

Prime Value Imputation Fund

Fund Update - August 2015



- Global growth concerns dominated financial markets (equity, currency, fixed interest) around the world
- No major negative surprises for the portfolio from the August result reporting season
- Equity raising (\$8 billion) by 2 major banks impacted sector performance

	Total Return*	Growth Return*	Distribution Return*	Total Return including Franking Credits**	S&P/ASX 300 Accumulation Index
Since inception (pa)	11.6%	6.2%	5.4%	13.6%	7.7%
10 Years (pa)	4.1%	-0.7%	4.8%	6.0%	6.0%
5 Years (pa)	6.7%	2.2%	4.5%	8.9%	7.9%
3 Years (pa)	9.4%	5.1%	4.3%	11.5%	10.9%
1 Year (pa)	-1.9%	-5.5%	3.6%	0.0%	-3.2%
3 Months	-8.8%	-9.8%	1.0%	-8.6%	-8.8%
1 Month	-5.9%	-5.9%	0.0%	-5.9%	-7.7%

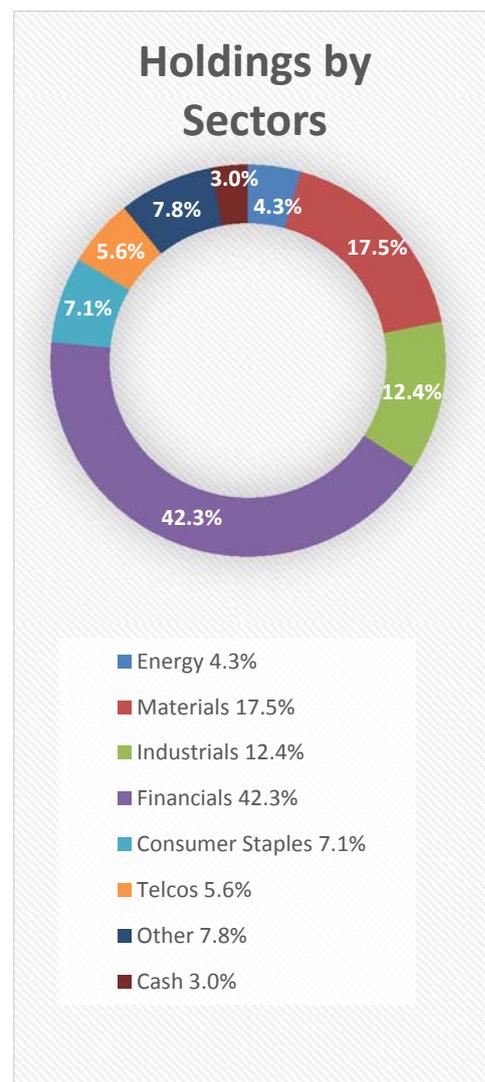
* Fund returns are calculated net of management fees, assuming all distributions are re-invested. Performance figures have been calculated in accordance with the Financial Services Council (FSC). The returns are calculated before performance fees which are charged against individual accounts. The returns 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
National Australia Bank	Financials
BHP Billiton	Materials
Telstra	Telecommunications
Wesfarmers	Consumer Staples

* The top five holdings make up approximately 31.8% 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 - 5 years +
Annualised Return	11.6% (excluding franking credits)
Research Rating	Lonsec – Investment Grade

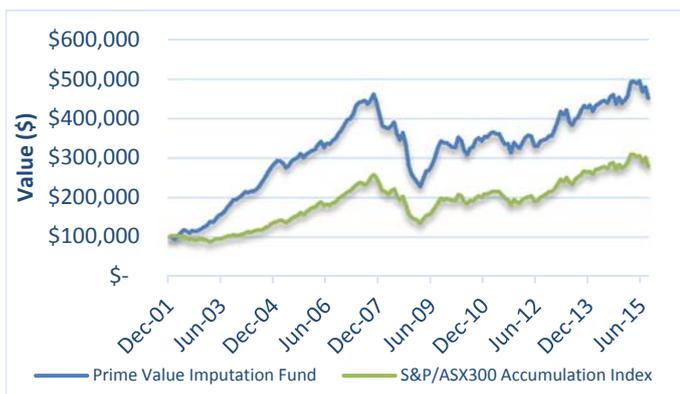


Market review

August was a difficult month for growth assets. Concerns of a slowing Chinese economy and its impact on the global economy rippled through asset classes. The Australian share market declined 7.7%, the worst monthly performance since October 2008. The underperformance of the Australian market was larger in US dollar terms given the fall in the Australian dollar, which declined a further 2.4 cents to \$0.7133 at the end of August.

We make the observation that China took steps to underpin growth with the Chinese central bank cutting interest rates and bank reserve requirements, both aimed at introducing monetary stimulus into the economy. China also announced a surprise devaluation of its currency. We are currently watching for the implications of the Renminbi devaluation whilst expecting the drop in the Australian Dollar to exert a positive impact on our export sectors.

Oil was the roller coaster commodity of the month – hitting a 7 ½ year low of US\$42.70 (Brent) on 24 August before rebounding 27% over the subsequent trading days to actually finish up on the month (US\$54.15).



This graph shows how \$100,000 invested at the Fund's Inception has increased to \$451,900 (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 \$278,700 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	\$2.2994	\$2.2992
Withdrawal price	\$2.2820	\$2.2818
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 posted a return of -5.9% for the month outperforming the S&P/ASX 300 Accumulation Index by 1.8% after fees. In absolute terms, the Fund's major contributors to performance were Capilano Honey (+19.6%), Programmed Maintenance (+8.4%), as merger target Skilled Group delivered better than expected results and Sydney Airport (+2.5%); while the banks represented the major detractors.

Banks underperformed under the weight of equity raising and the consequent EPS dilution. The sector is now attractively priced, especially in light of a 8.6% yield in the current low interest rate environment.

There were no major negative surprises in our companies in the August reporting season. In general, management outlook commentary remained cautious, with conservative guidance for FY16. The housing sector remained the shining light post the mining slowdown.

Whilst we expect volatility to persist, the Australian market is now trading on more reasonable valuations which is creating medium-term investment opportunities. We continue to seek out companies with sound business models and sustainable dividend yields.

Top contributors (absolute)	Sector
Capilano Honey	Consumer Staples
Programmed Maintenance Services	Industrials
Sydney Airport	Industrials

Top detractors (absolute)	Sector
ANZ	Financials
Commonwealth Bank Australia	Financials
National Australia Bank	Financials

Platforms

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

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