



LEA 02	Disclosures Monetary	Reason Gateway	Principle PRI 1,2,3
<p><b>Type of engagement</b> Individual/ internal staff engagements</p>	<p><b>Reason for interaction</b></p> <ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> To support investment decisionmaking in a company relevant ESG issues</li> <li><input checked="" type="checkbox"/> To influence corporate practice or identify the need for additional or enhanced information</li> <li><input checked="" type="checkbox"/> To engage investor ESG expertise</li> <li><input type="checkbox"/> Other: specify</li> <li><input type="checkbox"/> We do not engage in internal staff</li> </ul>	<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> To support investment decisionmaking in a company relevant ESG issues</li> <li><input checked="" type="checkbox"/> To influence corporate practice or identify the need for additional or enhanced information</li> <li><input checked="" type="checkbox"/> To engage investor ESG expertise</li> <li><input type="checkbox"/> Other: specify</li> <li><input type="checkbox"/> We do not engage in collaborative engagements</li> </ul>	
<p><b>Type of engagement</b> Collaborative engagements</p>	<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> To support investment decisionmaking in a company relevant ESG issues</li> <li><input checked="" type="checkbox"/> To influence corporate practice or identify the need for additional or enhanced information</li> <li><input checked="" type="checkbox"/> To engage investor ESG expertise</li> <li><input type="checkbox"/> Other: specify</li> <li><input type="checkbox"/> We do not engage in collaborative engagements</li> </ul>	<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> To support investment decisionmaking in a company relevant ESG issues</li> <li><input checked="" type="checkbox"/> To influence corporate practice or identify the need for additional or enhanced information</li> <li><input checked="" type="checkbox"/> To engage investor ESG expertise</li> <li><input type="checkbox"/> Other: specify</li> <li><input type="checkbox"/> We do not engage in collaborative engagements</li> </ul>	
<p><b>Type of engagement</b> Service provider engagements</p>	<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> To support investment decisionmaking in a company relevant ESG issues</li> <li><input checked="" type="checkbox"/> To influence corporate practice or identify the need for additional or enhanced information</li> <li><input checked="" type="checkbox"/> To engage investor ESG expertise</li> <li><input type="checkbox"/> Other: specify</li> <li><input type="checkbox"/> We do not engage in service providers</li> </ul>	<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> To support investment decisionmaking in a company relevant ESG issues</li> <li><input checked="" type="checkbox"/> To influence corporate practice or identify the need for additional or enhanced information</li> <li><input checked="" type="checkbox"/> To engage investor ESG expertise</li> <li><input type="checkbox"/> Other: specify</li> <li><input type="checkbox"/> We do not engage in service providers</li> </ul>	

# RI TRANSPARENCY REPORT

## 2014/15

PM Capital

## About this report

The PRI Reporting Framework is a key step in the journey towards building a common language and industry standard for reporting responsible investment (RI) activities. This RI Transparency Report is one of the key outputs of this Framework. Its primary objective is to enable signatory transparency on RI activities and facilitate dialogue between investors and their clients, beneficiaries and other stakeholders. A copy of this report will be publicly disclosed for all reporting signatories on the [PRI website](#), ensuring accountability of the PRI Initiative and its signatories.

This report is an export of the individual Signatory organisation's response to the PRI during the 2014-15 reporting cycle. It includes their responses to mandatory indicators, as well as responses to voluntary indicators the signatory has agreed to make public. The information is presented exactly as it was reported. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory to select are presented in this report. Presenting the information exactly as reported is a result of signatory feedback which suggested the PRI not summarise the information. As a result, the reports can be extensive. However, to help easily locate information, there is a **Principles index** which highlights where the information can be found and summarises the indicators that signatories complete and disclose.

## Understanding the Principles Index

The Principles Index summarises the response status for the individual indicators and modules and shows how these relate to the six [Principles for Responsible Investment](#). It can be used by stakeholders as an 'at-a-glance' summary of reported information and to identify particular themes or areas of interest.

Indicators can refer to one or more Principles. Some indicators are not specific to any Principle. These are highlighted in the 'General' column. When multiple Principles are covered across numerous indicators, in order to avoid repetition, only the main Principle covered is highlighted.

All indicators within a module are presented below. The status of indicators is shown with the following symbols:

Symbol	Status
✓	The signatory has completed all mandatory parts of this indicator
☑	The signatory has completed some parts of this indicator
🔒	This indicator was not relevant for this signatory
-	The signatory did not complete any part of this indicator
Ⓜ	The signatory has flagged this indicator for internal review

Within the table, indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.

# Principles Index

Organisational Overview				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OO 01	Signatory category and services	✓	Public							✓
OO 02	Headquarters and operational countries	✓	Public							✓
OO 03	Subsidiaries that are separate PRI signatories	✓	Public							✓
OO 04	Reporting year and AUM	✓	Public							✓
OO 05	Breakdown of AUM by asset class	✓	Asset mix disclosed in OO 06							✓
OO 06	How would you like to disclose your asset class mix	✓	Public							✓
OO 07	Segregated mandates or pooled funds	🔒	n/a							✓
OO 08	Breakdown of AUM by market	✓	Private							✓
OO 09	Additional information about organisation	✓	Private							✓
OO 10	RI activities for listed equities	✓	Public							✓
OO 11	RI activities in other asset classes	✓	Public							✓
OO 12	Modules and sections required to complete	✓	Public							✓

Overarching Approach				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
OA 01	RI policy and other guidance documents	✓	Public							✓
OA 02	Publicly available policies / documents	✓	Public							✓
OA 03	Policy components and coverage	✓	Public	✓	✓					
OA 04	Conflicts of interest	✓	Public							✓
OA 05	RI goals and objectives	✓	Public							✓
OA 06	Main goals/objectives this year	🔒	n/a							✓
OA 07	Governance, management structures and RI processes	✓	Private							✓
OA 08	RI roles and responsibilities	✓	Public							✓
OA 09	RI in performance management, reward and/or personal development	✓	Private							✓
OA 10	Collaborative organisations / initiatives	✓	Public				✓	✓		
OA 11	Promoting RI independently	✓	Public				✓			
OA 12	Dialogue with public policy makers or standard setters	✓	Private				✓	✓	✓	
OA 13	ESG issues in strategic asset allocation	✓	Private	✓						
OA 14	Allocation of assets to environmental and social themed areas	✓	Private	✓						
OA 15	ESG issues for internally managed assets not reported in framework	🔒	n/a							✓
OA 16	ESG issues for externally managed assets not reported in framework	🔒	n/a							✓
OA 17	RI/ESG in execution and/or advisory services	🔒	n/a	✓	✓					
OA 18	Innovative features of approach to RI	✓	Private							✓
OA 19	Internal and external review and assurance of responses	✓	Private							✓

