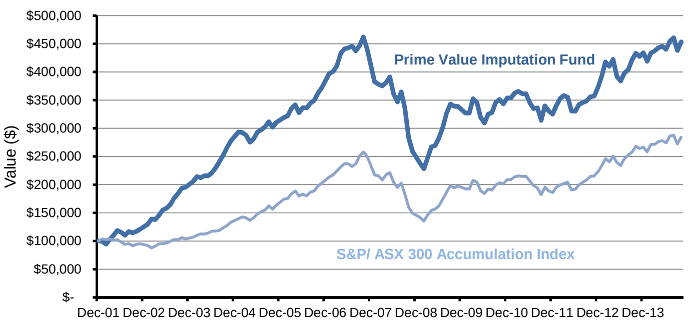
MONTHLY UPDATE
OCTOBER 2014

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	3.6%	-1.1%	0.6%	5.0%	1.5%	0.5%	6.9%
Distribution Return		0.9%	4.1%	5.1%	4.5%	5.0%	5.5%
Total Return	3.6%	-0.2%	4.7%	10.1%	6.0%	5.5%	12.4%
Distribution Return including franking credits**		**1.5%**	**6.0%**	**7.7%**	**6.8%**	**7.0%**	**7.6%**
Total Return including franking credits**	**3.6%**	**0.4%**	**6.6%**	**12.7%**	**8.3%**	**7.5%**	**14.5%**
S&P/ASX300 Accumulation Index	4.3%	-0.7%	6.1%	13.3%	7.9%	8.3%	8.4%

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



This graph shows how $100,000 invested at the Fund's Inception has increased to $453,500 (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 $284,200 over the same period. The returns exclude the benefits of imputation credits.

Manager's Commentary

The Australian equity market rebounded strongly in October (up 4.4%), outperforming global equity markets (up 0.7%) despite weak performance from the resource sectors. Yield names were back in favour with the banks, REITs and telcos driving the local market higher. While iron ore prices stabilised, oil continued its sharp decline to below US$80 a barrel and the gold price reached its lowest level in four years coinciding with the end of the Fed's quantitative easing program. The primary focus of the domestic market during the month was company AGM updates and the bank reporting season.

Global equity markets ended on a positive note after a volatile inter-month. Investors were anxious about European / Chinese economic growth, Ebola, ISIS etc. US Federal Reserve announced the official end to its quantitative easing program but reiterated that it would keep interest rates low for a "considerable time". The biggest surprise for the month was the decision by the Bank of Japan to expand its stimulus program. This development, alongside a tempering in geopolitical concerns, contributed to the end-of -month equities rally.

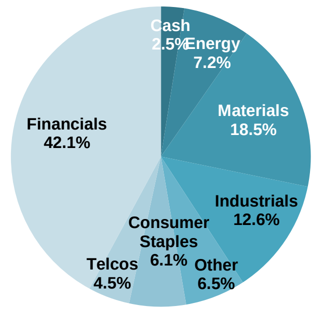
The Fund rose 3.6% in October. Fund's exposure to energy and resources were detracting performance. At the stock level, the major contributors were holdings in Crowe Horwath (up 23.7% due to a takeover offer) and Goodman Group (up 7.1%). Major stock detractors were Programmed Maintenance (down 6.5%) and Santos (down 5.6%).

The bank reporting season in October has showed the ability of the banks to deliver solid returns in a benign environment. Earnings growth came primarily from high loan growth and very low bad and doubtful debt (BDD) provisions. Going forward, one key question remains is how long BDD charge can remain low? Can operating cost or loan demand growth improve to offset eventual rising BDD? While declining BDD may continue for a bit longer, short term focus for the sector would be on capital requirements with the final Financial Services Inquiry report imminent. The strong returns of the banks over the last 2 years were partly driven by valuation expansion (higher PE) and the demand for yield. Any normalisation of US monetary policy is likely to impact foreign investors' appetite for Australian banks. We need to watch earnings and yields as the key return drivers.

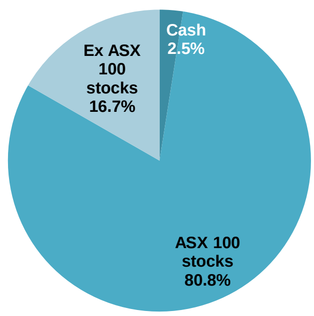
Capital market again took advantage of the strong market in October with $6 billion raised. The trend is to continue into November—largest known being Medibank Private ($4-5 billion). IPO pipeline remains strong.

We continue to seek out stocks with sustainable dividend yield (with franking when possible) and potential capital growth. The forecast portfolio yield is around 4.8% excluding imputation credits.

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 @ 31 Oct 2014	Issue Price: Withdrawal Price:	$2.3744 $2.3564	Issue Price: Withdrawal Price:	$2.3739 $2.3559

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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