

MONTHLY UPDATE AUGUST 2013



Fund Performance

Tables 1 and 2 show the PVGF performance relative to the S&P/ASX 300 Accumulation Index for the period to 31 August 2013. Table 1 shows the performance on an annual basis and Table 2 shows the cumulative return.

Table 1: Annual Return (Class A Units)*	1 mth	3 mths	1 Yr	3 Yrs (pa)	5 Yrs (pa)	7 Yrs (pa)	10 Yrs (pa)	Since Apr 98 (pa)
Prime Value Growth Fund	3.0%	4.3%	18.7%	8.6%	3.8%	5.8%	12.1%	13.8%
S&P/ASX300 Accumulation Index	2.5%	5.3%	23.6%	9.8%	4.5%	4.4%	9.4%	8.3%
Relative Performance To Benchmark	0.5%	-1.0%	-4.9%	-1.2%	-0.7%	1.4%	2.7%	5.5%
Approximate Annual Return (after Performance Fees)#			18.7%	8.6%	3.8%	5.5%	11.5%	12.7%

Table 2: Cumulative Return (Class A units)*	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs	Since April 98
Prime Value Growth Fund	18.7%	28.2%	20.6%	48.1%	213.3%	634.1%
S&P/ASX300 Accumulation Index	23.6%	32.5%	24.4%	35.4%	146.0%	241.1%
Relative Performance To Benchmark	-4.9%	-4.3%	-3.8%	12.7%	67.3%	393.0%
Approximate Cumulative Return (after Performance Fees) #	18.7%	28.2%	20.6%	45.5%	199.5%	553.5%

* Performance figures have been calculated in accordance with FSC Standard No 6.0, Product Performance – “Calculation of Returns” and FSC Standard No 10 – “Presentation of Past Performance Information”. The returns are calculated after management fees but before performance fees which are charged against individual accounts. The returns exclude the benefits of imputation credits. No allowance has been made for taxation. Performance assumes the reinvestment of income distributions. Past performance is not necessarily an indicator of future performance.

Post-performance fee returns are an APPROXIMATION only, as performance fees are charged each year on June 30 (or on withdrawal), based on the performance of each investment. Performance fees are only payable where the return of the Fund exceeds the performance of the benchmark and the net return is positive.

Manager's Commentary

The Australian equity market stood out as one of the few positive markets during August, with the benchmark S&P/ASX 300 Accumulation index rising by 2.5%. Global influences were generally negative, as focus remained on the timing and magnitude of the “tapering” of US Federal Reserve’s bond buying program. The news itself was generally upbeat. European economic data was better than expected, with a positive GDP number and a strong improvement in the PMI (Purchasing Managers Index). Chinese economic data also surprised on the upside and comments from the Bank of Japan Governor were upbeat about the impact policy measures were having on the economy. US data was mixed, with GDP strong but employment data disappointing. Commodity prices were generally stronger, with oil, gold iron ore and most base metals rising due to economic data and increasing tension in Syria. The other key international influence was the sell-off in currencies, bonds and equity markets in emerging markets as “tapering” is expected to result in reduced liquidity and support in these markets.

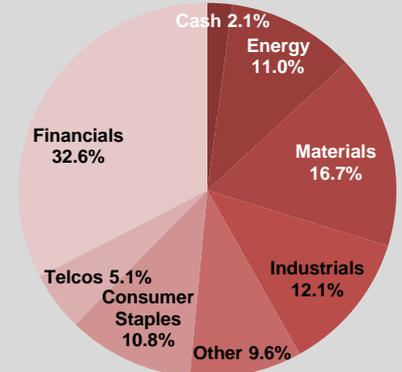
Domestically, the focus was on the reporting season, where results were largely in line or marginally above expectations. The key “themes” were slow growth in headline revenue, increased focus on cost cutting and margins, and higher payout ratios. There were also some positive outlook statements in the consumer, housing and mining services sectors. Economic data disappointed however and the RBA cut interest rates by 0.25% to 2.5%.

The Fund rose by 3.0% during August, outperforming the index. Sector selection was a positive contributor, as the fund was overweight in Energy and Industrial stocks (which performed well) and underweight in Financials and REITs (which underperformed). This was partly offset by an underweight position in Consumer Discretionary.

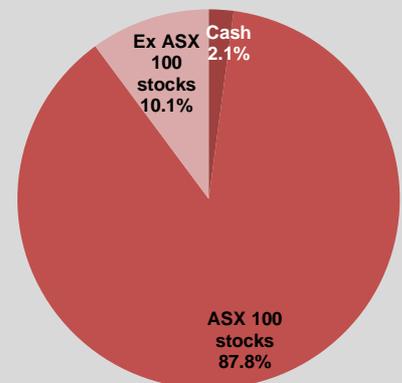
Stock selection also contributed positively to performance. The biggest positive contributors were our holdings in REA Group (up 10.3%), Monadelphous (up 12.8%) and BHP Billiton (up 3.2%). The positions which detracted from performance were Brambles (down 3.1%), AnaeCo Ltd (down 22.2%) and Amcor (down 1.5% following the announcement of its intention to demerge its Australasian and Packaging Distribution businesses).

