

Prime Value Imputation Fund

Fund Update - October 2015



- Global equity markets performed strongly buoyed by the expectation the US Fed may stay its hand on interest rates
- 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%	6.3%	5.4%	13.7%	7.8%
10 Years (pa)	4.4%	-0.5%	4.9%	6.4%	6.1%
5 Years (pa)	5.7%	1.1%	4.6%	8.1%	6.8%
3 Years (pa)	9.2%	5.0%	4.2%	11.3%	9.6%
1 Year (pa)	2.2%	-1.6%	3.8%	4.3%	-0.5%
3 Months	-3.5%	-4.4%	0.9%	-2.8%	-6.4%
1 Month	4.5%	4.5%	0.0%	4.5%	4.4%

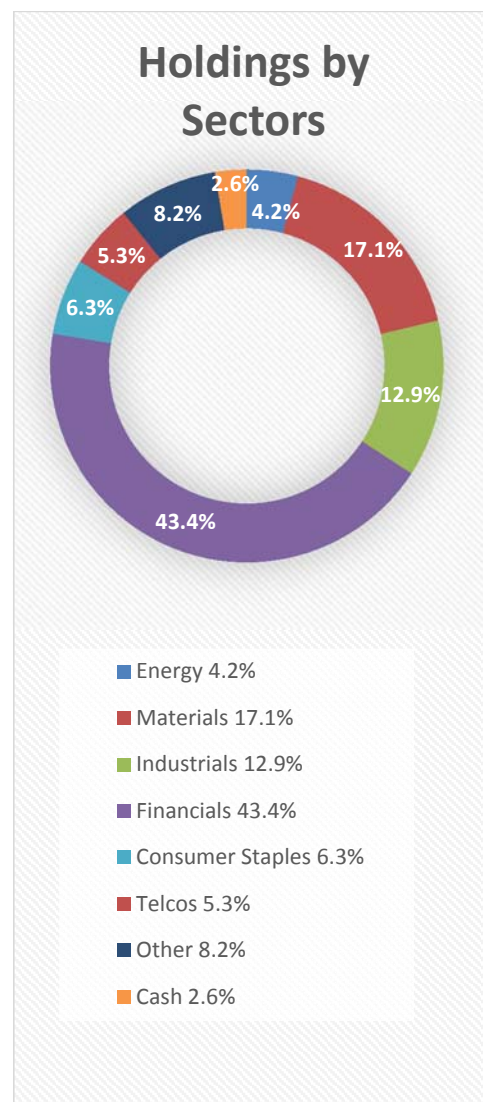
* Fund returns are calculated net of management fees, assuming all distributions are re-invested. Performance figures have been calculated in accordance with the Financial Services Council (FSC). The returns are calculated before performance fees which are charged against individual accounts. The returns 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
Commonwealth Bank of Australia	Financials
Westpac Banking Group	Financials
Amalgamated Holdings	Consumer Discretionary
Sydney Airport	Industrials
BHP Billiton	Materials

* The top five holdings make up approximately 31.1% of the portfolio.

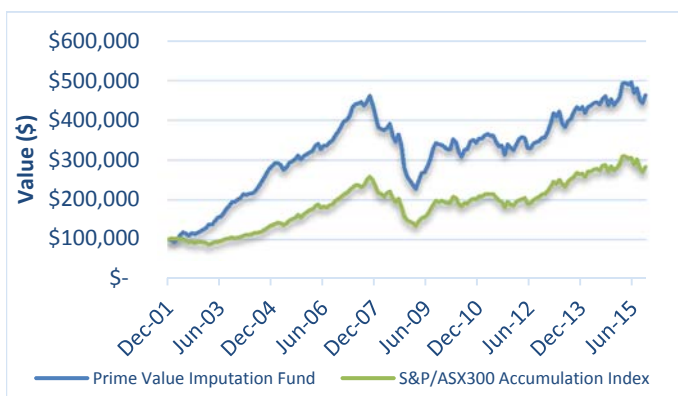
Feature	Fund facts
Portfolio Manager	Leanne Pan
Investment objective	To provide regular tax-effective income, combined with competitive capital growth over the medium to long-term, by managing a portfolio of assets comprised mainly of Australian equities listed on any recognised Australian stock exchange.
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) 13.7% (incl. franking credits)
Research Rating	Lonsec – Investment Grade



Market review

October was a strong month for equity markets with generally weaker economic data spurring hopes of further monetary stimulus. The Australian share market returned 4.4%, underperforming global equities, which posted its biggest monthly return for 4 years (+8%) – defying the so-called ‘October effect’. Against the weakening global economic backdrop, the Fed again held-off raising rates; the People’s Bank of China cut rates; and the ECB and Bank of Japan both flagged the possibility of further stimulus.

Most sectors posted positive returns, apart from the more defensive consumer staples (flat) and telco sectors (-2.9%). Energy was the best performing sector; however, the materials sector underperformed its global sector return, dragged down by a weaker iron ore price (-9.0%). Small caps (7.1%) and mid-caps (7.3%) continued their trend of outperformance over large caps (3.8%) and mega caps (3.2%). The Australian dollar closed higher (up 1.1 cents to USD 0.7130) despite easing back late in the month, reflecting weaker domestic inflation data and higher mortgage rates by the major banks (up 0.15 - 0.20%).



This graph shows how \$100,000 invested at the Fund’s Inception has increased to \$463,400 (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 \$282,700 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	\$2.3369	\$2.3362
Withdrawal price	\$2.3193	\$2.3186
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 an after fees return of 4.5% for the month, marginally outperforming the ASX300 Accumulation Index. In absolute terms, major contributors to performance were Santos (+46.7%, received takeover offer but rejected by the Board), Qube (+15.7%) and Macquarie (+11.8%, strong profit guidance and equity raising to purchase Esanda dealer finance portfolio). The three major detractors were Newcrest (-3.1%), Telstra (-3.7%, concerns over mobile competition and potential investment in the Phillipines) and Capilano Honey (-14.9%).

Amalgamated Holdings (AHD), a top 5 holding of the Fund, engages in the entertainment, hospitality and leisure areas primarily in Australia, NZ and Germany. It gave a positive update during the recent AGM. Its QT hotels and resorts are performing well and the outlook for its cinema business looks strong with James Bond Spectre, Hunger Games and Star Wars movies opening in the coming months. We continue to hold this investment as it has a valuable asset base, strong balance sheet and is leveraged to the tourism and leisure sectors which should continue to benefit from the lowering AUD.

Top contributors (absolute)	Sector
Macquarie	Financials
Santos	Energy
Qube Holdings	Industrials

Top detractors (absolute)	Sector
Telstra	Telecommunications
Capilano Honey	Consumer Staples
Newcrest Mining	Materials

Platforms

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

Contact details:

Phone: 03 9098 8088

Fax: 03 9098 8099

Email: info@primevalue.com.au

Mail:

Prime Value Asset Management Ltd

Level 9, 34 Queen Street

Melbourne VIC 3000

Web: www.primevalue.com.au

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