

# PRIME VALUE GROWTH FUND

## MONTHLY UPDATE OCTOBER 2012



**PrimeValue**<sup>®</sup>  
Building Wealth Together

### Fund Performance

Tables 1 and 2 show the PVGF performance relative to the S&P/ASX 300 Accumulation Index for the period to 31 October 2012.

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	2.1%	6.1%	7.2%	3.4%	-1.7%	6.5%	13.7%	13.6%
S&P/ASX300 Accumulation Index	2.9%	7.4%	9.9%	3.4%	-3.6%	4.6%	8.6%	7.6%
<b>Relative Performance To Benchmark</b>	<b>-0.8%</b>	<b>-1.3%</b>	<b>-2.7%</b>	<b>0.0%</b>	<b>1.9%</b>	<b>1.9%</b>	<b>5.1%</b>	<b>6.0%</b>
Approximate Annual Return (after Performance Fees)#			7.2%	3.4%	-1.7%	6.1%	12.7%	12.4%

Table 2: Cumulative Return (Class A units)*	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs	Since April 98
Prime Value Growth Fund	7.2%	10.6%	-8.2%	55.6%	261.2%	545.0%
S&P/ASX300 Accumulation Index	9.9%	10.5%	-16.8%	37.1%	128.2%	190.1%
<b>Relative Performance To Benchmark</b>	<b>-2.7%</b>	<b>0.1%</b>	<b>8.6%</b>	<b>18.5%</b>	<b>133.0%</b>	<b>354.9%</b>
Approximate Cumulative Return (after Performance Fees) #	7.2%	10.6%	-8.2%	51.8%	233.9%	472.3%

\* 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

Despite a negative lead from offshore, the Australian equity market rose further during October, with the benchmark S&P/ASX 300 Accumulation index rising 2.9% during the month. Weak 3Q earnings were negative for the US market and were compounded by Hurricane Sandy which closed markets for 2 days. However, US economic data releases were positive, including GDP, retail sales, employment, consumer sentiment and purchasing managers' indices. Chinese data was also positive and many suggested that the economy had stabilised and a soft landing had been achieved. European markets were stronger on falling risks, despite generally weaker data, with the exception of the UK which emerged from recession. Commodities were generally weaker, particularly base metals; however iron ore continued its recovery above USD120/tonne.

Domestically, the RBA reduced interest rates by 0.25% and the economic data was generally positive. AGM season commenced with some reduced guidance, Graincorp received a takeover offer and the Billabong offer was withdrawn.

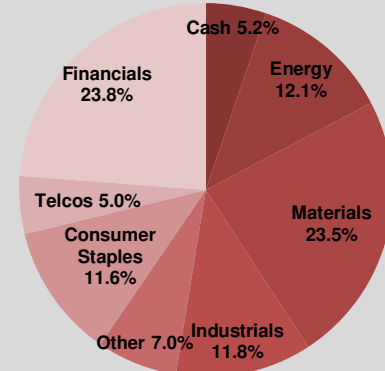
The defensive sectors continued to outperform, with Telcos and REITs (Real Estate Investment Trusts) the best performers. Banks and Materials lagged slightly, while the weaker sectors were IT and Energy.

The Fund achieved a return of 2.1% during October. Sector allocation detracted from performance as the Fund was overweight Energy and underweight Financials, particularly REITs. This was partially offset by an overweight position in Industrials, which outperformed. The cash holding, while very modest, also detracted from performance in a rising market.

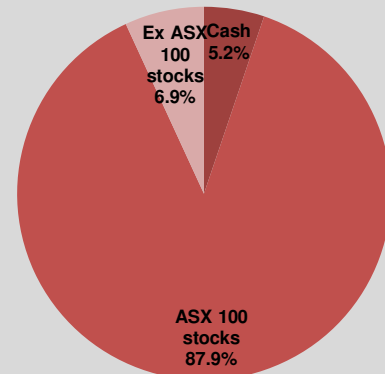
At a stock level, the companies which contributed positively to performance included, BHP Billiton (up 3.7%), Monadelphous (up 7.1%) and Telstra (up 5.6%). The stocks which detracted from performance were WorleyParsons (down 12.8%), Newcrest Mining (down 9.3%).

Financial markets have rallied since July on the view that the global economic and geopolitical outlook will not worsen, or if it does, that central banks stand ready to backstop economies and markets. A period of consolidation is therefore possible in coming months. Longer term, however, the global search for yield remains. The Australian market is attractive, particularly relative to cash, due to low government debt, solid economic growth, and an expected recovery in earnings. We continue to believe that the balance of risk will favour equity investors over the medium to long term and our strategy remains largely unchanged.

### Holdings by Sectors



### Holdings by Market Cap



### Top Five Holdings

ANZ	Financials
BHP Billiton	Materials
Telstra	Telecommunications
Wesfarmers	Consumer Staples
Westpac	Financials

The portfolio is generally comprised of 30 - 50 stocks.

## Key Fund Details

### Investment Objectives

The PVGF 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 PVGF 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 Oct 2012)



This graph shows how a notional \$100,000 invested at the Fund's Inception (10 April 1998) has increased to \$645,000 (net of fees excluding performance fees) as at 31 October 2012. After performance fees, the amount would be approximately \$572,300. This compares very favourably with the return of the market, where a \$100,000 investment would have increased to \$290,100 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)	
Size of Fund: \$206.3m				
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	\$5,000		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 October 2012	Issue Price:	\$2.7728	Issue Price:	\$2.7506
	Withdrawal Price:	\$2.7518	Withdrawal Price:	\$2.7298

<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.

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