

It's someone else's money.



Protect it.
Manage it.
Grow it.

First Samuel Not-for-profit and
Charitable Trust Management.
Proven stewardship.



First Samuel Stewardship. **Remembering it's someone else's money.**

Trustees and managers of Not-for-profit organisations and Charitable Trusts need to balance the fiscal demands of their constituents with fiduciary obligations.

Because it is someone else's money.

So, in appointing external managers, they look for three core competencies.

Protect it

Protecting Someone Else's Money is an easy way to describe a "fiduciary relationship".

In a fiduciary relationship a person or organisation, in a position of "vulnerability", freely places confidence, good faith and trust in another whose aid and advice is sought.

So the fiduciary concept embraces a range of matters.

And First Samuel's every action embodies a recognition of our fiduciary responsibility to our clients.

There are six key areas of fiduciary responsibility.

1. ASIC licence

First Samuel holds a Managed Discretionary Account ("MDA") licence from the Australian Securities and Investments Commission.

This is a special licence that allows us to, among other things, manage investment portfolios for our clients whereby our clients provide us with the discretion to manage their investments within a pre-agreed Investment Programme.

The MDA licencing requirements are much higher than for a normal licence in areas such as auditing, risk-management and reporting.

2. Independent board

The importance of a Board of directors being independent rests in the oversight they provide.

First Samuel's board has 4 independent directors (and one executive), each of whom has considerable business and board experience in all aspects of corporate governance.

One of First Samuel's board's standing committees is the Audit and Risk Committee, which established a comprehensive and rigorous risk management regime and monitors all of the business risks within the company.

3. No commissions

Our policy of neither receiving nor paying commissions reflects the ethical approach of First Samuel.

We were the first (in 2000) to lobby the federal government for the abolition of commissions, as commissions breach a primary duty of a fiduciary, that is to act in the sole interests of his/ her client.

The primacy of client interest is embedded at First Samuel.

4. Independent audit

Each client portfolio is subject to an annual and independent audit.

This provides comfort to our clients about the accuracy and veracity of our reporting and the processes behind it.

The audit certificate can be relied upon by our clients' accountants and auditors.

5. Transparency

Because every portfolio is individually managed everything we undertake is transparent.

So each client can see every day (via secure access on our Website) each transaction we undertake.

This service is part of five daily updated reports, in addition to quarterly and annual reports.

6. External custodian

First Samuel has appointed JP Morgan as custodian of its clients' assets.

This not only ensures more efficacious administration (including the need to daily reconcile duplicate records to ensure no errors), it also means an external check on security holdings.

Manage it

The essence of managing investments for Not-for-profit organisations and Charitable Trusts is individual management.

That is to say, each client has their own portfolio, with their assets registered in their name.

This is unlike most other managers, which, for their own convenience, comingle assets into managed or pooled funds.

Use of managed or pooled funds eliminates many of the benefits available to those who have their investments individually managed.

Individual management

Individual management means that each client's needs can be met by tailoring their portfolio to their requirements.

This means tailoring in three critical areas.

1. Tax

The ability to leverage franking credits, whilst obvious, is often overlooked.

Franking credits add up to 42% to the value of a company's dividend, thus significantly enhancing portfolio income.

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But often a balance needs to be struck between the attraction of franking credits and the attraction of capital growth.

That is why First Samuel assesses each investment opportunity on the basis of the after-tax outcome.

2. Capital Preservation

Not-for-profit organisations and Charitable Trusts generally require their corpus to be undiminished over the long-term.

This doesn't mean investing in cash or term deposits.

It means having an overall diversified investment portfolio that provides long-term capital preservation.

And also allows the corpus to grow.

Growth is needed at a pace faster than CPI so as to ensure that the real value of income is maintained.

Individual management allows each client to assess how they best wish to balance these two needs.

3. Income generation

Not-for-profit organisations and Charitable Trusts generally have a need for consistent income, either to augment working capital or to pay to external beneficiaries or causes.

Only by individual management can these income needs be tailored to suit each need.