Direct - Listed Equity Incorporation				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEI 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Private	✓						
LEI 02	Description of ESG incorporation	✓	Private	✓						
LEI 03	Percentage of each incorporation strategy	✓	Public	✓						
LEI 04	Type of ESG information used in investment decision	🔒	n/a	✓						
LEI 05	Information from engagement and/or voting used in investment decision-making	🔒	n/a	✓						
LEI 06	Types of screening applied	🔒	n/a	✓						
LEI 07	Processes to ensure screening is based on robust analysis	🔒	n/a	✓						
LEI 08	Processes to ensure fund criteria are not breached	🔒	n/a	✓						
LEI 09	Types of sustainability thematic funds/mandates	🔒	n/a	✓						
LEI 10	Description of ESG integration	🔒	n/a	✓						
LEI 11	Review ESG issues while researching companies/sectors	🔒	n/a	✓						
LEI 12	Processes to ensure integration is based on robust analysis	🔒	n/a	✓						
LEI 13	Aspects of analysis ESG information is integrated into	🔒	n/a	✓						
LEI 14	ESG issues in index construction	🔒	n/a	✓						
LEI 15	How ESG incorporation has influenced portfolio composition	🔒	n/a	✓						
LEI 16	Incorporation of ESG issues has improved financial/ESG performance and reduced risk	🔒	n/a	✓						
LEI 17	Examples of ESG issues that affected your investment view / performance	🔒	n/a	✓						
LEI 18	Disclosure of approach to ESG incorporation	✓	Public		✓					✓

Direct - Listed Equity Active Ownership				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
LEA 01	Description of approach to engagement	-	n/a		✓					
LEA 02	Reasoning for interaction on ESG issues	✓	Public	✓	✓	✓				
LEA 03	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 04	Objectives for engagement activities	✓	Public		✓					
LEA 05	Process for identifying and prioritising engagement activities	✓	Public		✓					
LEA 06	Objectives for engagement activities	✓	Public		✓					
LEA 07	Role in engagement process	✓	Public		✓		✓			
LEA 08	Monitor / discuss service provider information	✓	Public		✓				✓	
LEA 09	Share insights from engagements with internal/external managers	✓	Private	✓	✓					
LEA 10	Tracking number of engagements	✓	Public		✓					
LEA 11	Number of companies engaged with, intensity of engagement and effort	🔒	n/a		✓					
LEA 12	Engagements on E, S and/or G issues	✓	Private		✓					
LEA 13	Companies changing practices / behaviour following engagement	✓	Private		✓					
LEA 14	Examples of ESG engagements	-	n/a		✓					
LEA 15	Disclosure of approach to ESG engagements	✓	Public		✓				✓	
LEA 16	Description of approach to (proxy) voting	✓	Private		✓					
LEA 17	Typical approach to (proxy) voting decisions	✓	Public		✓					
LEA 18	Percentage of voting recommendations reviewed	🔒	n/a		✓					
LEA 19	Confirmation of votes	✓	Private		✓					
LEA 20	Securities lending programme	✓	Private		✓					
LEA 21	Informing companies of the rationale of abstaining/voting against management	✓	Public		✓					
LEA 22	Percentage of (proxy) votes cast	✓	Public		✓					
LEA 23	Proportion of ballot items that were for/against/abstentions	✓	Private		✓					
LEA 24	Shareholder resolutions	✓	Private		✓					
LEA 25	Examples of (proxy) voting activities	-	n/a		✓					
LEA 26	Disclosing voting activities	✓	Public		✓				✓	

Direct - Fixed Income				Principle						General
Indicator	Short description	Status	Disclosure	1	2	3	4	5	6	
FI 01	Breakdown by passive, quantitative, fundamental and other active strategies	✓	Private	✓						
FI 02	Breakdown of investments by credit quality	✓	Private							✓
FI 03	Description of ESG incorporation	✓	Private	✓						
FI 04	Percentage of each incorporation strategy	✓	Public	✓						
FI 05	Type of ESG information used in investment decision	🔒	n/a	✓						
FI 06	Types of screening applied	🔒	n/a	✓						
FI 07	Processes to ensure screening is based on robust analysis	🔒	n/a	✓						
FI 08	Processes to ensure fund criteria are not breached	🔒	n/a	✓						
FI 09	Types of sustainability thematic funds/mandates	🔒	n/a	✓						
FI 10	Description of ESG integration	🔒	n/a	✓						
FI 11	Review of ESG issues while researching companies/sectors	🔒	n/a	✓						
FI 12	Processes to ensure integration is based on robust analysis	🔒	n/a	✓						
FI 13	Incorporation of ESG issues into analysis and decision making	🔒	n/a	✓						
FI 14	ESG issues in index construction	🔒	n/a	✓						
FI 15	How ESG incorporation has influenced portfolio composition	🔒	n/a	✓						
FI 16	Incorporation of ESG issues has improved financial/ESG performance and reduced risk	🔒	n/a	✓						
FI 17	Examples of ESG issues that affected your investment view / performance	🔒	n/a	✓						
FI 18	Disclosure of approach to ESG incorporation	✓	Public		✓					✓
FI 19	Engagement with corporate issuers	✓	Private		✓					
FI 20	Engagement with government issuers	🔒	n/a		✓					

# PM Capital

## Reported Information

## Public version

## Organisational Overview

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.



## Basic Information

OO 01	Mandatory	Gateway/Peering	General
-------	-----------	-----------------	---------

OO 01.1 Select the services you offer.

Fund management

% of assets under management (AUM) in ranges

- <10%
- 10-50%
- >50%

Fund of funds, manager of managers, sub-advised products

Other, specify

Execution and advisory services

OO 02	Mandatory	Peering	General
-------	-----------	---------	---------

OO 02.1 Select the location of your organisation's headquarters.

Australia

OO 02.2 Indicate the number of countries in which you have offices (including your headquarters).

