

Monthly activity report.**August 2013****Product and manager reviews.****Acceptances.****No acceptances.****Declines.****3 declines.****Presentations.****4 presentations.**

An important part of our wealth creation and preservation activities is to review the many opportunities that arise each month on behalf of our clients. These are discovered from a vast and differing array of sources. For our team this creates an opportunity rich environment, but also important to our success in wealth preservation is what our team deliberates on and chooses not to invest in. This month's report is a commentary on our activity.

Providence™**Strategy. Portfolio. Structuring. Investment. Compliance.**

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Section 1: Acceptances.

No acceptances in August.

Providence has made no acceptances for new products over the month of August.

Section 2: Declines to offers.

Centuria IPO – Declined.

We will not be participating in the Centuria IPO for the following reasons. We are a little concerned about the commercial property market in Australia and although there is diversity across the property types within the asset itself, it will generate the majority of its earnings from the commercial segment. We do not believe that it has been priced significantly in favour of IPO investors. We will keep an eye on the investment as we have the upmost respect for the management team.

Regeneus IPO – Declined

Regeneus is involved in the development, production and commercialization of regenerative cells, including stem cells. The business is raising \$10-12m in equity through the issue of 40m shares at \$0.25 and will have a market capitalization of \$45.3m on listing. Despite the global interest in this area of research and development we have declined this offer due to the microcap nature of the stock. Furthermore, we have concern regarding the number of pre-IPO shares that are not escrowed (approximately 50%). We continue to monitor this area of the healthcare industry and will continue to monitor the stock post its listing.

Paladin Placement – Declined.

We do not hold Paladin Energy in our model equity portfolio given the price pressure on Uranium post the Fukushima disaster. Furthermore, the company failed to sell a minority interest in its Langer Heinrich Mine (key operating asset) suggesting they have overcapitalized on the asset.

Section 3: Presentations.

Portfolio Construction Conference.

We attended the annual Portfolio Construction Conference which focused on de-cumulation risks post retirement. Aside from permanent capital loss, the main risks that face portfolios after retirement are inflation, longevity and inappropriate risk profiles. The global financial crisis highlighted how quality of life can be threatened when there is too much focus on maximising the value of portfolios and not enough on client objectives and risk management. We believe the best approach to manage de-cumulation risk is by continual reviews of client objectives; focusing on real returns (after inflation); and ensuring withdrawal rates / pension payments are sustainable through the drawdown phase.

Magellan - Global Fund.

We were invited to attend the Magellan Global Fund presentation hosted by principal Hamish Douglas. Hamish is very positive on the US recovery and believes the risk of a disorderly exit out of quantitative easing is small and highly unlikely. Their 'base case' is that of a steady US recovery, gradual increase in credit, US 10 year bonds rising towards 4.5% - 5.5% (currently 2.8% at the time of writing) and elevated volatility. One risk Hamish outlined was that there may be significant outflows from Emerging Market funds in the event of a Federal Reserve tapering, as funds will flood to US Treasuries at a higher yield. We are pleased to see the Magellan Global Fund significantly outperform their benchmark for the rolling year, returning 40% for the rolling year to Aug-2013 versus 33% benchmark.

PM Capital.

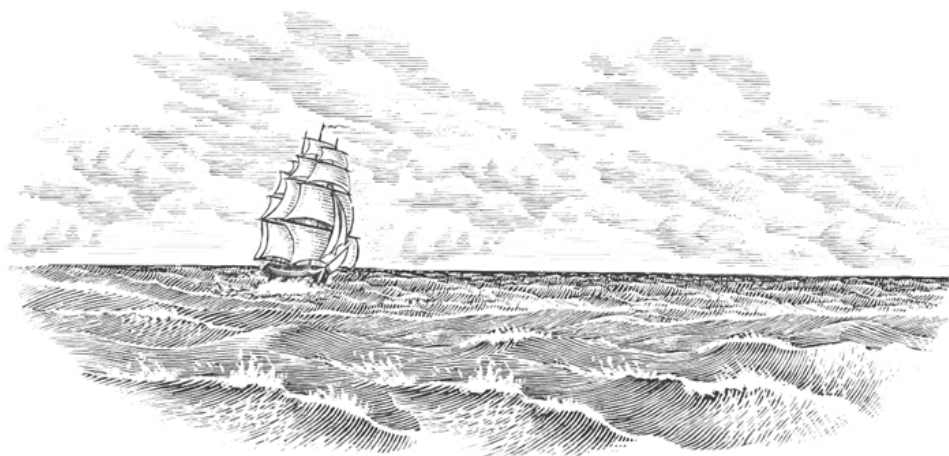
We met with Rob Thompson head of distribution from PM Capital and discussed both their Emerging Asia Fund and their Enhanced Yield Fund. Both funds have performed well against their benchmarks and we will continue to do more due diligence to see if there is a fit with our clients' portfolios.

Financial DNA.

Providence has formally proceeded to utilise Financial DNA as our preferred client risk profiling tool. We believe there a number of benefits for clients, primarily understanding risk tolerance and preferred communication style in the context of portfolio modelling and objective based asset allocation. If you would like to arrange completing a Financial DNA analysis for yourself and/or your partner (takes 15-20 minutes to complete), please feel free to contact us at the office.

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*"I can't change the direction of the wind, but I can adjust my sails
to always reach my destination." - Jimmy Dean*



We wish you. Safe passage.

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