

### Fund Performance

Table 1 shows the PVIF performance relative to the S&P/ASX 300 Accumulation Index for the period to 31 January 2014.

Table 2 shows the distribution by financial year.

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 Dec 01 (pa)
Prime Value Imputation Fund	-3.5%	-3.3%	6.6%	5.3%	12.0%	0.8%	7.4%	12.5%
S&P/ASX300 Accumulation Index	-3.0%	-3.5%	10.6%	7.3%	12.8%	2.8%	9.3%	8.1%
<b>Relative Performance To Benchmark</b>	<b>-0.5%</b>	<b>0.2%</b>	<b>-4.0%</b>	<b>-2.0%</b>	<b>-0.8%</b>	<b>-2.0%</b>	<b>-1.9%</b>	<b>4.4%</b>
Approximate Annual Return (after Performance Fees)#			6.6%	5.3%	12.0%	0.8%	7.4%	11.6%

Table 2: Distribution (Class A units)*	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14 (Half Yr)
Income Distribution	5.2%	3.0%	4.2%	5.1%	4.1%	2.0%
Grossed-up Distribution (for Imputation credits)	7.6%	4.7%	6.4%	7.6%	6.2%	3.4%

\* 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

January saw global equity markets post their biggest falls since August with the MSCI Global Equities index falling 3.8%.

A key influence on markets was the US Federal Reserve's decision to gradually taper its quantitative easing (QE) program, reducing the level of monetary stimulus by US\$10bn to US\$65bn per month. Volatility across equity and currency markets increased as concerns about the impact of QE tapering on emerging markets intensified.

US economic data was mixed. This was due to weak employment data, durable goods orders, manufacturing data and new home sales which may have been affected by bad weather conditions. However retail sales and housing starts were both strong.

The Australian equity market outperformed its global peers in local currency terms, but underperformed in US dollar terms due to the depreciation in the Aussie dollar, which fell to its lowest levels since July 2010.

Domestically, building approvals and retail sales were stronger than expected, but consumer confidence was weak. The key negative was employment. Another concern was a large spike in inflation to 0.8% for the quarter which gave an annual increase of 2.7% for 2013. Expectations for future interest rate cuts have fallen. Most economists now believe rates will stay at 2.5% for the remainder of 2014.

Defensive utility and healthcare sectors outperformed and REITs bounced back after months of underperformance. Consumer discretionary and Financials were the worst performing sectors.

The Fund fell 3.5% during the month. Stronger performing REITs and Industrials contributed to the performance. This was offset by underweight defensive healthcare and utilities sectors which performed well.

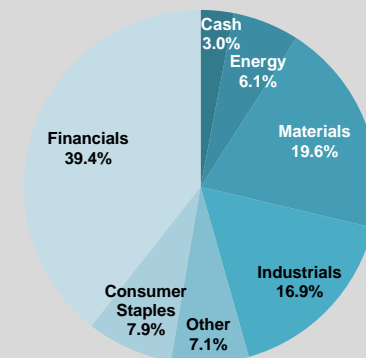
Stocks that contributed to the performance include Amcor (up 1.5%), Incitec Pivot (up 6.7%) and Newcrest, which rose 23.7% on a recovering gold price, strong production figures and increasing production guidance to the top end for FY14. The overall decline of major banks also impacted the fund performance with ANZ down 6.5% and NAB down 4.5%. Programmed Maintenance (down 12.0%) also detracted after months of strong performance.

After a strong December half year, the market turned negative for best part of January. The treasury market had been rallying which is in direct contrast to consensus thinking of QE ending.

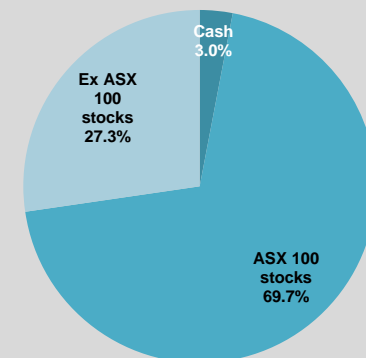
In the coming month, the market will focus on company result reporting, seek out management outlook comments and extrapolate future earnings potential. Earnings need to be delivered to commensurate the PE multiple expansion over the last two years. From a capital management perspective, selective resources companies look interesting. Reduced capex, cost out focus and minimal new projects are likely to generate strong free cashflows over the coming periods.

In this time of heightened uncertainty (QE on or off?) coupled with half yearly company reporting season, we prefer to stay with “quality” names with sustainable dividend yield, reasonable valuation and some growth potential.

### Holdings by Sectors



### Holdings by Market Cap



### Top Five Holdings

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

The portfolio is generally comprised of 25 - 45 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.

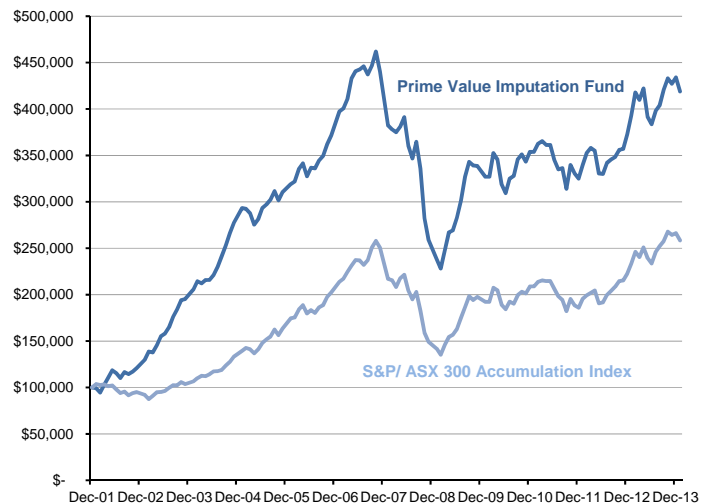
Due to the tax benefits under the current dividend imputation regime, the PVIF will typically have a core position of Australian equities with an attractive level of franked dividends.

### 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 Jan 2014)



This graph shows how a notional \$100,000 invested at the Fund's Inception (20 December 2001) has increased to \$418,900 (net of fees excluding performance fees) as at 31 January 2014. After performance fees, the amount would be approximately \$386,000. This compares very favourably with the return of the market, where a \$100,000 investment would have increased to \$258,500 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	Investment Grade	Lonsec	Investment Grade
Unit Prices @ 31 January 2014	Issue Price:	\$2.2602	Issue Price:	\$2.2597
	Withdrawal Price:	\$2.2430	Withdrawal Price:	\$2.2425

<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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