

Prime Value Imputation Fund

Fund Update – March 2016



- The ASX300 Accumulation Index ended March up 4.8% to close off a volatile March quarter (down 2.6% for quarter)
- Australian and global stocks responded positively to central banks interest rate easing measures
- Central banks' actions also led to the strengthening of the Australian Dollar and a rebound in commodity prices

	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%	7.5%
10 Years (pa)	3.1%	-1.7%	4.7%	5.1%	4.3%
5 Years (pa)	4.4%	-0.1%	4.5%	6.7%	5.4%
3 Years (pa)	3.5%	-0.5%	3.9%	5.4%	5.3%
1 Year (pa)	-8.2%	-11.6%	3.4%	-6.6%	-9.3%
3 Months	-4.3%	-5.1%	0.8%	-4.1%	-2.6%
1 Month	5.0%	4.1%	0.9%	5.2%	4.8%

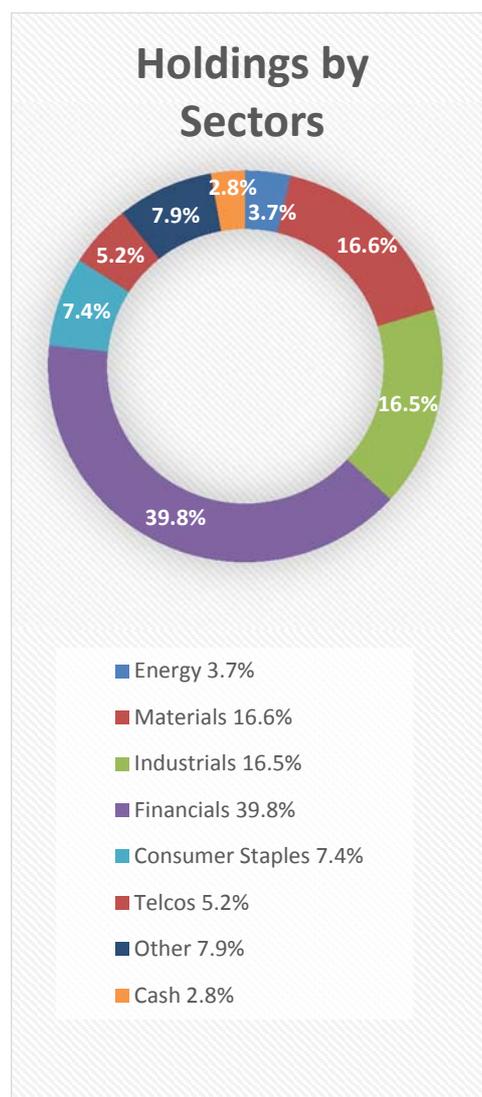
* Fund returns are calculated net of management fees, assuming all distributions are re-invested. Performance figures have been calculated in accordance with the Financial Services Council (FSC). The returns are calculated before performance fees which are charged against individual accounts. The returns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

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

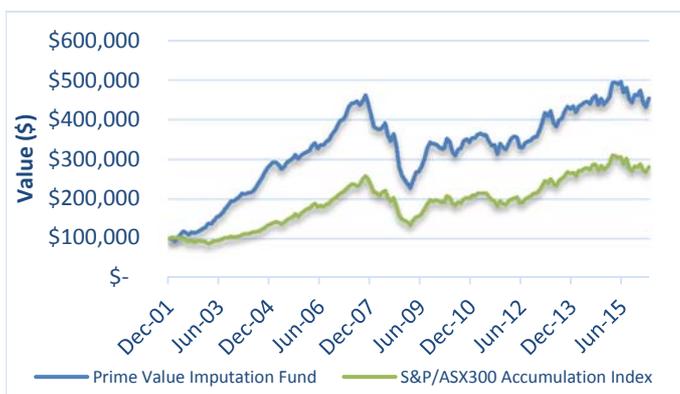
Feature	Fund facts
Portfolio Manager	Leanne Pan
Investment objective	To provide regular tax-effective income, combined with competitive capital growth over the medium to long-term, by managing a portfolio of assets comprised mainly of Australian equities listed on any recognised Australian stock exchange.
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	11.1% (excl. franking credits) 13.2% (incl. franking credits)
Research Rating	Lonsec – Investment Grade



Market review

Equity markets recovered strongly in March boosted by accommodative ECB monetary policies and more “dovish” commentary from the Fed, with the latter leading to a major sell-off in the US dollar. Cyclical outperformed defensives, while emerging markets outperformed developed markets. The rebound in commodity prices continued with Brent oil up 10.1% to US\$39.60 and iron ore up 8.8% to US\$53.20 during the month. Higher commodity prices and the outlook for interest rate differentials led to the AUD strengthening by 7.7% to USD 0.7690.

March was a strong month across the board, with all ASX sectors posting a positive return. The strongest returns came from cyclicals (Energy + 6.2%, Materials +6.0% and Financials +5.9%). Defensives lagged, in particular Health Care +0.4% and Utilities 1.3%. The banks were the best performing sub-sector (+6.5%). Mid-caps and small-caps (+5.5%) performed in-line with mega caps (5.4%) but outperformed large caps (4.6%). The Australian economy continues to hold-up well, recording better than expected growth in the final quarter of 2015; however, recent soft economic news flow and softening house prices will test the resilience of consumer demand as the federal budget draws closer.



This graph shows how \$100,000 invested at the Fund's Inception has increased to \$453,760 (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 \$280,790 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	\$2.2691	\$2.2692
Withdrawal price	\$2.2519	\$2.520
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 returned 5% during March (after fees) outperforming its benchmark. In absolute terms, the Fund's major contributors to performance for the month were CBA (+6.8%), NAB (+8.5%) and Wesfarmers (+6%). Detractors were primarily strong performers in the past giving up some of their gains: Event Hospitality and Entertainment (-1.9%), Newcrest (-3.1%) and Shriro Holdings (-3.6%, on fear of management sell-down when shares were released from escrow). In relative terms, sector allocation was a small contributor, with the Fund benefiting from its zero allocation to Health Care and Utilities.

Resources performed strongly as commodity prices rebounded from a low base last month. Low commodity price typically means scaling back of capex or expansion plans which might show stabilizing prices over time. The scale of impairment is also likely to reduce and valuations of certain companies look relatively attractive. However the recent scrapping of progressive dividend policy by major commodity companies (BHP, Rio) means they are now yielding less but more sustainable. We continue to monitor our holdings.

Top contributors (absolute)	Sector
Commonwealth Bank	Financials
NAB	Financials
Wesfarmers	Consumer Staples

Top detractors (absolute)	Sector
Event Hospitality and Entertainment	Consumer Discretionary
Newcrest Mining	Materials
Shriro Holdings	Consumer Discretionary

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

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