points?

- What sort of investor are you?
Active/passive/oblivious
- Do you know where you are going? (Do you have a strategy, a plan?)
- Do you know where you are? (Where is your money, wealth etc. What are the returns? What are the fees?)

Questions??