- 1
- 2-5
- 6-10
- >10

OO 02.3 Indicate the approximate number of staff in your organisation in full-time equivalents (FTE).

FTE

21

OO 03	Mandatory	Descriptive	General
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OO 03.1 Indicate whether you have subsidiaries within your organisation that are also PRI signatories in their own right.

- Yes
- No

OO 04	Mandatory	Gateway/Peering	General
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**OO 04.1** Indicate the year end date for your reporting year.

30/06/2015

**OO 04.2** Indicate your total AUM at the end of your reporting year, excluding subsidiaries you have chosen not to report on, and advisory/execution only assets.

	trillions	billions	millions	thousands	hundreds
Total AUM		2	000	000	000
Currency	AUD				
Assets in USD		1	858	601	362

**OO 04.5** Indicate the level of detail you would like to provide about your asset class mix.

- Approximate percentage breakdown to the nearest 5% (e.g. 45%)
- Broad ranges breakdown (i.e. <10%; 10-50%; >50%)

**OO 06**

**Mandatory**

**Descriptive**

**General**

**OO 06.1** To contextualise your responses to the public, indicate how you would like to disclose your asset class mix.

- Publish our asset class mix as percentage breakdown
- Publish our asset class mix as broad ranges

	Internally managed (%)	Externally managed (%)
Listed equity	>50%	0
Fixed income – corporate	10-50%	0
Fixed income – government	0	0
Fixed income – other	0	0
Private debt	0	0
Private equity	0	0
Property	0	0
Infrastructure	0	0
Commodities	0	0

Hedge funds	0	0
Forestry	0	0
Farmland	0	0
Inclusive finance	0	0
Cash	0	0
Other (1), specify	0	0
Other (2), specify	0	0

○ Publish our asset class mix as per attached file (the following image formats can be uploaded: .jpg, .jpeg, .png, .bmp and .gif)

### Gateway asset class implementation indicators

OO 10	Mandatory	Gateway	General
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**OO 10.1** Select the responsible investment activities your organisation implemented, directly and/or indirectly, for listed equities in the reporting year.

- We incorporate ESG issues into investment decisions on our internally managed assets
- We engage with companies on ESG issues via our staff, collaborations or service providers
- We cast our (proxy) votes directly or via service providers
- None of the above

OO 11	Mandatory	Gateway	General
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**OO 11.1** Indicate if in the reporting year you incorporated ESG issues into your investment decisions and/or your active ownership practices in the following internally managed asset classes.

- Fixed income – corporate
- None of the above

OO 12	Mandatory	Gateway	General
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**OO 12.1** The modules and sections that you will be required to complete are listed below.

*This list is based on the percentages provided in your AUM breakdown and your responses to the gateway indicators. You are only required to report on asset classes that represent 10% or more of your AUM. You may report voluntarily on any applicable modules or sections by selecting them from the list. Fixed Income and Infrastructure are voluntary.*

### **Core modules**

- Organisational Overview
- Overarching Approach (including assets which do not have a separate module)

### **RI implementation directly or via service providers**

Direct - Listed Equity incorporation

- Listed Equity incorporation

Direct - Listed Equity active ownership

- Engagements
- (Proxy) voting

Direct - Fixed Income

- Fixed Income - Corporate

### **Closing module**

- Closing module

# PM Capital

## Reported Information

## Public version

## Overarching Approach

## PRI disclaimer

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## Responsible investment policy

OA 01	Mandatory	Gateway/Core Assessed	General
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**OA 01.1** Indicate if you have a responsible investment policy.

- Yes  
 No

**OA 01.2** Indicate if you have other guidance documents or more specific policies related to responsible investment.

- Yes  
 No

**OA 01.3** Provide a brief description of the key elements of your responsible investment policy or, if you do not have a policy, of your overall approach to responsible investment. [Optional]

PM CAPITAL defines Responsible Investment (RI) as follows, RI is an investment process that considers the governance, social and environmental consequences of investments, both positive and negative, within the context of rigorous financial analysis.

In our RI we address:

PM CAPITAL'S Philosophy on RI; and

Tools for Engaging Meaningful Action within ESG.

OA 02	Mandatory	Core Assessed	PRI 6
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**OA 02.1** Indicate if your responsible investment policy is publicly available.

- Yes

**OA 02.2** Provide a URL to your responsible investment policy.

URL

[http://www.pmcapital.com.au/assets/document/PM\\_CAPITAL\\_Responsible\\_Investment\\_Policy\\_Feb14.pdf](http://www.pmcapital.com.au/assets/document/PM_CAPITAL_Responsible_Investment_Policy_Feb14.pdf)

- No

OA 03	Mandatory	Core Assessed	PRI 1,2
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**OA 03.1** Indicate the components/types and coverage of your responsible investment policy and guidance documents.

Select all that apply

Policy components/types	Coverage by AUM
<input checked="" type="checkbox"/> Policy setting out your overall approach <input type="checkbox"/> (Proxy) voting policy <input type="checkbox"/> Engagement/active ownership policy <input checked="" type="checkbox"/> Specific guidelines on corporate governance <input type="checkbox"/> Specific guidelines on environmental issues <input type="checkbox"/> Specific guidelines on social issues <input type="checkbox"/> Asset class-specific guidelines <input type="checkbox"/> Screening/exclusion policy <input type="checkbox"/> Other, specify <input type="checkbox"/> Other, specify	<input checked="" type="radio"/> Applicable policies cover all AUM <input type="radio"/> Applicable policies cover a majority of AUM <input type="radio"/> Applicable policies cover a minority of AUM

OA 04	Mandatory	Core Assessed	General
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OA 04.1	Indicate if your organisation has a policy on managing potential conflicts of interest in the investment process.
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Yes

OA 04.2	Describe your policy on managing potential conflicts of interest in the investment process. [Optional]
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#### Conflict of Interest Policy

Author:  
Neal Hornsby  
Date prepared:  
November 2013

- Contents
- Preamble 1
  - 1. Conflict of Interest - Training and awareness 2
  - 2. Reporting Conflicts 2
  - 3. Identifying Conflicts of Interest - Directors & Key Officers 2
  - 4. Managing and Recording - Conflicts of Interest 3
  - 5. Representatives providing advice to clients. 3
  - 6. Managing conflicts at Board or Committee level. 4
  - 7. Conflicts of Interest Register 5

#### Conflicts of Interest Policy

##### 1. Conflict of Interest - Training and awareness

The Company will ensure that all officers, staff and agents including any authorised representatives (collectively described in this document as 'Representatives') are sufficiently trained in identifying and managing conflicts of interest and will also be required to acknowledge their reading of, and understanding of, this Conflicts of Interest Policy on joining the company and at least annually, or sooner if the policy has been altered for any reason, to ensure the Representatives ongoing awareness of the Policy and its requirements.

