

# Prime Value Imputation Fund

## Fund Update - June 2015



- Global events, particularly in Greece and China, dictated share market performance.
- Defensive sectors performed well in a volatile environment. The volatile environment introduced opportunities to invest in companies that may have been oversold.
- Programmed Maintenance Services was the fund's best performing company after announcing agreed merger with Skilled Engineering.

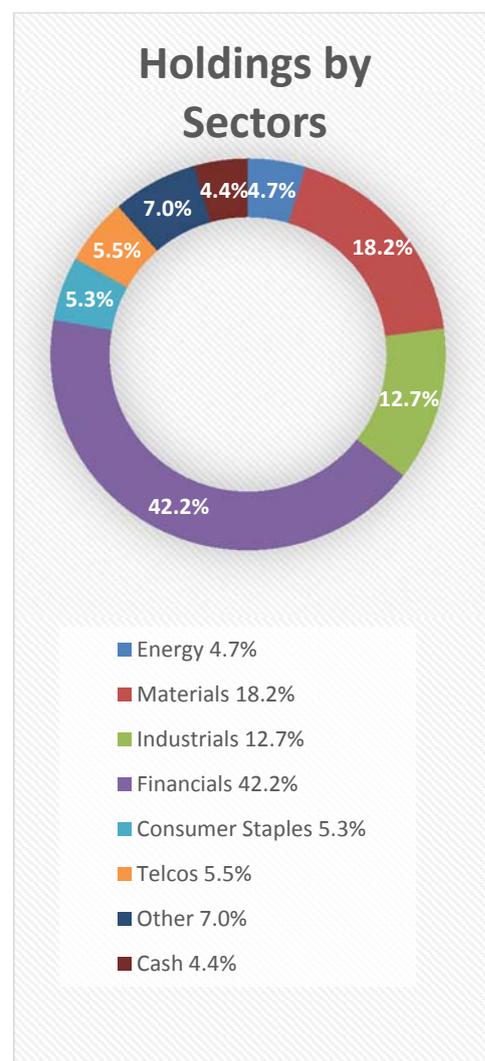
	Total Return*	Growth Return*	Distribution return*	Total Return including Franking Credits**	S&P/ASX 300 Accumulation Index
Since inception (pa)	12.1%	6.6%	5.5%	14.2%	8.1%
10 Years (pa)	4.8%	0.0%	4.8%	6.8%	6.9%
5 Years (pa)	8.6%	4.1%	4.5%	11.0%	9.5%
3 Years (pa)	12.4%	8.0%	4.4%	14.6%	14.7%
1 Year (pa)	6.5%	2.6%	3.9%	8.6%	5.6%
3 Months	-5.1%	-6.2%	1.1%	-4.9%	-6.5%
1 Month	-5.4%	-6.5%	1.1%	-5.2%	-5.3%

\* 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
Ancor	Materials
BHP Billiton	Materials
Commonwealth Bank Australia	Financials
National Australia Bank	Financials
Telstra	Telecommunications

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

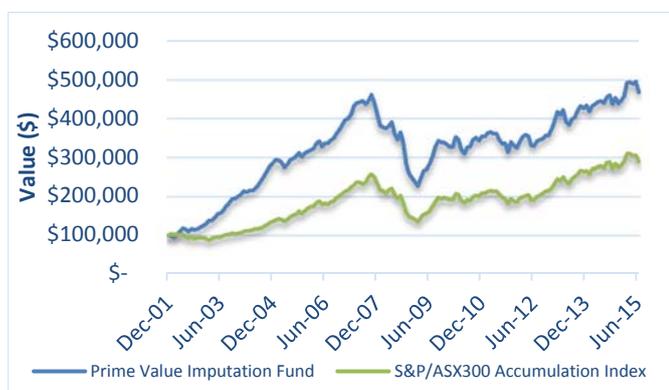


## Market review

Global share markets sold-off heavily in June, weighed down by events in Greece and a plunge in the Chinese stock market. The Australian share market underperformed both developed and emerging markets, with the ASX 300 declining 5.3%. Adding to market volatility was a host of earnings downgrades.

Two themes dominated much of the market's performance in the 2015 financial year. Interest rates declined and share prices were driven up by investors seeking better returns. In the last quarter, Greek political and fiscal uncertainty coupled with fragile Chinese stock market sentiment were the main drivers.

Greece's inability to reach a conclusion to its debt obligations and the possibility of its exit from the Eurozone are significant events but are unlikely to have a long term negative effect on the global economy. Events surrounding China's stock market decline are affecting investor confidence although we make the observation that the Chinese stock market has a smaller role in the economy compared to developed economies.



This graph shows how \$100,000 invested at the Fund's Inception has increased to \$468,700 (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 \$289,400 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	\$2.4119	\$2.4119
Withdrawal price	\$2.3937	\$2.3937
Distribution (30/06/2015)	\$0.0270	\$0.0281
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 and a high water mark

## Fund review & Strategy

The Fund posted a return of -5.4% for the month, broadly in line with the market (after fees). In absolute terms, the Fund's major contributors to performance were Programmed Maintenance Services (up 5.1% after announcing agreed merger with Skilled Engineering), Ingenia (up 6.2% after conducting an asset tour with positive trade updates) and Capilano Honey, while the major detractors were Qube (down 18.9% on a downbeat trading update), IOOF Holdings (down 16.9%, concern over allegation in negative press articles) and BHP.

For the year, Fund returned 6.5% after fees comfortably beating the market. After adding franking credits, the return is 8.3%. The "yield" theme continued to dominate FY15 with sectors such as Banks, REITs and Telcos accounting for the majority of returns whereas Energy and Mining detracted.

Going into FY16, QE and economic uncertainty, combined with global security unrest are likely to add further volatility. The added risk premium is likely to affect equity valuations especially when the market is stretched. This fund will continue to focus on companies with sustainable dividend yield and some capital growth in the medium term.

Top contributors (absolute)	Sector
Programmed Maintenance Services	Industrials
Ingenia	Financials
Capilano Honey	Consumer Staples

Top detractors (absolute)	Sector
Qube	Industrials
IOOF Holdings	Financials
BHP Billiton	Materials

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

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