

# PRIME VALUE IMPUTATION FUND

## MONTHLY UPDATE MAY 2013



### Fund Performance

Table 1 shows the PVIF performance relative to the S&P/ASX 300 Accumulation Index for the period to 31 May 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	-7.3%	-6.3%	18.4%	7.1%	0.0%	2.6%	9.7%	12.6%
S&P/ASX300 Accumulation Index	-4.5%	-2.7%	25.6%	8.2%	1.6%	4.2%	9.7%	7.9%
<b>Relative Performance To Benchmark</b>	<b>-2.8%</b>	<b>-3.6%</b>	<b>-7.2%</b>	<b>-1.1%</b>	<b>-1.6%</b>	<b>-1.6%</b>	<b>0.0%</b>	<b>4.7%</b>
Approximate Annual Return (after Performance Fees)#			18.4%	7.1%	0.0%	2.6%	9.7%	11.6%

Table 2: Distribution (Class A units)*	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13 (Mar Qtr)
Income Distribution	5.3%	5.2%	3.0%	4.2%	5.1%	3.0%
Grossed-up Distribution (for Imputation credits)	6.8%	7.6%	4.7%	6.4%	7.6%	4.8%

\* 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

The Australian equity market bucked the general global trend during May, with the benchmark S&P/ASX 300 Accumulation index falling by 4.5% despite rises in most markets. The key global focus was a surprise comment by US FED chairman that existing quantitative easing measures may be tapered if there was a real and sustainable improvement in labour market conditions. Most markets fell as a result and the US dollar rallied, with a later recovery on generally positive economic data, particularly consumer confidence and house prices. Manufacturing remains subdued. Chinese growth concerns continued as President Xi Jinping raised environmental protection as a priority at the expense of growth, while manufacturing data also disappointed. The ECB cut interest rates although data showed some stabilisation. Commodity prices were weaker, particularly iron ore and gold.

Domestically, the RBA cut interest rates. This, combined with the potential reduction in US asset purchases, led to the AUD falling almost 8%. Economic data remains mixed. Consumer and business confidence and retail sales data disappointed, while employments and housing data were positive. The other notable theme was the plethora of earnings downgrades or disappointing guidance, including cuts from AGL, Boart Longyear, Boral, Coca-Cola Amatil, Fleetwood, Transfield, UGL, Virgin Australia, Wesfarmers and WorleyParsons.

High-yield names (banks and telcos) and Consumer Staples were sold, while IT, Energy and Resources outperformed.

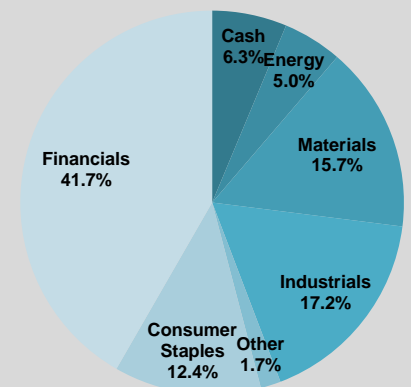
The Fund fell by 7.3% during the month. Sectoral allocation detracted from

performance as the was overweight Consumer Staples and underweight both Healthcare and Materials. This was partially offset by the modest cash position, which protected the portfolio in weak market conditions.

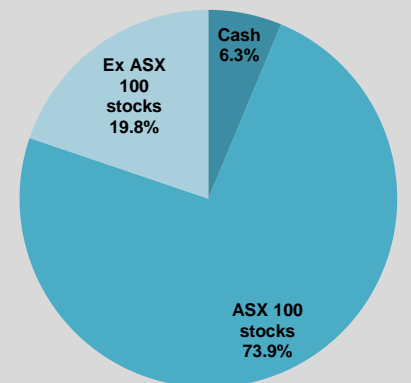
At a stock level, the companies which contributed the most positively to performance were Bluescope Steel (up 6.5%), BHP Billiton (up 6.7%) and Santos (up 5.9%). The positions which detracted from performance were Monadelphous (down 24.2%) as well as the major banks, which fell as the chase for yield subsided. These included Westpac (down 15.6%), National Australia Bank (down 14.7%) and ANZ (down 13.5%).

The Australian equity market has lagged its global peers in the rally which started late last year, yet has sold off more during this month's pull-back. This is despite Australia's relative attraction in terms of valuation multiples, yield, economic performance and geographic proximity to the higher growing regions. We continue to expect the fortunes of the Australian market to be determined by the actions of global policy makers and the fortunes of global economies in the short to medium term. However we remain comforted by the attractive longer term fundamentals. We believe we have constructed a portfolio which will perform well in the current uncertainty, including stocks with strong balance sheets which have the capacity and opportunity to put these balance sheets to work. The global search for yield will benefit this Fund with its focus on companies paying high, sustainable and tax-effective dividends.

### Holdings by Sectors



### Holdings by Market Cap



### Top Five Holdings

Monadelphous	Industrials
National Australia Bank	Financials
Orica	Materials
Wesfarmers	Consumer Staples
Westpac	Financials

The portfolio is generally comprised of 20 - 40 stocks.

## Key Fund Details

### Investment Objectives

The Imputation Fund aims to provide 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.

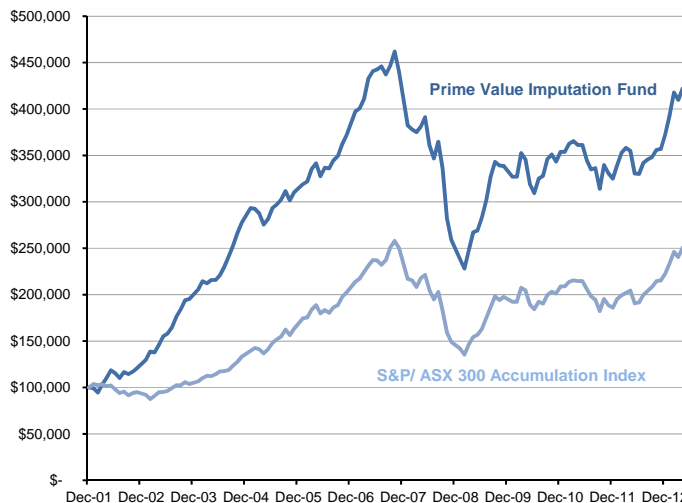
Due to the tax benefits under the current dividend imputation regime, the PVIF will typically have a core position of Australian equities with an attractive level of franked dividends.

### 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 May 2013)



This graph shows how a notional \$100,000 invested at the Fund's Inception (20 December 2001) has increased to \$391,600 (net of fees excluding performance fees) as at 31 May 2013. After performance fees, the amount would be approximately \$360,400. This compares very favourably with the return of the market, where a \$100,000 investment would have increased to \$239,500 over the same period. The returns exclude the benefits of imputation credits.

Launch Date: 20 December 2001 <sup>1</sup> Size of Fund: \$41.7m	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 May 2013	Issue Price:	\$2.1789	Issue Price:	\$2.1775
	Withdrawal Price:	\$2.1625	Withdrawal Price:	\$2.1611

<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.

### Prime Value Asset Management Ltd

Level 9, 34 Queen St,  
Melbourne VIC 3000

Tel: +61 3 9098 8088

Fax: +61 3 9098 8099

Website: [www.primevalue.com.au](http://www.primevalue.com.au)

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