

# MONTHLY UPDATE AUGUST 2013



## Fund Performance

Table 1 shows the PVIF performance relative to the S&P/ASX 300 Accumulation Index for the period to 31 August 2013.

Table 2 shows the distribution by financial year.

	1 mth	3 mths	1 Yr	3 Yrs (pa)	5 Yrs (pa)	7 Yrs (pa)	10 Yrs (pa)	Since Dec 01 (pa)
Prime Value Imputation Fund	1.5%	3.2%	16.9%	7.2%	2.1%	2.3%	8.6%	12.6%
S&P/ASX300 Accumulation Index	2.5%	5.3%	23.6%	9.8%	4.5%	4.4%	9.4%	8.2%
<b>Relative Performance To Benchmark</b>	<b>-1.0%</b>	<b>-2.1%</b>	<b>-6.7%</b>	<b>-2.6%</b>	<b>-2.4%</b>	<b>-2.1%</b>	<b>-0.8%</b>	<b>4.4%</b>
Approximate Annual Return (after Performance Fees)#			16.9%	7.2%	2.1%	2.3%	8.6%	11.7%

	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Income Distribution	5.3%	5.2%	3.0%	4.2%	5.1%	4.1%
Grossed-up Distribution (for Imputation credits)	6.8%	7.6%	4.7%	6.4%	7.6%	6.2%

\* 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 Jun 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.

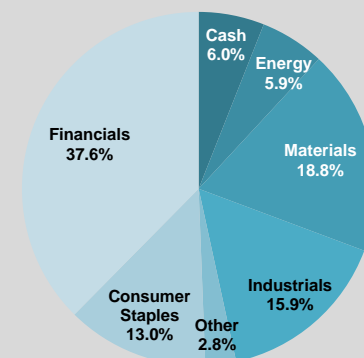
Domestically, the focus was on the reporting season, where results were largely in line or marginally above expectations. The key "themes" were slow growth in headline revenue, increased focus on cost cutting and margins, and higher payout ratios. There were also some positive outlook statements in the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

The Fund achieved a return of 1.5% for the month. Sector allocation was mildly positive, as the Fund was overweight in Industrials and Materials and underweight Financials and REITs. This was partly offset by an underweight position in Consumer Discretionary stocks, which performed well.

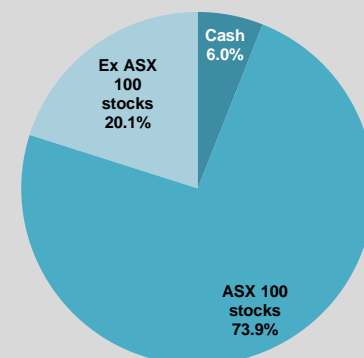
At a stock level, the holdings which contributed positively to performance were Monadelphous (up 12.8% on improved sentiment to mining services companies in general), National Australia Bank (up 3.9%), and Santos (up 9.1%). The holdings which detracted from performance included Crowe Horwath (down 24.8%), Amcor (down 1.5% following the announcement of its intention to demerge its Australasian and Packaging Distribution businesses) and Australand Property Group (down 2.0%).

The strong return of 8% over the last 2 months has mainly come from the "beaten up" mining sector and cyclical names as yield curve normalised. We have made some minor adjustments to the portfolio during the reporting season, as most companies met expectation and were non-committal in their outlook statements. In this environment, we continue to focus on individual stock investment merits with an emphasis on sustainability of dividends. The portfolio continues to include companies underpinned by a competitive position, those with global growth opportunities and those with stable domestic income.

## Holdings by Sectors



## Holdings by Market Cap



## Top Five Holdings

ANZ	Financials
BHP	Materials
Amcor	Materials
National Australia Bank	Financials
Wesfarmers	Consumer Staples

The portfolio is generally comprised of 20 - 40 stocks.

## Key Fund Details

### Investment Objectives

The Imputation Fund aims to provide regular tax-effective income, combined with competitive capital growth over the medium to long-term, by managing a portfolio of assets comprised mainly of Australian equities listed on any recognised Australian stock exchange.

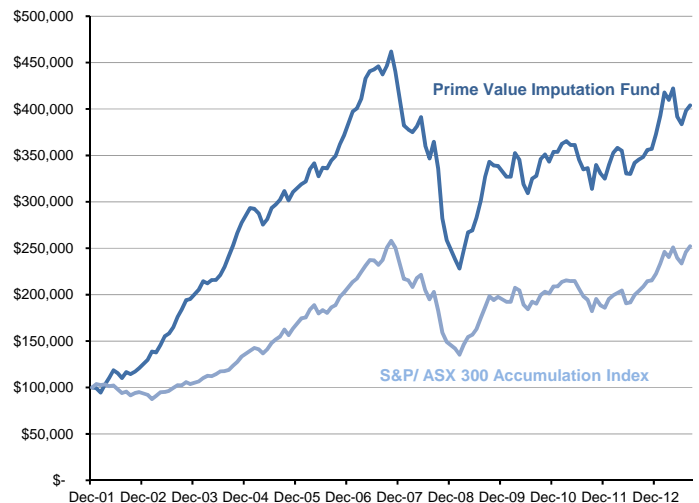
Due to the tax benefits under the current dividend imputation regime, the PVIF will typically have a core position of Australian equities with an attractive level of franked dividends.

### Investor Profile

The PVIF is appropriate for an investor seeking regular tax effective income that includes imputation credits, combined with competitive capital growth over the medium to long term. Investors should be 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 (20 Dec 2001 – 31 Aug 2013)



This graph shows how a notional \$100,000 invested at the Fund's Inception (20 December 2001) has increased to \$404,000 (net of fees excluding performance fees) as at 31 August 2013. After performance fees, the amount would be approximately \$372,900. This compares very favourably with the return of the market, where a \$100,000 investment would have increased to \$252,300 over the same period. The returns exclude the benefits of imputation credits.

Launch Date: 20 December 2001 <sup>1</sup>	Direct Investment (Class A)		Indirect Investment via IDPS or IDPS-Like Schemes (Class B)	
APIR Code	PVA0002AU (PVIF)		PVA0022AU (PVIF)	
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	Quarterly		Quarterly	
Research Rating	Lonsec Morningstar	Investment Grade ★★ ★	Lonsec Morningstar	Investment Grade ★★ ★ ★
Unit Prices @ 31 August 2013	Issue Price:	\$2.2234	Issue Price:	\$2.2224
	Withdrawal Price:	\$2.2066	Withdrawal Price:	\$2.2056

<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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