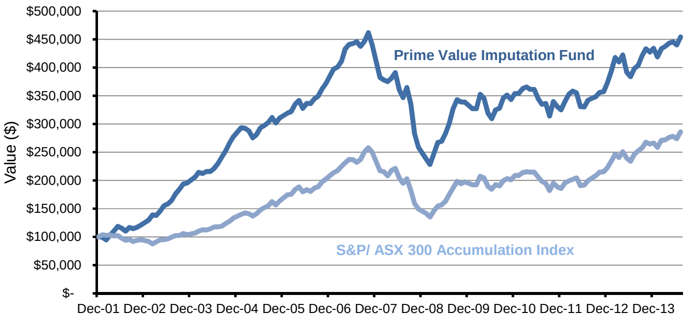
MONTHLY UPDATE
JULY 2014

Prime Value Imputation Fund

Fund Performance

Annual Return (Class A Units)*	1 mth	3 mths	1 Yr	3 Yrs (pa)	5 Yrs (pa)	10 Yrs (pa)	Since Dec 01 (pa)
Growth Return	3.3%	1.4%	9.5%	5.9%	4.2%	2.1%	7.1%
Distribution Return		1.1%	4.6%	4.8%	4.4%	4.9%	5.6%
Total Return	3.3%	2.5%	14.1%	10.7%	8.6%	7.0%	12.7%
Distribution Return including franking credits**		**1.4%**	**6.8%**	**7.2%**	**6.6%**	**6.9%**	**7.7%**
Total Return including franking credits**	**3.3%**	**2.8%**	**16.3%**	**13.1%**	**10.8%**	**9.0%**	**14.8%**
S&P/ASX300 Accumulation Index	4.4%	3.6%	16.3%	13.0%	10.3%	9.3%	8.7%

Value of $100,000 invested since inception (20 Dec 2001 – 31 Jul 2014)



This graph shows how $100,000 invested at the Fund's Inception has increased to $454,400 (net of fees excluding performance fees). This compares very favourably with the return of the market, where a $100,000 investment would have increased to $286,100 over the same period. The returns exclude the benefits of imputation credits.

Manager's Commentary

The rally in US equities over previous months came to a halt at the end of July. The S&P500 closed down 1.5% as earnings disappointed and Argentina defaulted on its bond payments. Additionally, tensions increased between US and Western Europe and Russia prompting further sanctions. This was in sharp contrast to strong returns in emerging equity markets, especially Hong Kong and Shanghai returning 6.8% and 7.5%, respectively. Stronger than expected manufacturing data from China and higher GDP growth of 7.5% yoy caused strong market returns.

As expected, the US Federal Reserve continued tapering its quantitative easing (QE) by another US$10bn as a sign of confidence that the economy is gaining strength. GDP for 2Q rose at a better-than-expected 3.9% yoy and manufacturing and labour data continued to show positive trends.

Oil and gold fell despite a rising geopolitical tensions, but base metals and iron ore rose.

Domestically, housing data continued to be strong and business conditions increased to its highest level since January. However, manufacturing was weaker and unemployment rose to 6.0%. As widely expected, the RBA left interest rates unchanged.

The Australian equity market rose 4.4% in July. Materials and REITs were the best performing sectors while Utilities and Healthcare underperformed.

The Fund returned 3.3% during the month. Sectoral allocation contributed to performance as the fund was overweight REITs and Materials. Cash holding, albeit small, detracted from the performance.

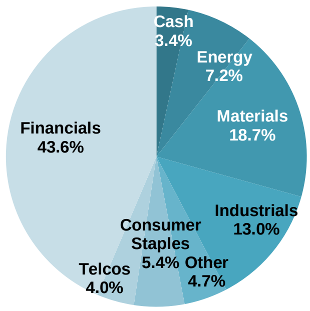
At a stock level, BHP (up 7.7%), NAB (up 7.8%) and Wesfarmers (up 5.2%) contributed to the performance. Detractors were Ardent Leisure (down 4.8%), Ingenia Communities (down 2.0%) and Macquarie Group (down 1.9%).

We commented on the Woodside (WPL) selective buyback last month. The EGM verdict is out now: the resolution was not carried. Shell will remain as a 13% shareholder with a clear "sell" sign. We understand that WPL has a franking credit balance of some $3billion and we look forward to some equitable capital management in the future.

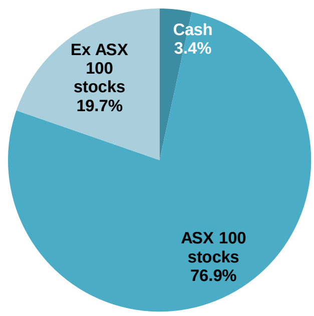
The search for value is getting harder whilst ASX is trading at approx. 14X going into the reporting season. A number of companies preannounced results with profit warnings. At risk are companies trading on high multiples and not meeting high expectations. "Cost out" initiatives, lower interest expense should help the cost line – is it enough to maintain margin? We expect management comments to remain sombre.

Another wildcard would be the geo-politics. Ukraine / Russia and the Middle East situation remain fragile and can impact sentiments & investment markets.

Holdings by Sectors



Holdings by Market Cap



Top Five Holdings

Amcor	Materials
ANZ	Financials
BHP	Materials
NAB	Financials
Wesfarmers	Consumer Staples

The portfolio is generally comprised of 25 - 45 stocks.

* Performance figures have been calculated in accordance with the Financial Services Council (FSC) standards. The returns are calculated after management fees but before performance fees which are charged against individual accounts. The returns exclude the benefits of franking 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.

** Returns grossed up for franking credits are estimates.

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 Prime Value Imputation Fund will typically have a core position of Australian equities with an attractive level of franked dividends.

With its focus being the payment of high and tax-effective income, the Fund has made an average distribution return including franking credits of 7.7% pa since inception.

Investor Profile

The Prime Value Imputation Fund 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, superannuation funds and not for profit organisations.

This Fund is particularly suitable for investors with zero and low marginal tax rates. These include investors in the superannuation system, both accumulation and pension phase, and charities. The portfolio's tax implications are considered when managing this Fund, however they are not the primary driver of investment returns.

Launch Date: 20 December 2001	Direct Investment (Class A)		Indirect Investment via IDPS or IDPS-Like Schemes (Class B)	
APIR Code	PVA0002AU (PVIF)		PVA0022AU (PVIF)	
Income Distributions	Quarterly		Quarterly	
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	
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	
Contribution Fee	Nil[3]		N/A	
Withdrawal Fee	Nil		N/A	
Research Rating	Lonsec	Investment Grade	Lonsec	Investment Grade
Unit Prices @ 30 Jul 2014	Issue Price: Withdrawal Price:	$2.3938 $2.3756	Issue Price: Withdrawal Price:	$2.3930 $2.3748

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, 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.

For more information

PrimeValue®
Building Wealth Together

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