

Prime Value Imputation Fund

Fund Update – April 2016



- Stronger commodity prices buoyed by China's efforts to stimulate its economy led to a strong resource sector performance
- Banks benefitted as concerns on commodity-related bad debts eased
- The Fund gained 3.3% in April which was pleasing given our underweight position in the strong resource sector.

	Total Return*	Growth Return*	Distribution Return*	Total Return including Franking Credits**	S&P/ASX 300 Accumulation Index
Since inception (pa)	11.3%	6.0%	5.3%	13.4%	7.7%
10 Years (pa)	3.2%	-1.5%	4.7%	5.2%	4.4%
5 Years (pa)	5.3%	0.8%	4.5%	7.7%	6.2%
3 Years (pa)	3.5%	-0.4%	3.9%	5.5%	5.0%
1 Year (pa)	-4.4%	-7.9%	3.5%	-2.7%	-4.7%
3 Months	5.9%	5.0%	0.9%	6.1%	6.4%
1 Month	3.3%	3.3%	0.0%	3.3%	3.3%

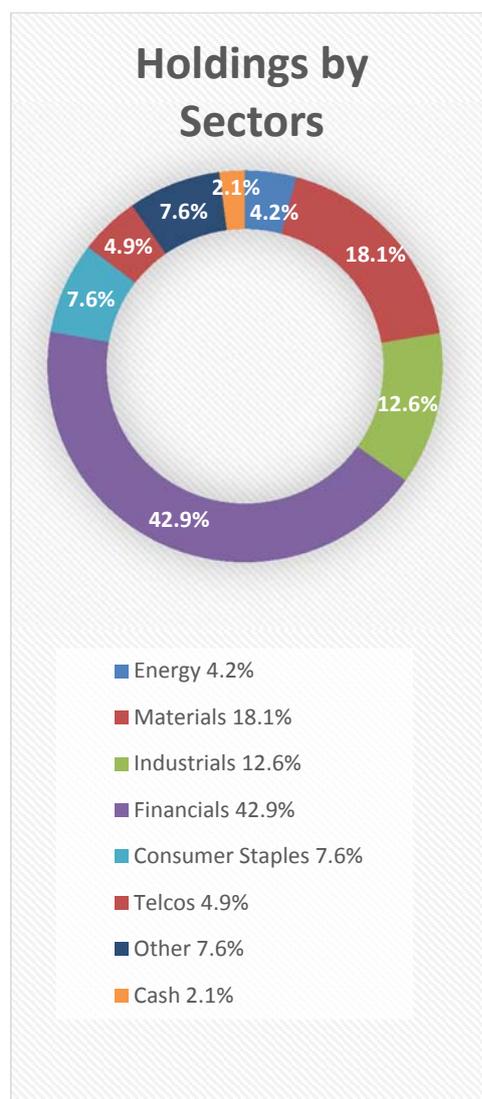
* Fund returns are calculated net of management fees, assuming all distributions are re-invested. Performance figures have been calculated in accordance with the Financial Services Council (FSC). The returns are calculated before performance fees which are charged against individual accounts. The returns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

** Returns grossed up for franking credits are estimates.

Top five holdings	Sector
Commonwealth Bank of Australia	Financials
Westpac Banking Group	Financials
Wesfarmers	Consumer Staples
Sydney Airport	Industrials
Event Hospitality and Entertainment	Consumer Discretionary

* The top five holdings make up approximately 32.1% of the portfolio.

