

Prime Value Imputation Fund

Fund Update – June 2016



- Large capitalisation companies bore most of the volatility that came with Brexit, but bounced significantly at month-end on expectation of central bank stimulus
- The probability of an interest rate cut in the next few months has risen against the backdrop of low inflation and growth
- The Fund paid distributions of 5.2% (including franking credits) for the financial year

	Total Return*	Growth Return*	Distribution Return*	Total Return including Franking Credits**	S&P/ASX 300 Accumulation Index
Since inception (pa)	11.1%	5.8%	5.3%	13.2%	7.6%
10 Years (pa)	3.3%	-1.2%	4.5%	5.3%	4.8%
5 Years (pa)	6.2%	1.9%	4.3%	8.4%	7.2%
3 Years (pa)	6.7%	2.7%	4.0%	8.7%	7.7%
1 Year (pa)	-0.5%	-4.0%	3.5%	1.2%	0.9%
3 Months	2.8%	1.8%	1.0%	3.1%	4.0%
1 Month	-2.4%	-3.3%	0.9%	-2.1%	-2.4%

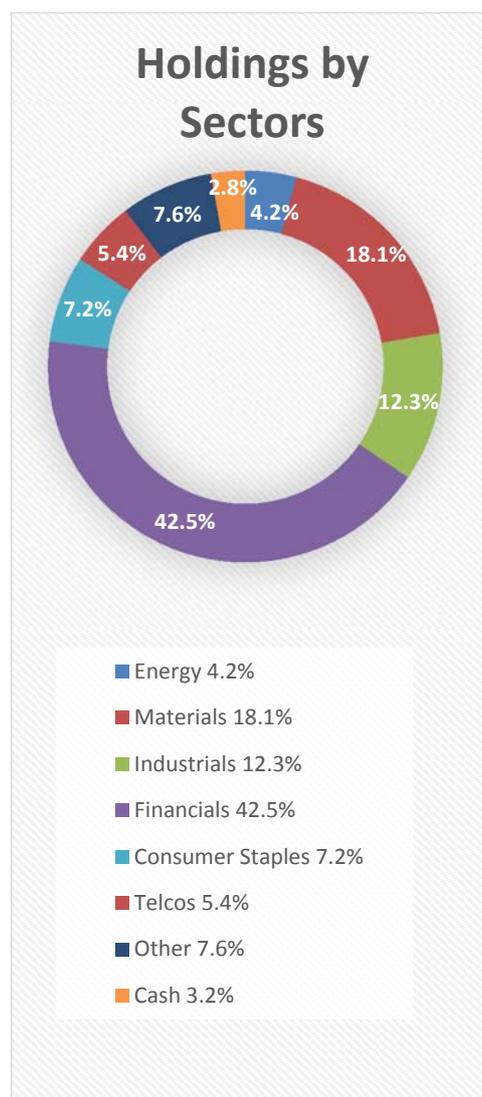
* Fund returns are calculated net of management fees, assuming all distributions are re-invested. Performance figures have been calculated in accordance with the Financial Services Council (FSC). The returns are calculated before performance fees which are charged against individual accounts. The returns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

* The top five holdings make up approximately 32.0% 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	11.1% (excl. franking credits) 13.2% (incl. franking credits)
Research Rating	Lonsec – Investment Grade

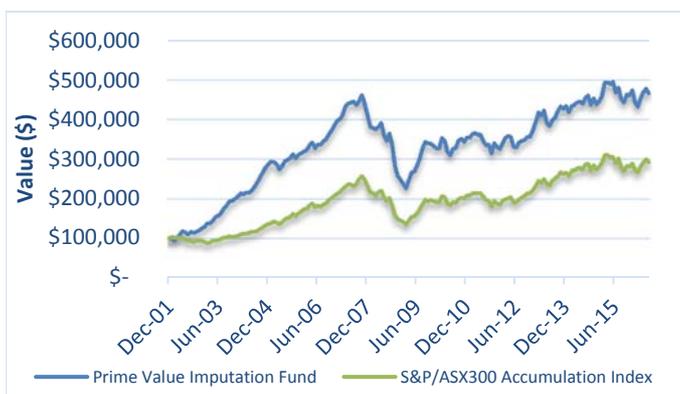


Market review

The Australian share market declined 2.4% in June to finish FY16 up 0.9% (including dividends). Political uncertainties (both global and local) added to what has been a volatile year for equities. The surprise UK referendum result triggered a sharp spike in volatility across asset classes, with financial markets having expected the “Remain” vote to prevail. The UK FTSE 100 index initially fell 9% but has now recovered most of those losses, while the British pound hit a 30 year low. European financials performed poorly, while gold and REITs were bought up. European indices were also hit hard but rebounded in the last few days of the month.

Interest-rate sensitive yield sectors were the best performing local sectors in June, with Utilities up 5.6% and REITs up 3.5%. The major banks fell 5%, in-line with global market movements. IT was the worst performing sector (-7.6%). Small-caps (-1.3%) outperformed mid-caps (-2.1%), large-caps (-2.6%) and mega-caps (-3.6%).

This high volatility investment environment however is offering opportunities in companies we view as having strong management who can deliver shareholder value regardless of the macro trends or market conditions.



This graph shows how \$100,000 invested at the Fund's Inception has increased to \$466,200 (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 \$291,960 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	\$2.3106	\$2.2932
Withdrawal price	\$2.3107	\$2.2933
Distribution (30/06/2016)	\$0.0218	\$0.0229
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 performed in line with its benchmark in June (after fees). In absolute terms, the Fund's major contributor to performance for the month was Newcrest (+20.6%, strong gold price movement driven by political uncertainties, potential delay in any US rate rise and a run to “safety” by investor demand), followed by Ingenia (+7.9%) and Folkestone Education Trust (+4.3%). Major detractors were Incitec Pivot (-13.9%), Macquarie (-8%) and CBA (-4%); all suffering as investors took a more defensive stand from the surprise Brexit result. Relative sector attribution was broadly neutral, with the positive impact of the Fund's Materials exposure offset by the zero weighting to Utilities.

For the year, the fund's distribution return was 3.5% which when including imputation credit, is 5.2% grossed-up.

We continue to seek out companies offering good sustainable dividend yield. In the coming months, we need to monitor the potential broad populist backlash against globalisation, free trade which has longer term consequences for economic growth.

Top contributors (absolute)	Sector
Newcrest Mining	Materials
Ingenia	Financials
Folkestone Education Trust	Financials

Top detractors (absolute)	Sector
Incitec Pivot	Materials
Macquarie Bank	Financials
CBA	Financials

Platforms

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

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