Representatives will also be required to complete the attached table, listing any potential, actual or apparent conflicts of interest that they may have with an investment, fund manager or other entity associated with or dealing with investments of the Company. If a Representative requires any assistance in this process they should make the request to the Compliance Officer.

##### 2. Reporting Conflicts

Representatives are required to report immediately to the Compliance Officer any situation, real or

perceived, which could be regarded as having a conflict. If a potential conflict has arisen, the Compliance Officer will work with the Representative in order to assess what form the conflict takes and formulate a suitable strategy to handle the conflict, including avoiding it altogether.

### 3. Identifying Conflicts of Interest - Directors & Key Officers

Directors of the licensee having interests in other companies which may give rise to conflicts of interest. A director of the Company must avoid a situation in which they have, or could have, a direct or indirect interest that conflicts or has the potential to conflict or even appear to conflict, with the interests of the Company. This also includes avoiding situations where a directorship gives rise to a conflict with the interests of the Company.

This covers a broad range of situations where:

- the director's interest may be actual or potential, and direct or indirect
- the conflict with the company's interests may be actual or potential.

Examples of conflicts include:

- a director takes and uses an opportunity or information which properly belongs to the company;
- conflicts of duties where, for example, a director sits on two Boards and his duties to the two companies cannot be reconciled;
- non-executive directors with multiple directorships, and executive directors who have outside non-executive positions;
- directors of joint venture companies who are directors or employees of the Company, with interests which may potentially conflict with the JV company;

As with officers and staff, Directors & Key Officers will also be required to complete the attached table, listing all potential, actual or apparent conflicts of interest.

Conflicts of Interest Policy

### 4. Managing and Recording - Conflicts of Interest

Once an assessment has been made of the conflict and it is found to be 'Potential' or 'Apparent' that is, it is not a 'perceived' conflict (which may also require handling), it is a real conflict that requires managing, the following methods of handling the conflict will be applied.

- a) Disclosure - this method discloses the Conflict of Interest to those to whom it may affect. This has two effects on the conflict. The first is that the persons to whom it has been disclosed are able to assess whether they still wish to proceed, and, once having made the decision to proceed, cannot then make a complaint regarding the conflict of interest.
- b) Avoidance this may not always be possible in that it may require not proceeding.
- c) Control - This method places certain protocols in place in order to manage or limit the potential of the conflict.

These methods of handling conflicts and the conflicts themselves are to be documented in the 'Conflicts of Interest Registers'.

The Directors version of this register is to be kept with the Board minutes.

The Compliance Officer, will ensure that both 'Conflicts of Interest Registers' are current at all times.

The following examples are provided to demonstrate possible actions to conflicts:

- a) Declaring a conflict to a client where we act or have previously acted for a competitor or target of that client; (DISCLOSURE)
- b) Declaring relationships of the Company principals and officers and staff where such relationship may produce a conflict in respect of advising that client, in particular, where there is a relationship with a competitor or an acquisition target of the client; (DISCLOSURE)
- c) Confidentiality procedures apply to the Representative of the Company and its subsidiaries in respect of client information, so that if a perceived or real conflict arises, clients can be assured of confidentiality with respect to their information; (CONTROL)
- d) Declining to act for the client (where the conflict could not be managed because of confidentiality or other reasons); (AVOIDANCE)
- e) Where co-branded (in-house) managed funds are offered to investors as an investment option, full disclosure of the terms and fees applicable to the investment must be provided. The cost to the client must be measured against the benefit to the client of using the managed fund compared to other funds. (DISCLOSURE)

### 5. Representatives providing advice to clients.

Each responsible officer/representative/senior analyst of the Company must:

- a) Maintain a personal record of equities held, purchased and sold;
- b) Maintain a record of any other perceived conflict of interest including any 'gifts' (refer to Gifts Policy);
- c) Declare any conflicts of interest and these will be recorded within the Company Conflicts Register and either controlled, disclosed or avoided altogether;
- d) Disclose in each individual Client File / Cover Sheet conflicts of interest and method of disclosure to client including those personal interests.

### 6. Managing conflicts at Board or Committee level.

Where a Director or Officer or a participant in a Board meeting has a conflict the procedure to follow is:



- a) In the first instance the conflict should be disclosed formally in the Minutes of the meeting and recorded in the Board Member Conflicts Register;
- b) The person should excuse themselves physically from the meeting room during any decision making activities or discussions or votes relating to the matter at hand, that is where the conflict is perceived or apparent;
- c) The Minutes should record all of the above; and
- d) The Board Members Conflict Register should record the conflict and the action taken to handle the conflict.

#### 7. Conflicts of Interest Register

Financial Service Activity giving rise to Conflicts/potential conflicts of Interest Conflict of Interest Conflict Potentiality Management Response Avoid, Control, Disclose Control/Disclosure mechanism Accountable Persons Operate a Registered Managed Investments Scheme Running and Maintaining Registry System Possibility of pricing differential to preferred customers Potential Control and disclose Administration and Operations Processes and procedures COO and Operations Manager Running and Maintaining Registry and Administration System Possibility of preferential encashment terms and timing to preferred customers Negated Control Administration and Operations Processes and procedures. System only allows encashment on the day. Disallows back-dating. Operations Manager Identification and calculation of compensation errors Calculation of errors gives rise to the possibility of profiting from own errors Potential Control Accounting and reconciliation processes and procedures. Operations Manager Fees calculation Gives rise to potential profiting from fees Potential Control Administration and Operations Processes and procedures; IMAs; Compliance Plan COO and Operations Manager Performance fee risk Gives rise to potential higher risk taking which may be inconsistent with the risk profile of the fund or mandate. Potential Control Portfolio and mandate monitoring to ensure alignment with mandate and/or PDS. Staff funds are also aligned with client portfolios. Performance fees are disclosed in PDS and IMAs. CIO, Head of Risk and IT and portfolio managers Allocation of investment opportunities. Gives rise to favouring one fund (set of clients) over another, including inhouse assets. Potential Control PM Capital undertakes block trades and allocates based on the Investment Guidelines of each fund and mandate. CIO, CEO and portfolio managers Recovery of costs from scheme Gives rise to potential profiting from cost recovery Potential Control and disclose PDS, Administration and Operations Processes and procedures COO and Operations Manager

