

# Prime Value Imputation Fund

## Fund Update – March 2017



- Large capitalisation companies led the Australian market higher in March, ending the quarter on a positive note
- Merger and acquisition activity was notably higher than normal during the March quarter with IPO activity subdued
- Positive contributors to fund performance for the month were Sydney Airport, CBA and Qube

	Total Return*	Growth Return*	Distribution Return*	Total Return including Franking Credits**	S&P/ASX 300 Accumulation Index
Since inception (p.a.)	11.4%	6.1%	5.3%	13.4%	8.3%
10 Years (p.a.)	2.3%	(2.1%)	4.4%	4.4%	4.2%
5 Years (p.a.)	7.6%	3.5%	4.1%	9.7%	10.8%
3 Years (p.a.)	5.7%	1.9%	3.8%	7.6%	7.5%
1 Year	13.8%	10.0%	3.8%	15.8%	20.2%
3 Months	2.4%	1.6%	0.8%	2.8%	4.7%
1 Month	2.9%	2.1%	0.8%	3.3%	3.3%

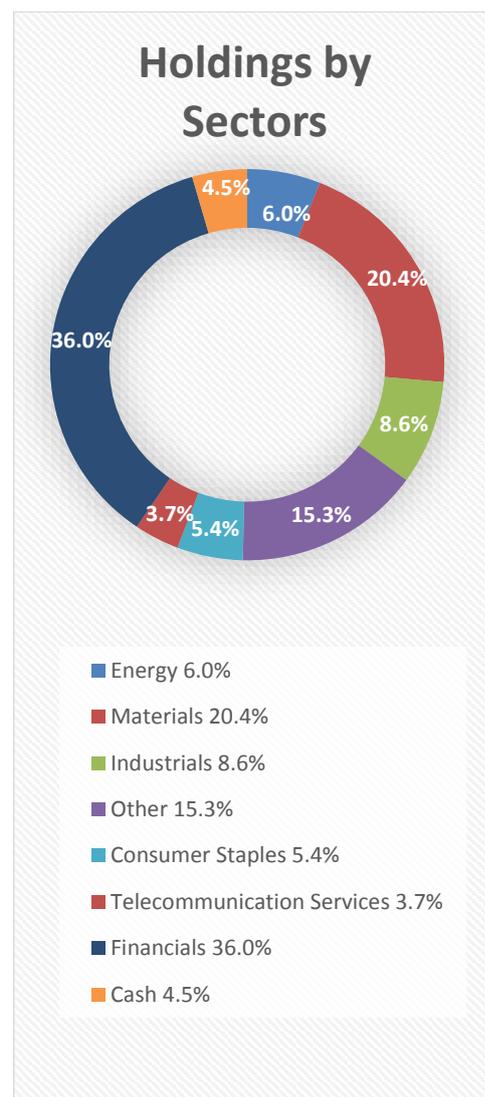
\* Fund returns are calculated net of management fees, assuming all distributions are re-invested. Performance figures have been calculated in accordance with the Financial Services Council (FSC). The returns are calculated before performance fees which are charged against individual accounts. The returns 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	Financials
Westpac	Financials
ANZ	Financials
BHP Billiton	Materials
NAB	Financials

\* The top five holdings make up approximately 33.0% of the portfolio.

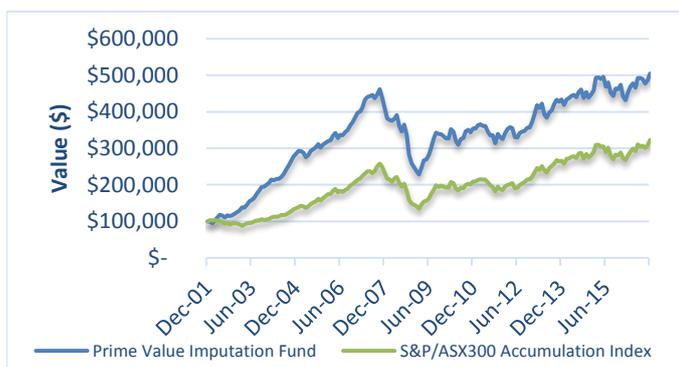
Feature	Fund facts
Portfolio Manager	Leanne Pan
Investment objective	To provide regular tax-effective income, combined with competitive capital growth over the medium to long-term, by managing a portfolio of assets comprised mainly of Australian equities listed on any recognised Australian stock exchange.
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	11.4% (excl. franking credits) 13.4% (incl. franking credits)
Research Rating	Lonsec – Investment Grade