Feature	Fund facts
Portfolio Manager	Leanne Pan
Investment objective	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.
Benchmark	S&P / ASX 300 Accumulation Index
Inception Date	20 December 2001
Cash limit	0 - 30%
Distribution	Quarterly
Recommended investment period	3 + years
Annualised Return	11.3% (excl. franking credits) 13.4% (incl. franking credits)
Research Rating	Lonsec – Investment Grade

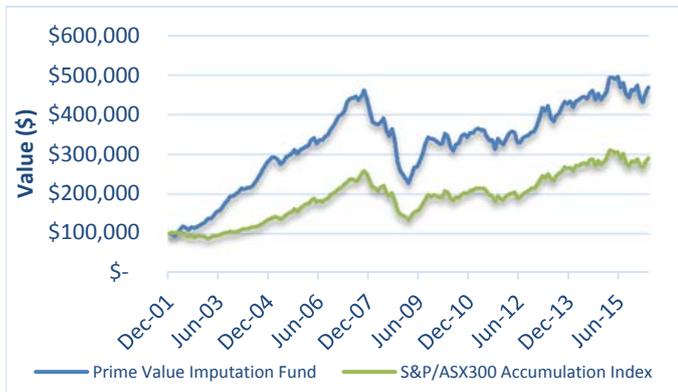


Market review

Australian equities performed strongly in April gaining 3.3%, driven by the ongoing rebound in commodity prices. Mining stocks and to a lesser extent energy stocks significantly outperformed, with Fortescue (+33.7%), BHP (+22.7%), Rio Tinto (+20.8%) the best performing large cap stocks for the month. Iron ore surged 22.6% to US\$65.20 a tonne, while the price of oil (Brent) rose 21.5% to US\$48.13 a barrel, despite no agreement from major producers to limit supplies.

Having rallied to its highest level since mid-2015, weak first quarter inflation data saw the AUD finish the month lower at USD 0.7630 (down approximately 1%). The decline in the March quarter headline CPI and weak underlying inflation led the RBA to reduce interest rates by 25 basis points in early May.

The resource sectors were the standout performers in April, with Materials up 14.3% (mining & metals index up approximately 20%) and Energy up 7.5%. All other sectors posted modest gains, with the exception of Consumer Discretionary (-1.7%) and Utilities (-0.3%). Having significantly underperformed financial-year-to-date, mega caps (3.7%) and large caps (3.5%) outperformed both mid-caps (2.4%) and small-caps (3%) in April.



This graph shows how \$100,000 invested at the Fund's Inception has increased to \$468,710 (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 \$290,170 over the same period. The returns exclude the benefits of imputation credits.

	Direct Investment (Class A)	Platform Investment (Class B)
APIR code	PVA0002AU	PVA0022AU
Minimum Investment	\$20,000	N/A
Issue price	\$2.3231	\$2.3225
Withdrawal price	\$2.3055	\$2.3049
Distribution (31/12/2015)	\$0.0200	\$0.0211
Indirect Cost Ratio (ICR)	1.435% pa	1.23% pa
Performance fee	20.5% ¹	20.5% ¹

¹ of performance (net of management fees and administration costs) above the agreed benchmark, subject to positive performance and a high water mark

Fund review & strategy

The Fund returned 3.3% in April (after fees). In absolute terms, the Fund's major contributors to performance for the month were: BHP (+22.7%), Newcrest (+11.9%) and Santos (+19.1%); in line with the rally in Resources sector. Macquarie (-3.9%), CBA (-1.4%) and Event Hospitality & Entertainment (-1.3%) were the three major detractors. In relative terms, our cash holding was a small negative in a rising market.

During April, we attended a site visit to Adelaide Brighton (ABC - a Fund's holding) in SA. Their quarry assets are well located with significant reserve life and the manufacturing facility is very cost competitive. SA government has budgeted for infrastructure expenditure to grow by +10% p.a. for the next 3 years and some \$2 billion+ road projects can be identified. ABC is well positioned with its dominant vertically integrated market position to benefit from any demand growth. It should continue to deliver a stable earnings growth with an attractive yield.

Top contributors (absolute)	Sector
BHP Billiton	Materials
Newcrest	Materials
Santos	Energy

Top detractors (absolute)	Sector
Macquarie Bank	Financials
Commonwealth Bank	Financials
Event Hospitality & Entertainment	Consumer Discretionary

Platforms
Ausmaq, Beacon, BT Wrap, First Wrap, Hub24, Macquarie Wrap, netwealth, Premium Choice, Symetry, Wealthtrac

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