Tailoring to other needs

In addition to those three key areas, a wide range of other clients' requirements can be met, including:

- Investment prohibitions (e.g. no gambling, sex-industry, etc)
- Investment tilts
- Cash flow management
- Complementarity with in-house or other externally managed assets

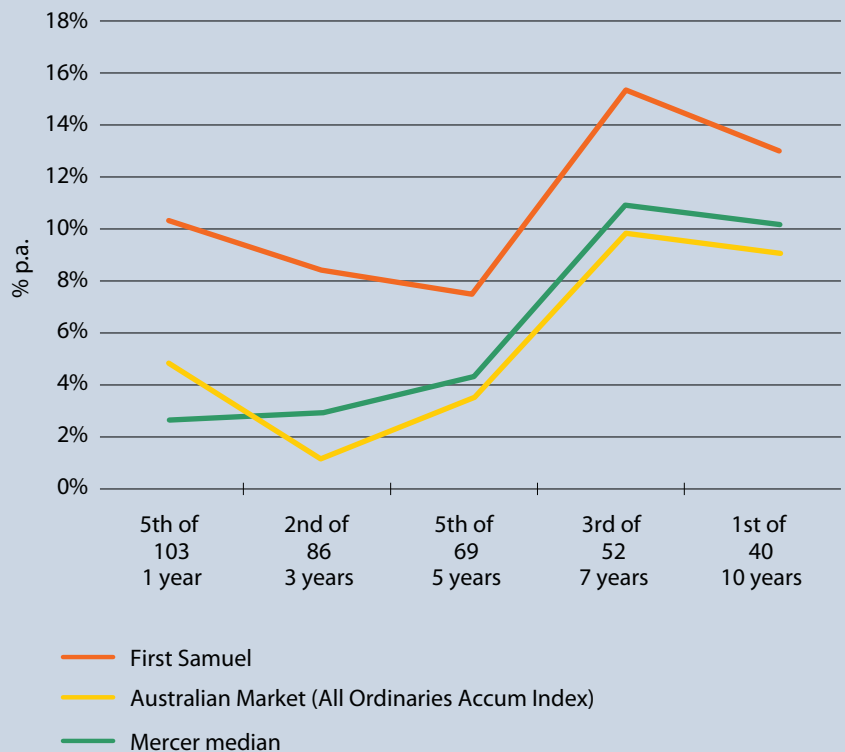
Grow it

Proven investment outcomes

The investment world is full of unproven managers.

Equally, there are those that have a "name" that provides a sense of either size or longevity, but not necessarily competence.

First Samuel in top 5 Australian share managers



Source: Mercer Investment, April 2011. Performance is % p.a., before fees and tax, for the period to 31 March 2011.

First Samuel is not officially part of this survey. First Samuel data ("First Samuel") has been inserted and is calculated on the same basis and represents broadly the same equity style ("long only") as the managers in the survey. "First Samuel" is the asset weighted average of the performance of all clients' Australian shares. No portfolios have been excluded. "Median" is the median of managers in this survey. "All Ordinaries Accum Index" is the benchmark for the Australian sharemarket. There are fewer managers in the survey for longer time periods because of "survivor bias." That is, investment managers will close funds that have either poor investment performance or fail to attract sufficient assets. Past performance is not a guarantee of similar future performance.

In reality, a manager is needed that has a:

- Long investment history
- Successful investment history

First Samuel is one such manager.

Since 1999 First Samuel investment performance has exceeded its clients' benchmarks.

First Samuel offer proven expertise in a range of portfolio types:

- Australian shares
- Australian income securities
- Balanced portfolios
- Growth portfolios
- Strong growth portfolios.

"Pure" investments

Importantly, First Samuel has a "pure" investment approach. That is, we do not use derivatives, leverage or structured products.

This means what you see is what you get. And there is no hidden risk.

Talk to us. Or visit
www.firstsamuel.com.au

THE FIRST SAMUEL TEAM



“The provision of individual, indispensable and enduring relationships that create, manage and protect wealth”

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“The Lord declares those who honour me I shall also honour”

From the First Book of Samuel, chapter 2, verse 30

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