

Prime Value Imputation Fund

Fund Update - November 2015



- The broader Australian market was slightly lower with the key ASX300 Index falling 0.7%
- A holding of the Fund, Santos, received a takeover offer during the month which was rejected by the Board
- Best performing companies for the month were Santos (+46.7%), Qube (+15.7%) and Macquarie (+11.8%)

	Total Return*	Growth Return*	Distribution Return*	Total Return including Franking Credits**	S&P/ASX 300 Accumulation Index
Since inception (pa)	11.6%	6.2%	5.4%	13.6%	7.7%
10 Years (pa)	4.0%	-0.8%	4.8%	6.1%	5.6%
5 Years (pa)	6.1%	1.5%	4.6%	8.5%	6.9%
3 Years (pa)	8.9%	4.8%	4.1%	11.1%	9.2%
1 Year (pa)	5.2%	1.3%	3.9%	7.3%	2.1%
3 Months	2.1%	1.2%	0.9%	2.9%	0.7%
1 Month	-0.4%	-0.4%	0.0%	-0.4%	-0.7%

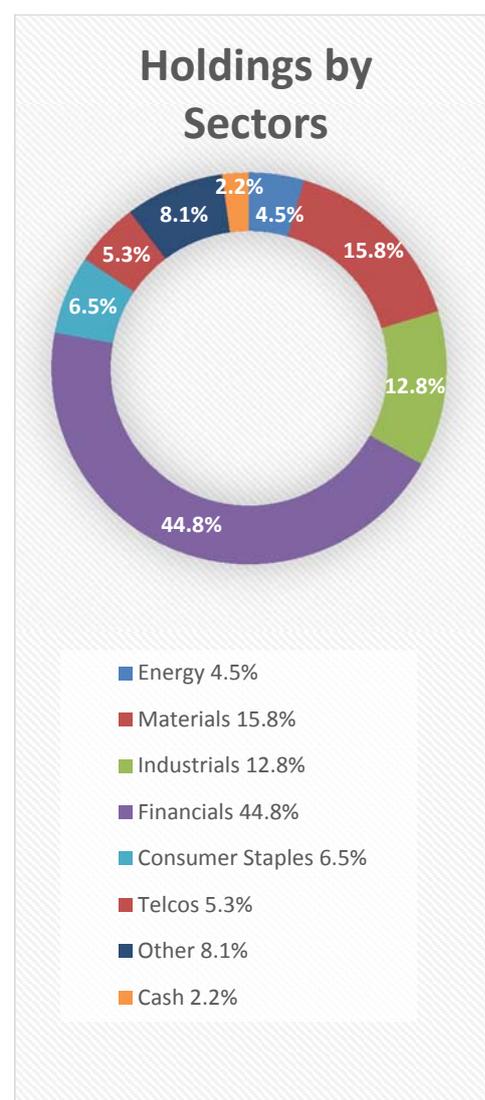
* Fund returns are calculated net of management fees, assuming all distributions are re-invested. Performance figures have been calculated in accordance with the Financial Services Council (FSC). The returns are calculated before performance fees which are charged against individual accounts. The returns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

* The top five holdings make up approximately 31.7% of the portfolio.

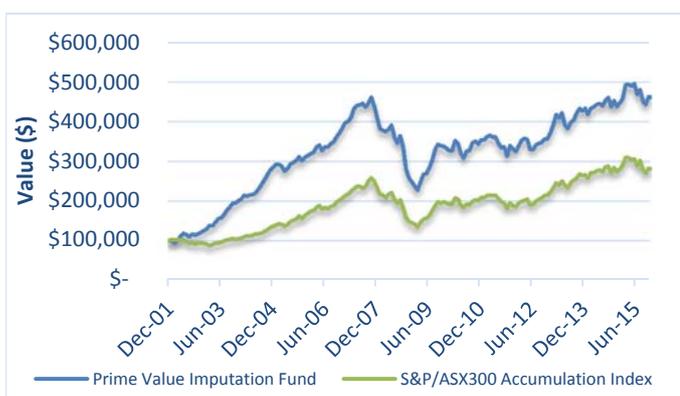
Feature	Fund facts
Portfolio Manager	Leanne Pan
Investment objective	To provide regular tax-effective income, combined with competitive capital growth over the medium to long-term, by managing a portfolio of assets comprised mainly of Australian equities listed on any recognised Australian stock exchange.
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	11.6% (excl. franking credits) 13.6% (incl. franking credits)
Research Rating	Lonsec – Investment Grade



Market review

The Australian share market eased slightly in November with the ASX300 declining by -0.7%. Health care was the standout sector (+5.3%), while the materials sector was by far the worst performing sector, down 12.4%. Small caps were flat, outperforming large caps (-0.8%) and mid-caps (-0.6%). The downward trend in Chinese growth and a much anticipated lift in US rates are two key factors weighing on both commodity prices and emerging markets. The US dollar and bond yields rallied during the month as markets began to increasingly price-in a December rate hike following the release of strong economic data, including unemployment which fell to 5.0%.

Domestically, stronger than expected employment data reduced expectations of a near-term rate cut and supported the AUD (up 1.1c to 72.5 US cents). While limited in its scope, materially weaker-than-forecast capex spending data was a clear reminder of the economic headwinds moving into 2016. The positive offset for the economy and equity markets is historically low interest rates (with an easing bias) and a relatively constrained Australian dollar.



This graph shows how \$100,000 invested at the Fund's Inception has increased to \$461,600 (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 \$280,800 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	\$2.3276	\$2.3273
Withdrawal price	\$2.3100	\$2.3097
Distribution (30/09/2015)	\$0.0200	\$0.0212
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 posted a return of -0.4% (after fees) for the month, slightly outperforming the ASX300 in a month characterised by continued volatility. The Fund's major contributors to performance were Capilano (+17.2%), Amalgamated Holdings (+7.6%) and CBA (+3.5%), while BHP (-21.4%), Santos (-21.2%) and Macquarie (-3.1%) were the three major detractors.

Santos reduced its net debt via a combination of asset sales, private placement and an entitlement offer. PVIF took up our entitlement but we are mindful of the dividend policy and so are watching the company closely. Valuations do not appear demanding for resources, but the short term outlook is unclear and so remain cautious with regards the sector.

There was \$6 billion of capital raised during November and appetite for new equity should remain strong when one considers the alternatives. Management comments from recent AGM sessions remained subdued resulting in earning downgrades for FY16. For PVIF, we continue to favour companies with strong cashflow and a sustainable dividend yield.

Top contributors (absolute)	Sector
Capilano Honey	Consumer Staples
Amalgamated Holdings	Consumer Discretionary
Commonwealth Bank	Financials

Top detractors (absolute)	Sector
BHP Billiton	Materials
Santos	Energy
Macquarie Bank	Financials

Platforms

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

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