

# Prime Value Growth Fund

## Fund Update - July 2015



- The Fund had a strong start to the financial year, up 4.7% for the month.
- Global events, particularly in Greece and China, dictated share market performance again. These events exerted a positive influence on the market, a reversal of events from the previous month.
- Asciano, a recent addition to the Fund, received a conditional takeover bid from Brookfields.

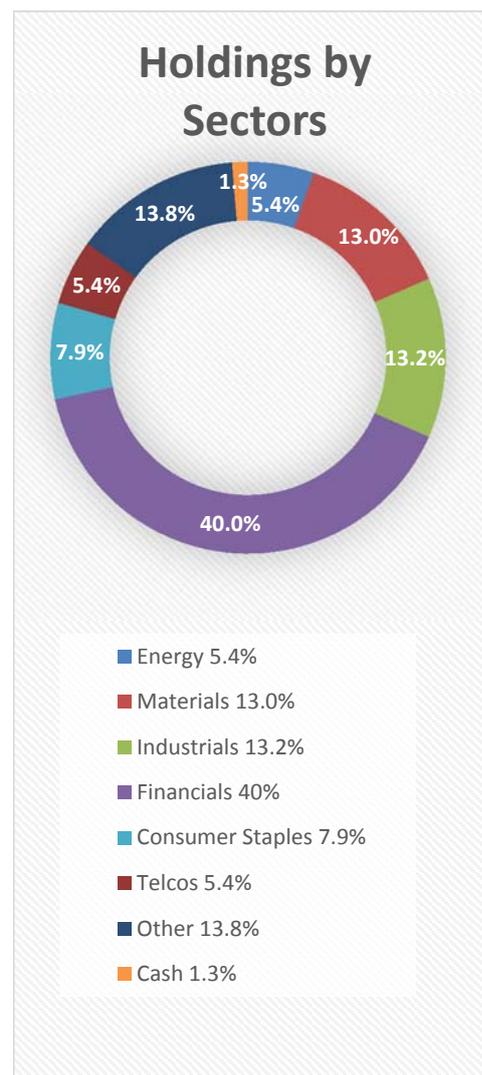
|                      | Total Return* | S&P/ASX 300 Accumulation Index | Relative Performance to Benchmark |
|----------------------|---------------|--------------------------------|-----------------------------------|
| Since inception (pa) | 13.1%         | 8.5%                           | 4.6%                              |
| 10 Years (pa)        | 7.7%          | 7.1%                           | 0.6%                              |
| 5 Years (pa)         | 7.8%          | 9.4%                           | -1.6%                             |
| 3 Years (pa)         | 11.4%         | 14.8%                          | -3.4%                             |
| 1 Years (pa)         | 1.3%          | 5.5%                           | -4.2%                             |
| 3 Months             | -1.5%         | -0.8%                          | -0.7%                             |
| 1 Month              | 4.7%          | 4.3%                           | 0.4%                              |

\*Fund returns are calculated net of management fees, assuming all distributions are re-invested. Performance figures have been calculated in accordance with the Financial Services Council (FSC). The returns are calculated before performance fees which are charged against individual accounts. The returns exclude the benefits of imputation credits. Past performance is not necessarily an indicator of future performance.

| Top five holdings           | Sector             |
|-----------------------------|--------------------|
| Commonwealth Bank Australia | Financials         |
| National Australia Bank     | Financials         |
| BHP Billiton                | Materials          |
| Telstra                     | Telecommunications |
| Wesfarmers                  | Consumer Staples   |

\* The top five holdings make up approximately 34.7% of the portfolio

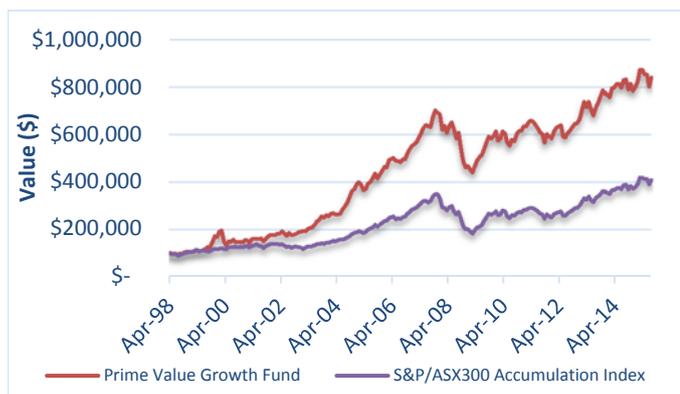
| Feature                       | Fund facts   |
|-------------------------------|--|
| Portfolio Manager             | ST Wong  |
| Investment objective          | To provide superior medium to long term capital growth, with some income, by managing a portfolio of predominantly Australian equities listed on any recognised Australian Stock Exchange. |
| Benchmark                     | S&P / ASX 300 Accumulation Index   |
| Inception Date                | 10 April 1998  |
| Cash limit                    | 0 - 30%  |
| Distribution                  | Half-yearly  |
| Recommended investment period | 3 - 5 years +  |
| Annualised Return             | 13.1%  |
| Research Rating               | Lonsec - Investment Grade<br>Zenith - Approved   |



