

# MONTHLY UPDATE JUNE 2013



## Fund Performance

Table 1 shows the PVIF performance relative to the S&P/ASX 300 Accumulation Index for the period to 30 June 2013.

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	-2.0%	-6.4%	16.3%	7.4%	1.3%	1.9%	9.3%	12.3%
S&P/ASX300 Accumulation Index	-2.4%	-2.8%	21.9%	8.3%	2.7%	3.5%	9.3%	7.6%
<b>Relative Performance To Benchmark</b>	<b>0.4%</b>	<b>-3.6%</b>	<b>-5.6%</b>	<b>-0.9%</b>	<b>-1.4%</b>	<b>-1.6%</b>	<b>0.0%</b>	<b>4.7%</b>
Approximate Annual Return (after Performance Fees)#			16.3%	7.4%	1.3%	1.9%	9.3%	11.3%

Table 2: Distribution (Class A units)*	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 finished the financial year on a negative note, with the benchmark S&P/ASX 300 Accumulation index falling a further 2.4% in June. The two key influences were fears that US monetary stimulus would cease and increased negative sentiment about China. The US Federal Reserve Chairman spooked markets by stating that if economic conditions continued to improve, there may be a "tapering" of quantitative easing measures as soon as later this year. In addition to disappointing economic data in China, a sharp increase in interbank interest rates raised concerns about Chinese bank stability and was interpreted as an attempt to improve credit quality by the People's Bank of China. US data was mixed but employment and housing were strong, and European data was weak but improved. Commodities (gold and base metals) fell heavily - oil and iron ore were the exceptions.

Domestically, the RBA left interest rates unchanged and Kevin Rudd replaced Julia Gillard as Prime Minister with less than 3 months to a federal election. Economic data was mixed. Consumer confidence and retail sales increased (although sales were below expectations), employment was better than expected but GDP disappointed, falling to 2.5% yoy. Earnings downgrades continued, particularly in commodity based sectors.

In a reversal of last month's sector performance, high-yield names (banks and telcos) and Consumer Staples bounced back while the Materials and Energy sectors underperformed.

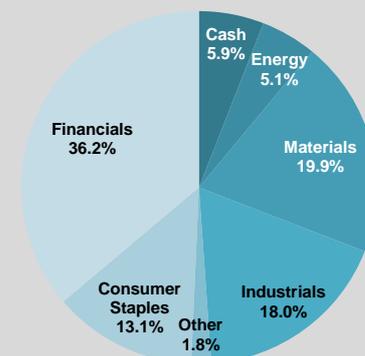
The Fund fell by 2.0% during June, outperforming the benchmark. Sectoral allocation was positive, as the Fund was underweight Materials and overweight Consumer Staples. The cash holding, although modest, provided some protection in a generally weak market. Underweight positions in the defensive Healthcare and IT sectors detracted from performance.

Stock selection also contributed positively to performance. The major contributors were ANZ (up 3.8%), National Australia Bank (up 2.3%) and Amcor (up 2.2%). Monadelphous also performed well (up 1.7%). The positions which detracted from performance were IOOF Holdings (down 11.5%), Orica (down 8.0%) and Newcrest Mining (down 32.0%).

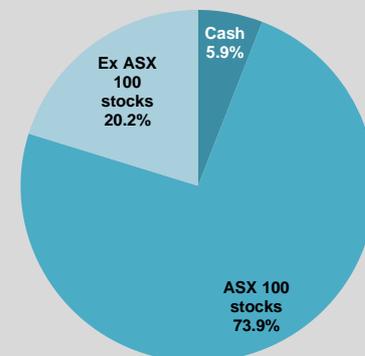
Despite the weakness over May and June, the financial year return of the Fund was 16.3%. This lagged the benchmark of 21.9% mainly due to our under-weighting in Financial stocks and some of our holdings in mining services stocks. Over the last 10 years, the Fund has provided an average grossed up distribution return of 7.5% consistent with the Fund's objectives.

The divergent outlook of the main economic regions and Bernanke's "read my lips" over the next 12 months mean high market volatility is to be expected. Individual stock investment thesis continues to be our focus. Australia remains relatively attractive in terms of valuation multiples, yield, economic performance and geographic proximity to the higher growing regions. Our portfolio aims to provide "above market" income return in the form of tax-effective dividends plus risk-adjusted returns.

## Holdings by Sectors



## Holdings by Market Cap



## Top Five Holdings

ANZ	Financials
Monadelphous	Industrials
National Australia Bank	Financials
Orica	Materials
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.

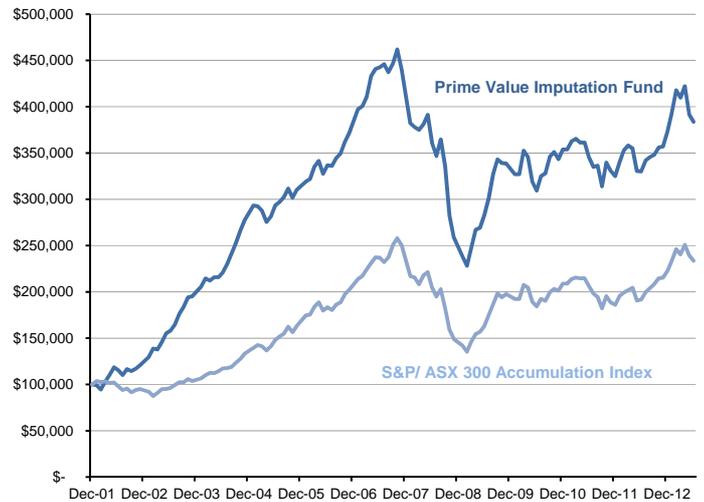
Due to the tax benefits under the current dividend imputation regime, the PVIF will typically have a core position of Australian equities with an attractive level of franked dividends.

### 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 – 30 Jun 2013)



This graph shows how a notional \$100,000 invested at the Fund's inception (20 December 2001) has increased to \$383,700 (net of fees excluding performance fees) as at 30 June 2013. After performance fees, the amount would be approximately \$353,000. This compares very favourably with the return of the market, where a \$100,000 investment would have increased to \$233,700 over the same period. The returns exclude the benefits of imputation credits.

**Launch Date: 20 December 2001<sup>1</sup>**

**Size of Fund: \$39.2m**

### 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 ★★★	Lonsec Morningstar ★★★★
Unit Prices @ 30 Jun 2013	Issue Price: \$2.1789 Withdrawal Price: \$2.1625 Distribution (June Qtr): \$0.0235	Issue Price: \$2.1775 Withdrawal Price: \$2.1611 Distribution (June Qtr): \$0.0243

<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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