

Prime Value Imputation Fund

Fund Update - July 2015



- APRA study release provided banks with some clarity on capital adequacy requirement.
- Growth names in Healthcare Sector performed strongly in July
- Programmed Maintenance Services reversed gains in June after it went ex-dividend and now await merger timeline

	Total Return*	Growth Return*	Distribution Return*	Total Return including Franking Credits**	S&P/ASX 300 Accumulation Index
Since inception (pa)	12.1%	6.7%	5.4%	14.2%	8.4%
10 Years (pa)	4.9%	0.1%	4.8%	6.9%	7.1%
5 Years (pa)	8.1%	3.6%	4.5%	10.4%	9.4%
3 Years (pa)	12.0%	7.6%	4.4%	14.2%	14.8%
1 Year (pa)	5.8%	1.9%	3.9%	7.8%	5.5%
3 Months	-2.0%	-3.1%	1.1%	-1.7%	-0.8%
1 Month	2.5%	2.5%		2.5%	4.3%

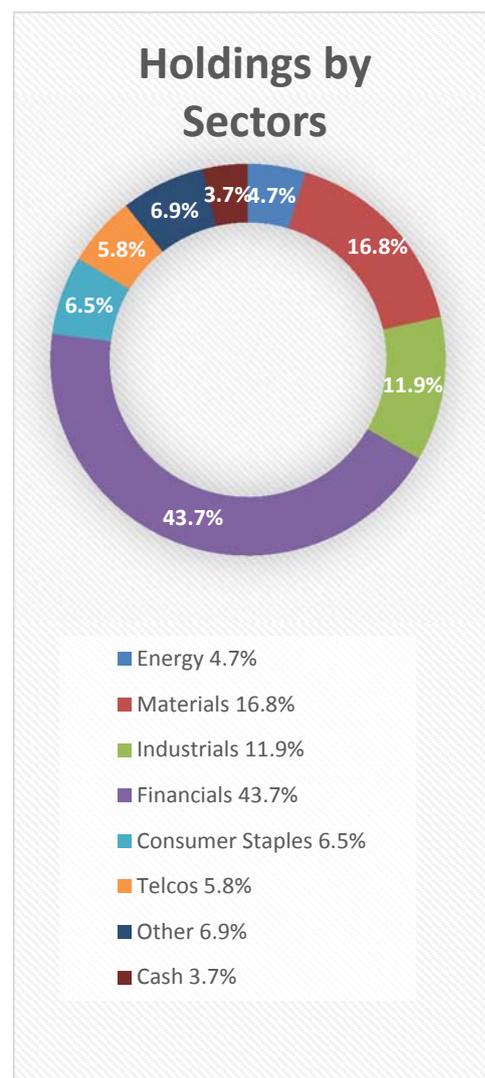
* Fund returns are calculated net of management fees, assuming all distributions are re-invested. Performance figures have been calculated in accordance with the Financial Services Council (FSC). The returns are calculated before performance fees which are charged against individual accounts. The returns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

* The top five holdings make up approximately 32.7% of the portfolio.

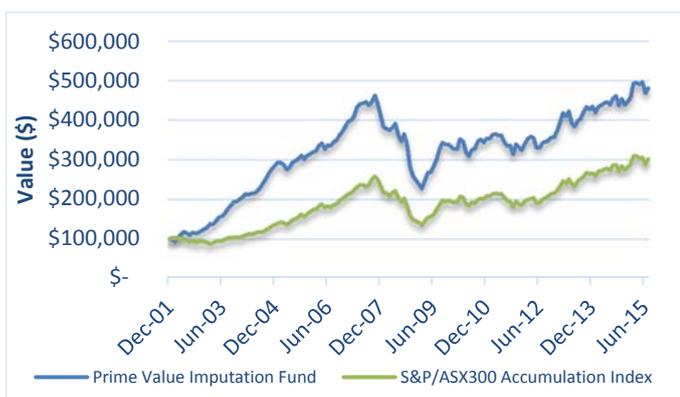
Feature	Fund facts
Portfolio Manager	Leanne Pan
Investment objective	To provide regular tax-effective income, combined with competitive capital growth over the medium to long-term, by managing a portfolio of assets comprised mainly of Australian equities listed on any recognised Australian stock exchange.
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	12.1%
Research Rating	Lonsec – Investment Grade



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 \$480,400 (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 \$301,900 over the same period. The returns exclude the benefits of imputation credits.

Fund review & Strategy

The Fund posted a return of 2.5% for the month (after fees). In absolute terms, the Fund's major contributors to performance were Sydney Airport (+12.7%), Westpac (+8.4%) and Wesfarmers (+8.8%). The major detractors were Programmed Maintenance Services (-13% after going ex-dividend) and Newcrest (-13.4% as gold price retreated as global market volatility subsided). In company-specific news, Capilano Honey (CZZ) continued to do well as it acquired KirksBees Honey, a large manuka honey producer. We are positive on their strategy of locking in domestic honey supply and expanding into the higher margin product.

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
Sydney Airport	Industrials
Westpac	Financials
Wesfarmers	Consumer Staples

Top detractors (absolute)	Sector
Incitec Pivot	Materials
Newcrest	Materials
Programmed Maintenance Services	Industrials

Platforms

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

	Direct Investment (Class A)	Platform Investment (Class B)
APIR code	PVA0002AU	PVA0022AU
Minimum Investment	\$20,000	N/A
Issue price	\$2.4443	\$2.4437
Withdrawal price	\$2.4257	\$2.4251
Indirect Cost Ratio (ICR)	1.435% pa	1.23% pa
Performance fee	20.5% ¹ pa	20.5% ¹ pa

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

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