Financial Service Activity giving rise to Conflicts/potential conflicts of Interest Conflict of Interest Conflict Potentiality Management Response Avoid, Control, Disclose Control/Disclosure mechanism Accountable Persons Operate a Registered Managed Investments Scheme Product Development Terms of product offering may favour related parties Potential Case by case basis Product Development process includes identification of any conflicts of interest and documents PM Capital's response. CEO Product Development Terms of product offering could conflict with mandates or other client agreements. Potential Disclose PDS due diligence checklist includes reference to conflicts of interest obligations Head of Distribution Research Arrangements Undue influence, including entertainment, exerted over researchers to gain product approvals Potential Control Gifts and Benefits policy. Head of Risk and IT, Head of Distribution and CEO Staff Applications into PMC Funds Preferential treatment, bias both, or lack of duty separation. Potential Control Staff Investments are per PDS terms, Funds are forward priced therefore no arbitrage opportunity. Fee rebate system at end of year to ensure that all unit holders are treated equally. COO Payment of alternative remuneration to Planners / Platforms Soft deals done with 'preferred' clients Actual Control / Disclose PMC Register Head of Distribution Cross trade (transfer) of assets from one PMC Fund to another fund or mandate. Potential for either fund to benefit from the transaction through apportionment of charges to one fund or non-arms-length price used in transaction. Actual Control All cross trades must be completed through a broker as principle in the transaction with the price provided independently of the RE or fund manager. CIO, Head of Operations and portfolio managers.

Financial Service Activity giving rise to Conflicts/potential conflicts of Interest Conflict of Interest Conflict Potentiality Management Response Avoid, Control, Disclose Control/Disclosure mechanism Accountable Persons Deal in a Financial Product Broker arrangements Execution, research, floats, placements, corporate raisings payment for research etc Potential Control/Disclosure Soft dollar policy, Gifts & benefits policy. Soft dollar is disclosed in PDS and IMAs. CIO, CEO and portfolio managers Staff trading Staff trading conflicts with interests of unit holders. Potential Control Staff Trading policy and compliance reviews CEO, CIO Staff trading Staff trading conflicts with interests of unit holders - insider trading or front running. Potential Avoid Staff Trading policy, broker activity reports CEO, CIO Employee gain as a result of the transaction Personal gain influences transaction Insider trading, purchases that are not arms length or disclosed or both etc Potential Avoid, Control Staff Code of Conduct, Staff PA Trading Policy, systems and processes, Gifts and Benefits Policy CIO, CEO and Operations Manager Soft dollar arrangements Receipt of other benefits by Brokers Potential Control/Disclosure Soft dollar policy, Gifts & benefits policy. Soft dollar is disclosed in PDS and IMAs. CIO, CEO and portfolio managers Settlements and Execution - via allocations Softed trades etc Potential Control Portfolio Managers reviews allocations determined by portfolio managers. Allocations are based on either initial bids or market value proportionately. CIO, CEO and portfolio managers Employee gain as a result of a transaction Potential conflict between Head of Risk and IT who is a substantial shareholder in

D-Risk Pty Ltd and is employed by PMC - providing software Potential conflict between D-Risk who provide software development / product to PMC Potential Control / Disclose to Board and Compliance Committee Outsourcing Policy / Tendering process / Employment contract CEO / Board

Financial Service Activity giving rise to Conflicts/potential conflicts of Interest Conflict of Interest Conflict Potentiality Management Response Avoid, Control, Disclose Control/Disclosure mechanism Accountable Persons Outsourcing Audit - HLB Mann Judd as tax advisors & compliance plan auditors and financial auditors. Independence of auditors compromised by duality of role. Potential Control and disclose A separate partner is used for each function COO Lack of discretion with regards to confidential information where contractors or consultants are employed Insider trading Potential Control (1) Ensure confidentiality clauses included in contractor engagement letters; (2) Exercise care in the disclosure of sensitive information to contractors COO Recruitment - permanent staff / external consultancy Related benefits EG. Family, friends. Potential Control and/or disclose Outsourcing Policy / Compliance Plan CEO, Head of Risk and IT Telephone / Internet Access / Market Data subscription Related benefits EG. Family, friends. Potential Control and/or disclose Outsourcing Policy / Compliance Plan CEO, Head of Risk and IT Custodian Services related parties, due diligence etc Potential Control Group Outsourcing Policy, Related Parties Policy, Compliance Plan Head of Risk and COO Management Consulting related parties, due diligence etc Potential Control Group Outsourcing Policy, Related Parties Policy (if applicable), Delegated authorities policy Authorised person Related Party Transactions PMC / MAPP transactions related parties, due diligence etc Potential Avoid, Control Related Parties Policy, Conflicts of Interest Policy, Investment Services oversight of Fund transactions COO, Operations Manager

Financial Service Activity giving rise to Conflicts/potential conflicts of Interest Conflict of Interest Conflict Potentiality Management Response Avoid, Control, Disclose Control/Disclosure mechanism Accountable Persons Director conflicts Third party and internal staff arrangements Conflict based on other roles and functions either internal or external to PM Capital Potential Control and Disclose Conflicts of Interest Policy - reference to Board and Committee meetings protocols for managing conflicts. Board and Compliance committee Director conflicts Board meetings and sensitive Board discussions Directorships or interests in related companies Potential Control & Disclose Non-participation in deliberations and recording in the minutes Board and Compliance committee Staff conflicts Executive Directors and staff remuneration and equity participation is in part based on fees/profitability (which are themselves based on FUM and performance). May encourage investment actions inconsistent with clients' investment objectives eg. additional risks are taken. Potential Control & Disclose Portfolio and mandate monitoring to ensure alignment with mandate and/or PDS. Staff funds are also aligned with client portfolios. Performance fees are disclosed in PDS and IMAs. CIO, Head of Risk and IT and portfolio managers Potential conflict between Head of Risk and IT who is a substantial shareholder in AVALONfs Pty Ltd and is employed by PMC Potential time conflict Potential Control / Disclose to Board and Compliance Committee Employment contract. Time management and AVALONfs employ staff when able. CEO / Board

