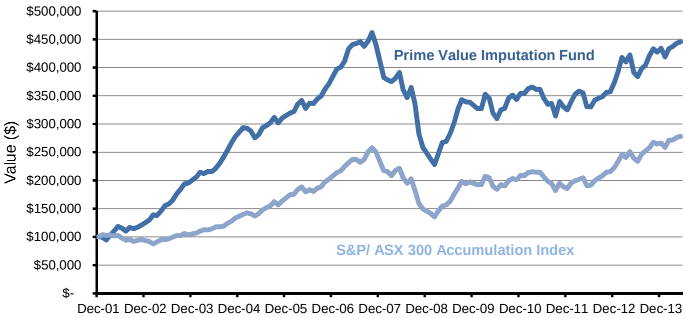
MONTHLY UPDATE
MAY 2014

Fund Performance

Annual Return (Class A Units)*	1 mth	3 mths	Financial YTD	1 Yr	3 Yrs (pa)	5 Yrs (pa)	10 Yrs (pa)	Since Dec 01 (pa)
Growth Return	0.6%	1.7%	12.7%	9.2%	2.9%	6.0%	2.2%	7.1%
Distribution Return		1.1%	3.4%	4.6%	5.1%	4.6%	5.4%	5.6%
Total Return	0.6%	2.8%	16.1%	13.8%	8.0%	10.6%	7.6%	12.7%
Distribution Return including franking credits**		**1.3%**	**5.3%**	**6.8%**	**7.7%**	**7.1%**	**7.4%**	**7.6%**
Total Return including franking credits**	**0.6%**	**3.0%**	**18.0%**	**16.0%**	**10.6%**	**13.1%**	**9.6%**	**14.8%**
S&P/ASX300 Accumulation Index	0.6%	2.6%	19.0%	16.1%	9.7%	12.1%	9.3%	8.5%

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



This graph shows how $100,000 invested at the Fund's Inception has increased to $445,600 (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 $278,100 over the same period. The returns exclude the benefits of imputation credits.

Manager's Commentary

The S&P500 index reached new record highs during the month and closed up 2.1% in line with other major global equity markets.

The US economy showed continuing signs of improvement with better than expected economic data from manufacturing, housing and employment.

Global bond yields fell to their lowest levels in almost a year due to speculation of additional monetary easing by the ECB. Volatility across markets has been remarkably low.

Domestically, the RBA left the cash rate unchanged, but lowered its inflation forecast reflecting on some "headwinds" for the economy. The Australian dollar was resilient. Business confidence and employment rose stronger than expected.

The Australian market increased 0.6%, with the pick-up in M&A activity being a key feature. Energy was the best performing sector; Materials and discretionary retail were the worst performing sectors on negative consumer outlook post-Federal budget.

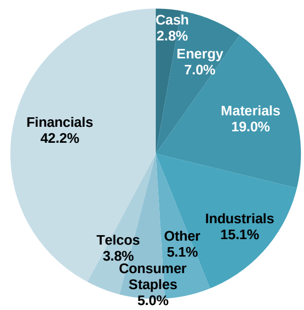
The fund returned 0.6% for the month. On sectoral allocation basis positive contribution from Industrials was offset by Materials and REITs sectors, which underperformed.

Stocks that contributed to the performance include Amalgamated Holdings (up 9.0%) and Commonwealth Bank (up 3.4%), which showed good credit growth, cost control and low bad debts in its 3Q14 result. Qube (up 5.0%) has been granted an exclusivity period to negotiate terms for the development of an Intermodal Terminal on the strategic Moorebank site. The detractors include Orica (down 10.1%) which reported a disappointing 1H result.

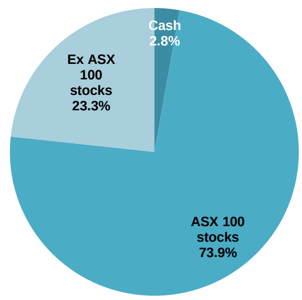
Woodside Petroleum (WPL) held an investor briefing during the month. One main focus was on capital management. WPL had been a high dividend paying name (yielding some 5+% fully franked) since they started their high payout dividend policy. This raised questions such as , how sustainable the yield is going forward, and whether this is at the expense of funding for future growth. Whilst the two options are not mutually exclusive, they do go to the heart of resource allocation for any company. Given the current low interest rate environment and their near-term plans, WPL is confident that their strong cashflow can support consistent dividend in future years. There might even be room for special dividend in the absence of M&A activities. The if/when of another sell-down by its major investor- Royal Dutch Shell- cannot be predicted, and any resultant indigestion is likely to be short-term. We continue to hold WPL in our portfolio.

In this liquidity driven market, valuation is becoming less attractive. Consumer reaction to the May budget had been severe and wage growth remains anaemic. Companies continue to pull the "cost-out" lever and we hear more "strategic reviews" to be carried out. We prefer to err on the side of caution and continue to seek out companies with defensible yield and some growth potential.

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 7.6% 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 @ 31 May 2014	Issue Price: Withdrawal Price:	$2.3797 $2.3617	Issue Price: Withdrawal Price:	$2.3798 $2.3618

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, Portfolio Advantage, 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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