## Market review

The Australian share market rebounded strongly in July, up 4.3% on the month. This was despite another poor month for commodities, which weighed on the resource sectors (materials -1.1%, energy +0.3%). Iron ore recovered from its early month lows but still declined 12.1%; gold fell 6.6% on reports of a large Chinese sell-off; and oil fell 12.7% to US\$53.52/bbl (Brent) on concerns of a growing global oversupply, including the implications of a lifting of Iranian economic sanctions. Other sectors posted strong returns, with Healthcare (+9.5%) and Consumer Staples (+7.5%) the biggest gainers of the month. Large caps (+4.4%) outperformed small caps (+1.6%) but mid-caps (+5.7%) were the strongest performing segment of the market.

M&A continued to feature strongly in the Australian market, following Brookfield's offer for Asciano in June. DUET made a bid for Energy Developments, G8 Education tabled an offer to take over Affinity Education and Pulse Health showed interest in Vision Eye Institute. These bids demonstrate a willingness for active corporate management.



This graph shows how \$100,000 invested at the Fund's Inception has increased to \$840,900 (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 \$408,200 over the same period. The returns exclude the benefits of imputation credits.

|                           | Direct Investment (Class A) | Platform Investment (Class B) |
|---------------------------|-----------------------------|-------------------------------|
| APIR code                 | PVA0001AU                   | PVA0011AU                     |
| Minimum Investment        | \$20,000                    | N/A                           |
| Issue price               | \$2.9894                    | \$2.9740                      |
| Withdrawal price          | \$2.9668                    | \$2.9514                      |
| Indirect Cost Ratio (ICR) | 1.435% pa                   | 1.23% pa                      |
| Performance fee           | 20.5% <sup>1</sup>          | 20.5% <sup>1</sup>            |

<sup>1</sup> of performance (net of management fees and administration costs) above the agreed benchmark, subject to positive performance

## Fund review & Strategy

The Fund posted a return of 4.7% for the month, outperforming the benchmark (after fees). In absolute terms, the Fund's major contributors to performance were Asciano (+22.3%), Wesfarmers (+8.8%) and CSL (+14.4%), while the three major detractors were mining and mining services related (BHP -2.2%, Monadelphous -8.8%, and Incitec Pivot -6%).

CSL's share price benefited from the positive trends in plasma product sales reported by its competitors. Plasma demand remains robust although some competition is likely to affect prices. CSL further reported that the company is in a position to integrate the Novartis flu vaccine business approximately 5 months earlier than expected.

The Australian Prudential Regulation Authority (APRA) made two significant announcements that require the major banks to hold higher capital positions. As anticipated, the banks responded by lifting interest rates for investment property loans. We believe this will reduce some uncertainty around capital and introduce the prospect of better lending margins.

| Top contributors (absolute) | Sector           |
|-----------------------------|------------------|
| Asciano                     | Industrials      |
| CSL Limited                 | Health Care      |
| Wesfarmers                  | Consumer Staples |

| Top detractors (absolute) | Sector      |
|---------------------------|-------------|
| BHP Billiton              | Materials   |
| Incitec Pivot             | Materials   |
| Monadelphous              | Industrials |

### Platforms

Asgard, Ausmaq, Beacon, BT Wrap, First Wrap, Hub24, IOOF, Global One, Macquarie Wrap, Netwealth, Premium Choice, Symetry, Wealthtrac

### Contact details:

Phone: 03 9098 8088  
 Fax: 03 9098 8099  
 Email: [info@primevalue.com.au](mailto:info@primevalue.com.au)

### Mail:

Prime Value Asset Management Ltd  
 Level 9, 34 Queen Street  
 Melbourne VIC 3000

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

The information contained in this Fact Sheet is general in nature and has no regard to the specific investment objectives, financial or particular needs of any specific recipient. It is not intended to constitute investment advice or a personal securities recommendation. This document is not a Product Disclosure Statement (PDS) or an offer of units, and contains a brief overview of the investment only. Any prospective investor wishing to make an investment in the Prime Value Growth Fund must obtain and read the PDS dated 28 March 2013 (particularly the risk factors discussed) and complete an application form. Neither Prime Value Asset Management Limited nor its associates or directors, nor any other person, guarantees the success of the Prime Value Growth Fund, the repayment of capital or any particular rate of capital or income return, or makes any representation in relation to the personal taxation consequences of any investor's investment.