

Prime Value Imputation Fund

Fund Update - December 2015



- A key overhang was removed with the US Fed raising interest rates for the first time in almost a decade
- Consumer discretionary stocks led the Australian share market higher, particularly during the latter half of December
- Best performing companies for the month were Event Hospitality (+9.3%), Wesfarmers (+9.2%) and CBA (+7.2%)

	Total Return*	Growth Return*	Distribution Return*	Total Return including Franking Credits**	S&P/ASX 300 Accumulation Index
Since inception (pa)	11.7%	6.3%	5.4%	13.8%	7.8%
10 Years (pa)	4.2%	-0.5%	4.7%	6.2%	5.5%
5 Years (pa)	6.0%	1.7%	4.4%	8.3%	6.7%
3 Years (pa)	8.3%	4.3%	4.0%	10.4%	9.0%
1 Year (pa)	6.1%	2.2%	3.9%	8.0%	2.8%
3 Months	6.9%	6.0%	0.9%	7.4%	6.5%
1 Month	2.7%	1.8%	0.9%	3.2%	2.7%

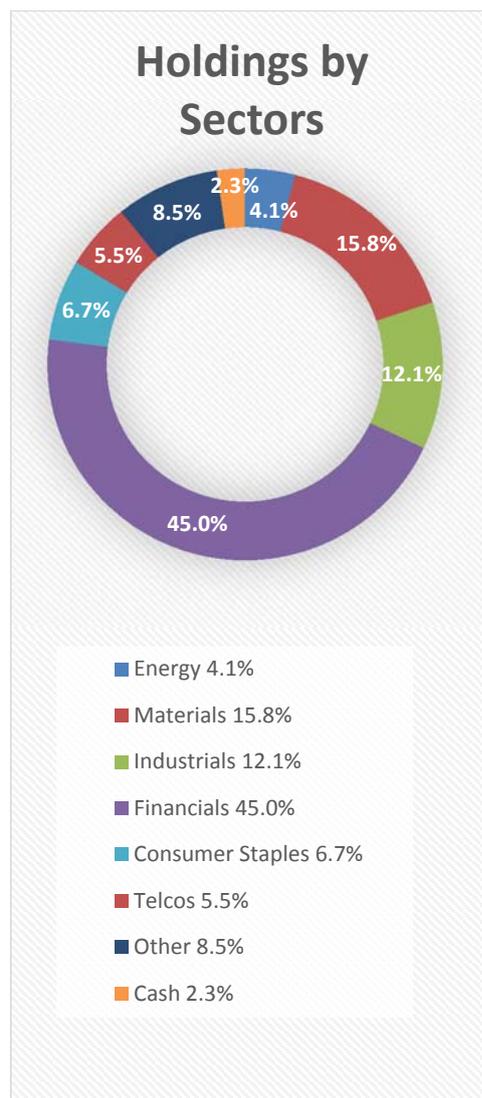
* Fund returns are calculated net of management fees, assuming all distributions are re-invested. Performance figures have been calculated in accordance with the Financial Services Council (FSC). The returns are calculated before performance fees which are charged against individual accounts. The returns 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
Westpac Banking Group	Financials
Event Hospitality	Consumer Discretionary
Sydney Airport	Industrials
Telstra	Telecommunications

* The top five holdings make up approximately 32.3% of the portfolio.

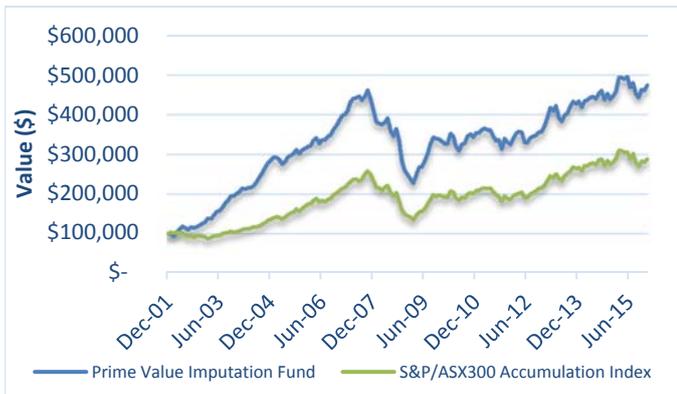
Feature	Fund facts
Portfolio Manager	Leanne Pan
Investment objective	To provide regular tax-effective income, combined with competitive capital growth over the medium to long-term, by managing a portfolio of assets comprised mainly of Australian equities listed on any recognised Australian stock exchange.
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	11.7% (excl. franking credits) 13.8% (incl. franking credits)
Research Rating	Lonsec – Investment Grade



Market review

The Australian share market finished the year on a positive note, up 2.7% in December. Although much anticipated, the key development for the month was the lifting of the US Fed Funds rate for the first time in almost a decade. While 2015 marked another year of modest returns for Australian equity investors, a small positive return (after dividends) could be viewed as a reasonable outcome in the context of a transitioning economy and further major declines in our key commodity markets.

December was a strong month for most sectors, with Energy the only major decliner (down 7.5% for the month and 25.1% for the financial-year-to-date). The consumer sectors were the best performers over their key December trading period with staples up 7.1% and discretionary up 6.3%. Consumer Discretionary has been the best performing sector FYTD, up 14.7%. The major banks (+4.9%) and telecoms (+4.3%) recovered some lost growth, having lagged all other industrial sectors FYTD. Small caps outperformed again in December (up 3.9%), ahead of mega caps (3.2%), large caps (2.7%) and mid-caps (2%).



This graph shows how \$100,000 invested at the Fund's Inception has increased to \$474,000 (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 \$288,400 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	\$2.3905	\$2.3907
Withdrawal price	\$2.3725	\$2.3725
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 rose 2.7% for the month after fees. For the FYTD, the Fund returned 1.1%, however, taking franking credits into account the Fund returned 2.4%. In absolute terms, the Fund's major contributors to performance for the month were Event Hospitality and Entertainment, formerly Amalgamated Holdings (+9.3%), Wesfarmers (+9.2%) and CBA (+7.6%), while Suncorp (-9.3% on unfavourable general insurance update), Lindsay Australia (-5.8%) and Woodside (-4.6%, oil price woes despite withdrawing merger proposal with Oil Search) were the three major detractors.

The much anticipated Fed rate hike took place in December with the Fed possibly positioning for more increases in 2016. The demand for high yield stocks during the past five years has been driven by low interest rates. Therefore, with US interest rates starting to rise the demand for high-yield stocks may start to wane. We will watch this development closely and the Fund will continue to invest in companies which offer a combination of sustainable yields and potential capital growth.

Top contributors (absolute)	Sector
Event Hospitality and Entertainment	Consumer Discretionary
Wesfarmers	Consumer Staples
Commonwealth Bank	Financials

Top detractors (absolute)	Sector
Suncorp Group	Financials
Lindsay Australia	Industrials
Woodside Petroleum	Energy

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

Contact details:

Phone: 03 9098 8088
 Fax: 03 9098 8099
 Email: info@primevalue.com.au

Mail:

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

Web: www.primevalue.com.au

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