Financial Service Activity giving rise to Conflicts/potential conflicts of Interest Conflict of Interest Conflict Potentiality Management Response Avoid, Control, Disclose Control/Disclosure mechanism Accountable Persons Director as Compliance Committee Member. Reporting of compliance and operational breaches may be inhibited. Reporting of compliance and operational breaches may be inhibited. Potential Control Head of Risk and IT is separate from the Investment team and has sufficient seniority to ensure that compliance and operational breaches are reported to the compliance committee, Board and ASIC (if necessary). Board and Compliance committee Provide Financial Product Advice - Distribution Rebates or marketing allowances with Dealer Groups marketing allowances paid for personal benefits. Differential pricing or product features, 'cronyism' (favouritism shown to 'mates'). Potential Control Any arrangement to be approved by CEO and reviewed by COO. CEO and COO Rebate deals with Institutional clients Differential pricing applied inconsistently across clients. Note this is a commercial negotiation so some variation is always likely Apparent Control Need to formalise policy and develop a register of sponsorship for clients. CEO Rebate deals with Platform providers Differential pricing applied inconsistently across platforms. Note this is a commercial negotiation so some variation is always likely Apparent Control Currently PMC does not pay rebates. However, should we consider this, the control would be. Head of Distribution in conjunction with CEO to put in place a term sheet for platform rebates to be reviewed annually CEO Joint Ventures Joint Venture Business related parties, due diligence etc Potential Case by case Conflicts of Interest Policy, Related Parties Policy, Staff Code of Conduct CIO, CEO, Head of Risk and as required.

No

## Objectives and strategies

OA 05	Mandatory	Gateway/Core Assessed	General
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OA 05.1	Indicate if your organisation sets objectives for its responsible investment activities.
---------	--

- Yes
- No

OA 05.4	Additional information. [Optional]
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We believe that ESG is simply part of good business practice and we look very closely at the regard a company's management team has for it.

The main areas that we cover within our research process include:

- Environment - sustainability management practices and carbon emission policies
- Social - this depends on the company but will include occupational health and safety standards, and labour practices
- Governance - board structure, operational risk management, and directors and executive remuneration.

In the same way that there will be negative economic consequences for those businesses that cut corners around ESG issues, we also believe that there are positive economic benefits for those businesses that are proactive and progressive when it comes to ESG.

This is why we incorporate ESG issues into the discount rate that we use to value businesses. These must be considered when looking at a company's risk management framework, given the impact they may have to the value of the company over time.

Not having a strong focus on ESG is, in our view, simply bad business, which leads to poor outcomes for investors.

## Governance and human resources

OA 08	Mandatory	Gateway/Core Assessed	General
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OA 08.1	Indicate the roles present in your organisation and for each, indicate whether they have oversight and/or implementation responsibilities for responsible investment.
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## Roles present in your organisation

- Board members or trustees
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Chief Executive Officer (CEO), Chief Investment Officer (CIO), Investment Committee
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Other Chief-level staff or head of department, specify
- Portfolio managers
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Investment analysts
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- Dedicated responsible investment staff
  - Oversight/accountability for responsible investment
  - Implementation of responsible investment
  - No oversight/accountability or implementation responsibility for responsible investment
- External managers or service providers
- Other role, specify
- Other role, specify

## Promoting responsible investment

OA 10

Mandatory

Core Assessed

PRI 4,5

OA 10.1

Select the collaborative organisation and/or initiatives of which your organisation is a member or in which it participated during the reporting year, and the role you played.

### Select all that apply

- Principles for Responsible Investment

Your organisation's role in the initiative during the reporting period (see definitions)

- Basic
- Moderate
- Advanced
- Asian Corporate Governance Association
- Association for Sustainable & Responsible Investment in Asia
- Australian Council of Superannuation Investors
- CDP Climate Change
- CDP Forests
- CDP Water
- CFA Institute Centre for Financial Market Integrity
- Council of Institutional Investors (CII)
- Eumedion
- Extractive Industries Transparency Initiative (EITI)
- Global Investors Governance Network (GIGN)
- Global Real Estate Sustainability Benchmark (GRESB)
- Institutional Investors Group on Climate Change (IIGCC)
- Interfaith Center on Corporate Responsibility (ICCR)
- International Corporate Governance Network (ICGN)
- Investor Group on Climate Change, Australia/New Zealand (IGCC)
- Investor Network on Climate Risk (INCR)/CERES
- Local Authority Pension Fund Forum
- Regional or National Social Investment Forums (e.g. UKSIF, Eurosif, ASRIA, RIAA), specify
- Shareholder Association for Research and Education (Share)
- United Nations Environmental Program Finance Initiative (UNEP FI)
- United Nations Global Compact
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify
- Other collaborative organisation/initiative, specify

OA 11	Mandatory	Core Assessed	PRI 4
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OA 11.1	Indicate if your organisation promotes responsible investment, independently of collaborative initiatives.
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Yes

**OA 11.2**

Indicate which of the following actions your organisation has taken to promote responsible investment, independently of collaborative initiatives.

- Provided or supported education or training programmes for clients, investment managers, broker/dealers, investment consultants, legal advisers or other investment organisations
- Provided financial support for academic or industry research on responsible investment
- Encouraged better transparency and disclosure of responsible investment practices across the investment industry
- Spoke publicly at events and conferences to promote responsible investment
- Wrote and published in-house research papers on responsible investment
- Encouraged the adoption of the PRI
- Other, specify

No

# PM Capital

## Reported Information

### Public version

#### Direct - Listed Equity Incorporation

## PRI disclaimer

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## ESG incorporation in actively managed listed equities


### Implementation processes

LEI 03	Mandatory	Gateway/Core Assessed	PRI 1
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LEI 03.1	Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed listed equities and (2) the breakdown of your actively managed listed equities by strategy or combination of strategies.
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#### ESG incorporation strategy (select all that apply)

- Screening alone (i.e. not combined with any other strategies)
- Thematic alone (i.e. not combined with any other strategies)
- Integration alone (i.e. not combined with any other strategies)
- Screening + Integration strategies
- Thematic + integration strategies
- Screening + thematic strategies
- All three strategies combined
- No incorporation strategies applied

Percentage of active listed equity to which no incorporation strategy is applied - you may (estimate +/- 10%)	 100
---	---

Total actively managed listed equities
--

100%

LEI 03.2	Describe your primary reasons for choosing a particular ESG incorporation strategy.
----------	---

PM CAPITAL incorporate ESG issues through the discount rate we use to value businesses. The rate reflects our assessment of the quality of the business as well as our assessment of the internal culture, management and Board driving it.

