Prime Value Imputation Fund
Fund Update – May 2016

- The RBA lowered the cash rate for the first time in 12 months, to 1.75%, underpinning a rally in Australian equities
- Resources and energy sectors fell but interest rate sensitive sectors including REITs and consumer discretionary rallied
- The Fund gained 1.9% in May with positive leads from Programmed Maintenance (+28.7%) and Macquarie Bank (+17.9%)

	Total Return*	Growth Return*	Distribution Return*	Total Return including Franking Credits**	S&P/ASX 300 Accumulation Index
Since inception (pa)	11.4%	6.1%	5.3%	13.4%	7.9%
10 Years (pa)	3.8%	-0.9%	4.8%	5.9%	5.2%
5 Years (pa)	6.2%	1.6%	4.5%	8.5%	7.3%
3 Years (pa)	6.9%	2.8%	4.0%	8.9%	7.7%
1 Year (pa)	-3.6%	-7.1%	3.6%	-1.9%	-2.1%
3 Months	10.6%	9.6%	1.0%	10.8%	11.7%
1 Month	1.9%	1.9%	0.0%	1.9%	3.1%

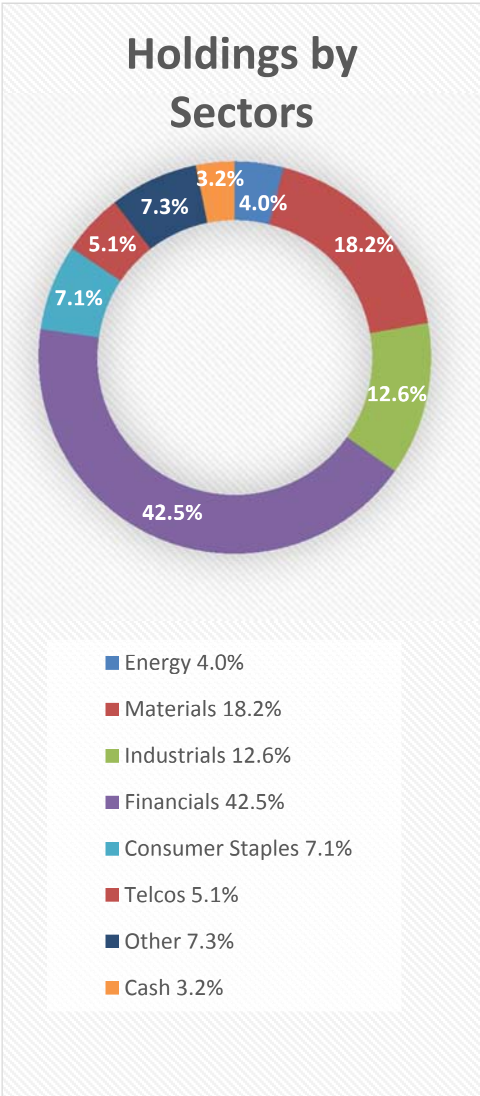
* Fund returns are calculated net of management fees, assuming all distributions are re-invested. Performance figures have been calculated in accordance with the Financial Services Council (FSC). The returns are calculated before performance fees which are charged against individual accounts. The returns 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 32.0% 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

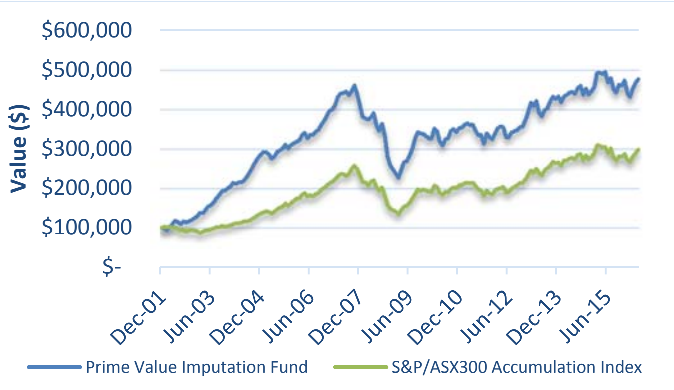


Market review

The ASX300 gained 3.1% in May – the third consecutive month of 3% plus returns. Australian equities outperformed global equities in local currency terms. The key driver of the strong May performance was the RBA's 25 basis point rate cut to a record low 1.75% and the prospect of further cuts. In contrast, global equities had a stronger end to the month following more 'hawkish' economic commentary from the US Fed.

Resource stocks underperformed in May after a strong rebound in recent months. Iron ore gave up all its April gains, collapsing 23.9% to US$49.60.

The Health Care sector was the standout performer (up 9.5%) in May, while the Consumer Discretionary (+5.8%), Financials ex REITs (+5.2%) and Telco (+5.0%) sectors also performed strongly. As noted, resource stocks underperformed, with Materials down 3.2% and Energy down 1.8% despite a 3.0% gain in the oil price to US$49.69 (Brent). With the exception of Consumer Staples (-0.8%), all other sectors posted gains. Mid-caps outperformed returning 5.7%, as did small-caps (+4.1%). Mega-caps and large-caps underperformed, both up 2.6%.



This graph shows how $100,000 invested at the Fund's Inception has increased to $477,800 (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 $299,270 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	$2.3682	$2.3680
Withdrawal price	$2.3502	$2.3500
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 1.9% for the month of May (after fees). In absolute terms, the Fund's major contributors to performance were Macquarie (+17.9%) and CBA (+4.8%).

Programmed Maintenance (+28.7%) reported a better than expected albeit revised down result, strong cash conversion and faster debt repayment. It has declared a fully franked dividend of 5 cents for the half, yielding 3.4% on the day of the announcement.

BHP (-7.8%), IOOF (-7.7%, indicated a more subdued outlook due to volatility in the market) and Wesfarmers (-5%, Target business impairment) were the three major detractors.

The Fund has nil holdings in the Healthcare sector as they are not high dividend payers. At times when that sector performs strongly, it can adversely impact relative performance of the fund as we saw happen in May.

Macro factors are likely to dominate in the coming months – Australian Federal election, Brexit vote, FOMC meeting and global interest rate movements. Some EOFY tidying up can exaggerate price movements.

Top contributors (absolute)	Sector
Programmed Maintenance	Industrials
Macquarie Bank	Financials
Commonwealth Bank	Financials

Top detractors (absolute)	Sector
BHP Billiton	Materials
IOOF	Financials
Wesfarmers	Consumer Staples

Platforms

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

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