

# PRIME VALUE GROWTH FUND

## MONTHLY UPDATE MAY 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 May 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	-4.7%	-4.7%	19.1%	7.5%	1.6%	5.3%	13.0%	13.7%
S&P/ASX300 Accumulation Index	-4.5%	-2.7%	25.6%	8.2%	1.6%	4.2%	9.7%	8.1%
<b>Relative Performance To Benchmark</b>	<b>-0.2%</b>	<b>-2.0%</b>	<b>-6.5%</b>	<b>-0.7%</b>	<b>0.0%</b>	<b>1.1%</b>	<b>3.3%</b>	<b>5.6%</b>
Approximate Annual Return (after Performance Fees)#			19.1%	7.5%	1.6%	5.1%	12.3%	12.6%

Table 2: Cumulative Return (Class A units)*	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs	Since April 98
Prime Value Growth Fund	19.1%	24.3%	8.0%	43.5%	240.2%	603.6%
S&P/ASX300 Accumulation Index	25.6%	26.5%	8.2%	33.2%	151.5%	223.8%
<b>Relative Performance To Benchmark</b>	<b>-6.5%</b>	<b>-2.2%</b>	<b>-0.2%</b>	<b>10.3%</b>	<b>88.7%</b>	<b>379.8%</b>
Approximate Cumulative Return (after Performance Fees) #	19.1%	24.3%	8.0%	41.4%	222.0%	525.7%

\* 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 bucked the general global trend during May, with the benchmark S&P/ASX 300 Accumulation index falling by 4.5% despite rises in most markets. The key global focus was a surprise comment by US FED chairman that existing quantitative easing measures may be tapered if there was a real and sustainable improvement in labour market conditions. Most markets fell as a result and the US dollar rallied, with a later recovery on generally positive economic data, particularly consumer confidence and house prices. Manufacturing remains subdued. Chinese growth concerns continued as President Xi Jinping raised environmental protection as a priority at the expense of growth, while manufacturing data also disappointed. The ECB cut interest rates although data showed some stabilisation. Commodity prices were weaker, particularly iron ore and gold.

Domestically, the RBA cut interest rates. This, combined with the potential reduction in US asset purchases, led to the AUD falling almost 8%. Economic data remains mixed. Consumer and business confidence and retail sales data disappointed, while employments and housing data were positive. The other notable theme was the plethora of earnings downgrades or disappointing guidance, including cuts from AGL, Boart Longyear, Boral, Coca-Cola Amatil, Fleetwood, Transfield, UGL, Virgin Australia, Wesfarmers and WorleyParsons.

High-yield names (banks and telcos) and Consumer Staples were sold, while IT, Energy and Resources outperformed.

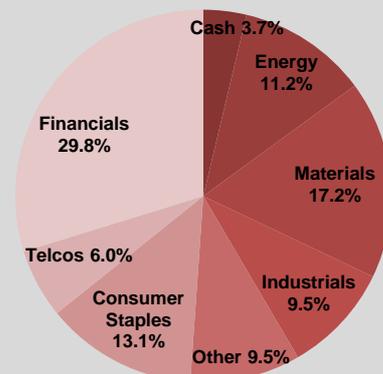
The Fund fell by 4.7% during May. The sectoral tilt contributed positively to

performance, particularly the underweight position in Financials and the overweight position in Energy. The cash holding, although modest, also provided some protection in a generally weak market. This was partially offset by an overweight position in Consumer Staples.

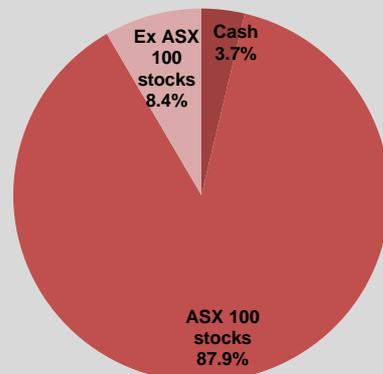
At a stock level, the position which contributed the most to performance were BHP Billiton (up 6.7%), Oilsearch (up 11.3%) and Computershare (up 12.7%). The companies which detracted from performance were generally the banks, namely Westpac (down 15.6%), National Australia Bank (down 14.7%) and ANZ (down 13.5%), due to a general reversal in the yield chasing theme.

The Australian equity market has lagged its global peers in the rally which started late last year, yet has sold off more during this month's pull-back. This is despite Australia's relative attraction in terms of valuation multiples, yield, economic performance and geographic proximity to the higher growing regions. We continue to expect the fortunes of the Australian market to be determined by the actions of global policy makers and the fortunes of global economies in the short to medium term. However we remain comforted by the attractive longer term fundamentals. We believe we have constructed a portfolio which will perform well in the current uncertainty, combining solid names in the resource sector which can generate good earnings over the commodity cycle along with stocks with strong balance sheets which have the capacity and opportunity to put these balance sheets to work.

### Holdings by Sectors



### Holdings by Market Cap



### Top Five Holdings

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

The portfolio is generally comprised of 20 - 40 stocks.

## Key Fund Details

### Investment Objectives

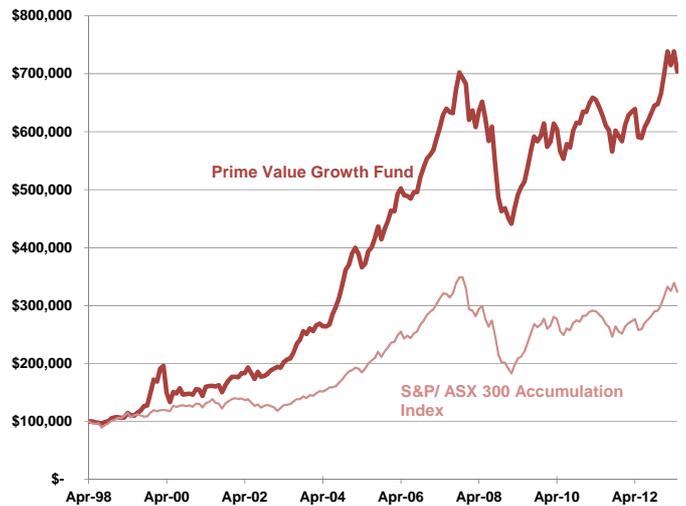
The Growth Fund aims to provide superior medium to long-term capital growth, with some income, by managing a portfolio of predominantly Australian equities listed on any recognised Australian stock exchange.

### 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 May 2013)



This graph shows how a notional \$100,000 invested at the Fund's Inception (10 April 1998) has increased to \$703,600 (net of fees excluding performance fees) as at 31 May 2013. After performance fees, the amount would be approximately \$625,700. This compares very favourably with the return of the market, where a \$100,000 investment would have increased to \$323,800 over the same period. The returns exclude the benefits of imputation credits.

Launch Date: 10 April 1998 Size of Fund: \$193.1m	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. <sup>1</sup>		1.23% p.a. <sup>1,2</sup>	
Performance Fee	20.5% p.a. <sup>1</sup> of performance (net of management fees and administration costs) above the agreed benchmark, subject to positive performance		20.5% p.a. <sup>1</sup> 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 <sup>3</sup>		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 May 2013	Issue Price:	\$2.9744	Issue Price:	\$2.9525
	Withdrawal Price:	\$2.9518	Withdrawal Price:	\$2.9301

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

<sup>2</sup> 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.

<sup>3</sup> 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](http://www.primevalue.com.au)

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