PM CAPITAL recognises the implications of environmental, social and governance factors as integral market forces that ultimately represent components of a company's performance and valuation. Intensive research and analysis is a key component of PM CAPITAL's investment process and these factors are components of this analysis. We believe that poor practice across these areas will inevitably result in lower investment returns and poorer outcomes for all stakeholders of offending companies.

### Communication

LEI 18	Mandatory	Core Assessed	PRI 2,6
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**LEI 18.1**

Indicate if your organisation proactively discloses information on your approach to ESG incorporation in listed equity.

- We disclose it publicly

Provide URL

[http://www.pmcapital.com.au/assets/document/PM\\_CAPITAL\\_Responsible\\_Investment\\_Policy\\_Feb14.pdf](http://www.pmcapital.com.au/assets/document/PM_CAPITAL_Responsible_Investment_Policy_Feb14.pdf)

**LEI 18.2**

Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

- Yes

**LEI 18.3**

Indicate the information your organisation proactively discloses to clients/ beneficiaries and the public regarding your approach to ESG incorporation.

- Broad approach to ESG incorporation
- Detailed explanation of ESG incorporation strategy used

**LEI 18.4**

Indicate how frequently you typically report this information.

- Quarterly or more frequently
- Between quarterly and annually
- Less frequently than annually
- Other, specify  
Always publicly available
- No
- We disclose it to clients and/or beneficiaries only
- We do not proactively disclose it to the public and/or clients/beneficiaries

# PM Capital

## Reported Information

### Public version

#### Direct - Listed Equity Active Ownership

## PRI disclaimer

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## Engagement

### Overview

LEA 02

Mandatory

Gateway

PRI 1,2,3

LEA 02.1

Indicate your reasons for interacting with companies on ESG issues and indicate who carries out these interactions.

Type of engagement	Reason for interaction
<b>Individual/Internal staff engagements</b>	<input checked="" type="checkbox"/> To support investment decision-making (e.g. company research) <input type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via internal staff
<b>Collaborative engagements</b>	<input checked="" type="checkbox"/> To support investment decision-making (e.g. company research) <input type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via collaborative engagements
<b>Service provider engagements</b>	<input checked="" type="checkbox"/> To support investment decision-making (e.g. company research) <input type="checkbox"/> To influence corporate practice (or identify the need to influence) on ESG issues <input checked="" type="checkbox"/> To encourage improved ESG disclosure <input type="checkbox"/> Other, specify <input type="checkbox"/> We do not engage via service providers

## Process

### Process for engagements run internally

LEA 03

Mandatory

Core Assessed

PRI 2

LEA 03.1

Indicate whether your organisation has a formal process for identifying and prioritising engagement activities carried out by internal staff.

☉ Yes

**LEA 03.2**

Describe how you identify and prioritise engagements.

No format policy is in place however we will prioritise engagements.

Company Level - Engagement by Portfolio Managers who is in charge of the company analysis.

No

**LEA 03.3**

Additional information. [Optional]

PM CAPITAL has a reputation for encouraging good ESG practices and we regularly engage the management of the companies that we own around the continuous improvement of ESG practices. Failing a suitable outcome, we are happy to approach the boards of listed companies directly, as well as taking our case to the press.

We will generally oppose proposals where we see:

- The election of inappropriate directors, particularly where there is not a majority of independent directors or where there has been excessive turnover of board / senior executives
- Excessive management remuneration arrangements, or a lack of alignment between executive incentive structures and a company's operating performance
- The appointment of auditors who are not independent.
- Agitating for change in this way helps us to unlock the inherent value in a company in order to achieve a better outcome for our investors.

One example involved Austar which, as part of their Employee Share Plan, provided \$43 million in interest-free loans to 13 senior managers and an \$8.2 million interest-free loan to their chief executive.

As a minority shareholder, we were unable to block the employee share plan and so raised our concerns with management. We then voiced our views in the press to ensure that the new Employee Share Plan had more appropriate incentives in place.

**LEA 04****Mandatory****Core Assessed****PRI 2****LEA 04.1**

Indicate if you define specific objectives for your engagement activities.

- Yes
- Yes, for all engagement activities
  - Yes, for the majority of engagement activities
  - Yes, for a minority of engagement activities
- No

**LEA 04.2**

Indicate if you monitor the actions that companies take following your engagements.

- Yes
- Yes, in all cases
  - Yes, in the majority of cases
  - Yes, in the minority of cases

**LEA 04.3**

Describe how you monitor and evaluate the progress of your engagement activities.

We will ensure any engagement has been handled as a part of our continued due diligence.

No

### Process for engagements conducted via collaborations

**LEA 05**

**Mandatory**

**Core Assessed**

**PRI 2**

**LEA 05.1**

Indicate whether your organisation has a formal process for identifying and prioritising collaborative engagements.

Yes

No

**LEA 06**

**Mandatory**

**Core Assessed**

**PRI 2**

**LEA 06.1**

Indicate if the collaborative engagements in which you are involved have defined objectives.

Yes

No

**LEA 06.2**

Indicate if you monitor the actions companies take following your collaborative engagements.

Yes

No

### Process for engagements conducted with/on your behalf by service providers

**LEA 07**

**Mandatory**

**Core Assessed**

**PRI 2,4**

**LEA 07.1**

Indicate if you play a role in the engagement process that your service provider conducts on your behalf.