## Market review

March was another strong month for Australian equity investors, with the S&P/ASX 300 up 3.3% (including dividends). Global equity markets were generally strong. Developed markets (+1%), emerging markets (+2%) and the FTSE (+1%) all rose; however, the S&P 500 was flat (+0.1%) and the Nikkei fell 0.4%. As was the case in February, the materials and telco sectors underperformed. Mining was the worst performing sub-sector, weighed down by falling commodity prices including iron ore (-12% to US\$81 a tonne). The energy sector posted a positive return of 4.8% despite a 5% fall in the oil price to US\$52.83 a barrel (Brent). Domestically, all other sectors posted strong returns with the exception of the discretionary retail sub-sector. Mid-caps (+3.7%) outperformed large caps (+3.3%), while small-caps once again underperformed (+2.7%). Other noteworthy developments included APRA announcing further restrictions on mortgage lending (focused on interest-only lending). On the corporate front, Downer launched a takeover bid for Spotless.

Monetary policy and political developments continue to drive asset class markets. In the US, the Fed lifted rates as expected. However, its outlook statement and subsequent minutes were interpreted as more “dovish” than anticipated, particularly given the ongoing strength of economic data.



This graph shows how \$100,000 invested at the Fund’s Inception has increased to \$516,490 (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 \$337,620 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	\$ 2.4939	\$ 2.4945
Withdrawal price	\$ 2.4751	\$ 2.4757
Distribution (31/03/2017)	\$ 0.0200	\$ 0.0212
Indirect Cost Ratio (ICR)	1.435%* p.a.	1.23%* p.a.
Performance fee	20.5%**	20.5%**

\* Unless otherwise stated, all fees quoted are inclusive of GST and the relevant RITC  
 \*\* of performance (net of management fees and administration costs) above the agreed benchmark, subject to positive performance and a high water mark

The information contained in this Fund Update is general in nature and has no regard to the specific investment objectives, financial or particular needs of any specific recipient. It is not intended to constitute investment advice or a personal securities recommendation. This document is not a Product Disclosure Statement (PDS) or an offer of units, and contains a brief overview of the investment only. Any prospective investor wishing to make an investment in the Prime Value Imputation Fund must obtain and read the PDS dated 28 March 2013 (particularly the risk factors discussed) and complete an application form. Neither Prime Value Asset Management Limited nor its associates or directors, nor any other person, guarantees the success of the Prime Value Imputation Fund, the repayment of capital or any particular rate of capital or income return, or makes any representation in relation to the personal taxation consequences of any investor’s investment.

## Fund review & strategy

The Fund returned 2.9% for the month of March. In absolute terms, the Fund’s major contributors to performance for the month were **Sydney Airport**, **Qube** (competitor raising prices reducing industry price tension) and **major banks** (up 4% on average). **Harvey Norman** (on media expose on its accounting practices), **BHP**, and **Fletcher Building** (contract issues in construction division) were the detractors. In relative terms, Fund’s zero weighting to healthcare was a detractor.

Some of our current observation include:-

- The recent strong Australia market performance was underpinned by higher commodity prices and selective company earnings. The current higher energy prices are impacting businesses & consumers.
- Ongoing public hearings of many industries – need to keep watch on regulation updates
- China’s managed economic growth and capital flows
- Global geopolitical risk continue (elections, strong man posturing)

The Fund paid a quarterly distribution of \$0.02 (not including franking credits). Our portfolio has about 30 stocks, 35% are classified as small cap names. We continue to seek out companies with sustainable dividend and potential capital growth.

Top contributors (absolute)	Sector
Sydney Airport	Industrials
CBA	Financials
Qube	Industrials

Top detractors (absolute)	Sector
Harvey Norman	Consumer Discretionary
BHP	Materials
Fletcher Building	Materials

Platforms
Ausmaq, Beacon, BT Wrap, First Wrap, Hub24, Netwealth,, Symetry, Wealthtrac

### Contact details:

Phone: 03 9098 8088

Fax: 03 9098 8099

Email: [info@primevalue.com.au](mailto:info@primevalue.com.au)

### Mail:

Prime Value Asset Management Ltd

Level 9, 34 Queen Street

Melbourne VIC 3000

Web: [www.primevalue.com.au](http://www.primevalue.com.au)