One of the more interesting developments in our view has been the results reporting season. There are often interpretations and miss-interpretations of companies’ results. Throw in an element of short covering and we find that share price reactions have at times been at odds with our view of the new information coming into the market. All this makes the reporting period volatile from a share price perspective. We deal with this environment by assessing how companies are managing for corporate profitability and the longer term. This is important as we assess what’s ahead: market distortions created by central banks, a slowing resources economy and a global economy which is still quite soft albeit showing signs of improvements. Companies with well defined strategies to sustain profits and profitability will be well supported.

Holdings by Sectors



Holdings by Market Cap



Top Five Holdings

BHP Billiton	Materials
CBA	Financials
NAB	Financials
Telstra	Telcos
Wesfarmers	Consumer Staples

The portfolio is generally comprised of 20 - 40 stocks.

Key Fund Details

Investment Objectives

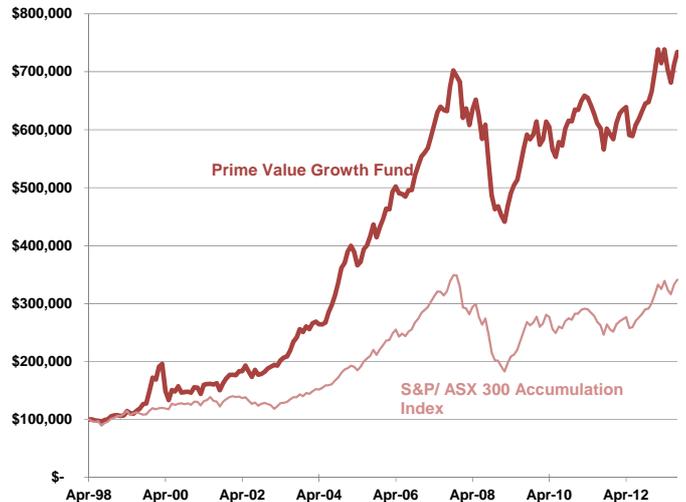
The Growth Fund aims to provide superior medium to long-term capital growth, with some income, by managing a portfolio of predominantly Australian equities listed on any recognised Australian stock exchange.

Investor Profile

The Prime Value Growth Fund is appropriate for an investor seeking medium to long-term capital growth, who is prepared to accept some fluctuations in short-term returns. This type of investment is appropriate as a significant part of a properly diversified investment portfolio for individuals, companies, trusts and superannuation funds.

Historical Performance (Class A Units)

Value of \$100,000 Invested Since Inception (10 Apr 1998 – 31 Aug 2013)



This graph shows how a notional \$100,000 invested at the Fund's Inception (10 April 1998) has increased to \$734,100 (net of fees excluding performance fees) as at 31 August 2013. After performance fees, the amount would be approximately \$653,500. This compares very favourably with the return of the market, where a \$100,000 investment would have increased to \$341,100 over the same period. The returns exclude the benefits of imputation credits.

Launch Date: 10 April 1998	Direct Investment (Class A)		Indirect Investment via IDPS or IDPS-Like Schemes (Class B)	
APIR Code	PVA0001AU (PVGf)		PVA0011AU (PVGf)	
Indirect Cost Ratio (ICR)	1.435% p.a. ¹		1.23% p.a. ^{1,2}	
Performance Fee	20.5% p.a. ¹ of performance (net of management fees and administration costs) above the agreed benchmark, subject to positive performance		20.5% p.a. ¹ of performance (net of management fees and administration costs) above the agreed benchmark, subject to positive performance	
Benchmark	S&P / ASX 300 Accumulation Index		S&P / ASX 300 Accumulation Index	
Minimum Initial Investment	\$20,000		N/A	
Minimum Additional Investment	\$2,000		N/A	
Contribution Fee	Nil ³		N/A	
Withdrawal Fee	Nil		N/A	
Income Distributions	Half-yearly		Half-yearly	
Research Rating	Lonsec Zenith Morningstar	Investment Grade Approved ★★★★★	Lonsec Zenith Morningstar	Investment Grade Approved ★★★★★
Unit Prices @ 31 August 2013	Issue Price:	\$3.0540	Issue Price:	\$3.0314
	Withdrawal Price:	\$3.0308	Withdrawal Price:	\$3.0084

¹ Unless otherwise stated, all fees quoted are inclusive of GST and the relevant RITC.

² Fees for indirect investments do not include the fees charged by the IDPS operator. The fund is available in the following platforms: Asgard, Ausmaq, Beacon, BT Wrap, First Wrap, IOOF Global One, Macquarie Wrap, netwealth, Portfolio Advantage, Premium Choice, Symetry, Wealthtrac.

³ Up to 3% may be charged where a Direct Investor is introduced by an adviser to the Fund, as mutually agreed between the investor & adviser.

Prime Value Asset Management Ltd

Level 9, 34 Queen St,
Melbourne VIC 3000

Tel: +61 3 9098 8088

Fax: +61 3 9098 8099

Website: www.primevalue.com.au

The information contained in this Fact Sheet is general in nature and has no regard to the specific investment objectives, financial or particular needs of any specific recipient. It is not intended to constitute investment advice or a personal securities recommendation. This document is not a Product Disclosure Statement (PDS) or an offer of units, and contains a brief overview of the investment only. Any prospective investor wishing to make an investment in the Prime Value Growth Fund must obtain and read the PDS dated 28 March 2013 (particularly the risk factors discussed) and complete an application form. Neither Prime Value Asset Management Limited nor its associates or directors, nor any other person, guarantees the success of the Prime Value Growth Fund, the repayment of capital or any particular rate of capital or income return, or makes any representation in relation to the personal taxation consequences of any investor's investment.