Yes

No

**LEA 08**

**Mandatory**

**Core Assessed**

**PRI 2,6**

**LEA 08.1**

Indicate whether you monitor and/or discuss the following information provided to you by your service provider

Please select all that apply

- The subject (or ESG issue(s)) of engagement
- The objectives of the engagement
- The rationale for engagement
- The frequency/intensity of interactions with companies
- Progress towards achieving engagement goals
- Outcomes that have been achieved from the engagement
- Next steps for engagement activity
- Other, specify
- None of the above

### General processes for all three groups of engagers

LEA 10	Mandatory	Gateway/Core Assessed	PRI 2
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**LEA 10.1** Indicate if you track the number of engagements your organisation participates in.

Type of engagement	Tracking engagements
<b>Individual / Internal staff engagements</b>	<input type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input checked="" type="radio"/> No, we do not track and cannot estimate our engagements
<b>Collaborative engagements</b>	<input type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input checked="" type="radio"/> No, we do not track and cannot estimate our engagements
<b>Service provider engagements</b>	<input type="radio"/> Yes, we track the number of our engagements in full <input type="radio"/> Yes, we partially track the number of our engagements <input type="radio"/> No, we do not track our engagements but can provide a reasonable estimate of our engagement numbers <input checked="" type="radio"/> No, we do not track and cannot estimate our engagements

### Communication

LEA 15	Mandatory	Core Assessed	PRI 2,6
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<b>LEA 15.1</b>	Indicate whether your organisation proactively discloses information on its engagements.
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- We disclose it publicly
- We disclose it to clients and/or beneficiaries only
- We do not proactively disclose it to the public and/or clients/beneficiaries.

## (Proxy) voting and shareholder resolutions

### Process

<b>LEA 17</b>	<b>Mandatory</b>	<b>Descriptive</b>	<b>PRI 2</b>
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<b>LEA 17.1</b>	Indicate how you typically make your (proxy) voting decisions and what this approach is based on.
-----------------	---

	Approach
--	----------

- We use our own research or voting team and make our own voting decisions without the use of service providers.

	Based primarily on
--	--------------------

- our own voting policy
- our clients requests or policy
- other, explain
- We hire service provider(s) which make voting recommendations or provide research that we use to inform our voting decisions.
- We hire service provider(s) which make voting decisions on our behalf, except for some pre-defined scenarios for which we review and make voting decisions.
- We hire service provider(s) which make voting decisions on our behalf.

<b>LEA 21</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 2</b>
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<b>LEA 21.1</b>	Indicate if you ensure that companies are informed of the rationale when you and/or the service providers acting on your behalf abstain or vote against management recommendations.
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- Yes, in most cases
- Sometimes, in the following cases:
- No
- Not applicable as we and/or our service providers do not abstain or vote against management recommendations

## Outputs and outcomes

<b>LEA 22</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 2</b>
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<b>LEA 22.1</b>	For listed equities where you and/or your service provider has the mandate to issue (proxy) voting instructions, indicate the percentage of votes cast during the reporting year.
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- We do track or collect this information
- We do not track or collect this information

## Communication

<b>LEA 26</b>	<b>Mandatory</b>	<b>Core Assessed</b>	<b>PRI 2,6</b>
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<b>LEA 26.1</b>	Indicate if your organisation proactively discloses information on your voting activities.
-----------------	--

- We disclose it publicly
- We disclose it to clients/beneficiaries only
- We do not proactively disclose our voting activities to the public and/or to clients/beneficiaries



# PM Capital

## Reported Information

### Public version

#### Direct - Fixed Income

## PRI disclaimer

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## ESG incorporation in actively managed fixed income

### Fixed Income - Corporate

#### Implementation processes


FI 04	Mandatory	Gateway/Core Assessed	PRI 1
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FI 04.1

Indicate (1) which ESG incorporation strategy and/or combination of strategies you apply to your actively managed corporate fixed income investments; and, (2) the breakdown of your actively managed corporate fixed income investments by incorporation strategy or combination of strategies.

#### ESG incorporation strategy (select all that apply)

- Screening alone (i.e. not combined with any other strategies)
- Thematic alone (i.e. not combined with any other strategies)
- Integration alone (i.e. not combined with any other strategies)
- Screening + Integration strategies
- Thematic + integration strategies
- Screening + thematic strategies
- All three strategies combined
- No incorporation strategies applied

Percentage of active corporate fixed income to which the strategy is applied (estimate +/- 10%)	 <p>100</p>
---	---

Total actively managed fixed income - corporate

100%

FI 04.2

Describe your primary reasons for choosing a particular incorporation strategy.

PM CAPITAL has a policy of exclusion when we feel that a company or sector can not as a result of its primary business activities be considered to be a Responsible Investment.

The exclusion of a stock or sector has a negligible effect on the size of the investable universe. PM CAPITAL is typically looking to hold 55-65 investment positions in its portfolios at any time within its Fixed Income portfolio. Some examples of sectors that are screened from our investable universe include tobacco manufacturers and weapons manufacturers.

While we exclude certain sectors, we acknowledge that this may in the short term affect investment performance on a relative basis. However, in the long term, we believe that the investment performance of quality business franchises will ultimately prevail and deliver above average shareholder value. Many people believe a negative screening process forces an unacceptable trade-off between ethical criteria and investment returns. For PM CAPITAL, research of sustainability factors within the context of an effective

company risk management framework plays a key role in achieving our primary aim - that is, to maximize long-term returns for investors over a three to five year period.

## Communication

FI 18	Mandatory	Core Assessed	PRI 2,6
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**FI 18.1** Indicate if your organisation proactively discloses information on your approach to ESG incorporation in all fixed income investments.

- We disclose it publicly

Provide URL

[http://www.pmcapital.com.au/assets/document/PM\\_CAPITAL\\_Responsible\\_Investment\\_Policy\\_Feb14.pdf](http://www.pmcapital.com.au/assets/document/PM_CAPITAL_Responsible_Investment_Policy_Feb14.pdf)

**FI 18.2** Indicate if the information disclosed to the public is the same as that disclosed to clients/beneficiaries.

- Yes

**FI 18.3** Indicate the information your organisation proactively discloses to clients/ beneficiaries and the public regarding your approach to ESG incorporation.

- Broad approach to ESG incorporation  
 Detailed explanation of ESG incorporation strategy used

**FI 18.4** Indicate how frequently you typically report this information.

- Quarterly or more frequently  
 Between quarterly and annually  
 Less frequently than annually  
 Other, specify  
Publicly available on our website.
- No
- We disclose it to clients/beneficiaries only  
 We do not proactively disclose it to the public and/or clients/beneficiaries