

Prime Value Imputation Fund

Fund Update - September 2015



- Mixed messages from the US Fed on interest rates and weak Chinese economic data cast a shadow over markets
- A new Australian Prime Minister has reignited debate on lifting Australia's economic prospects. We expect further developments to come as the economy transitions from resources sector leadership
- The pullback during the September quarter has provided opportunities to top up holdings in a number of companies we own

	Total Return*	Growth Return*	Distribution Return*	Total Return including Franking Credits**	S&P/ASX 300 Accumulation Index
Since inception (pa)	11.4%	6.0%	5.4%	13.5%	7.5%
10 Years (pa)	3.6%	-1.2%	4.8%	5.6%	5.2%
5 Years (pa)	5.1%	0.5%	4.6%	7.5%	6.3%
3 Years (pa)	8.4%	4.3%	4.1%	10.5%	9.1%
1 Year (pa)	1.3%	-2.4%	3.7%	3.4%	-0.7%
3 Months	-5.3%	-6.2%	0.9%	-4.7%	-6.5%
1 Month	-1.8%	-2.7%	0.9%	-1.1%	-2.9%

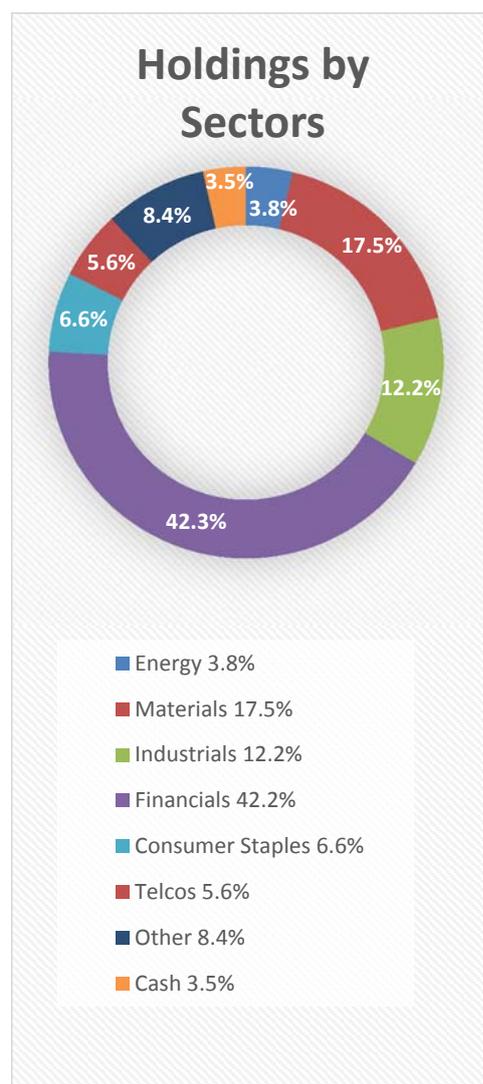
* Fund returns are calculated net of management fees, assuming all distributions are re-invested. Performance figures have been calculated in accordance with the Financial Services Council (FSC). The returns are calculated before performance fees which are charged against individual accounts. The returns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

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

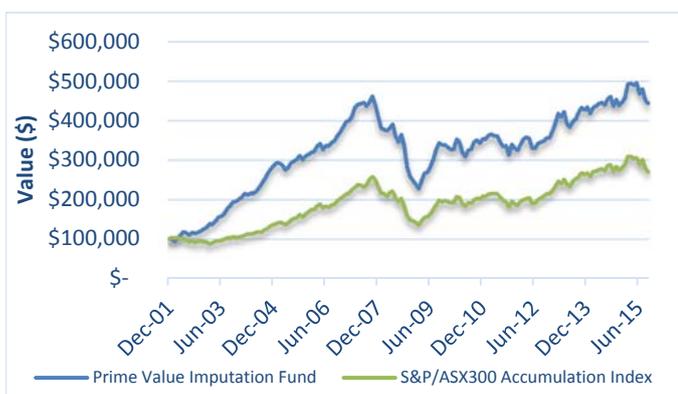
Feature	Fund facts
Portfolio Manager	Leanne Pan
Investment objective	To provide regular tax-effective income, combined with competitive capital growth over the medium to long-term, by managing a portfolio of assets comprised mainly of Australian equities listed on any recognised Australian stock exchange.
Benchmark	S&P / ASX 300 Accumulation Index
Inception Date	20 December 2001
Cash limit	0 - 30%
Distribution	Quarterly
Recommended investment period	3 - 5 years +
Annualised Return	11.4% (excl. franking credits) 13.5% (incl. franking credits)
Research Rating	Lonsec – Investment Grade



Market review

Equity markets continued to sell-off in September reflecting mixed messages from global events. The Australian share market declined 2.9% to extend the current correction to approximately 15% since April. Soft Chinese economic growth and no move from the US Fed on interest rates were dominant market themes. China's economic growth prospects remain under the microscope as official statistics signalled soft demand. Commodity prices and resource stocks were hit particularly hard. The Australian dollar sold off against most major currencies, falling below AUD0.70 at one point for the first time since early 2009 before closing down -0.7c at AUD0.702.

Unsurprisingly, the resource sectors were the worst performing sectors of the market, with the local energy sector down 12% for the month (-24.1% for the quarter). IT (+6.1%) and Industrials (+2.1%) were the only domestic sectors to post positive returns in September. The major banks continued to underperform, down 3.8% for the month and 11.3% for the quarter. Small caps (-0.5%) and mid-caps (-1.8%) outperformed large caps (-3.2%), continuing the trend for the quarter.



This graph shows how \$100,000 invested at the Fund's Inception has increased to \$443,600 (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 \$270,700 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	\$2.2571	\$2.2572
Withdrawal price	\$2.2401	\$2.2402
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

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Fund review & Strategy

The Fund posted a return of -1.8% after fees in a volatile month outperforming its benchmark by 1.1%. In absolute terms, the Fund's major contributors to performance were Capilano Honey (+25.1%), Incitec Pivot (+11.1%, positive feedbacks from analysts' visit of ammonia plant under construction in Louisiana) and Newcrest (+13.4%), while resources related names represented the detractors (BHP Billiton -13.9%, QUB -14.5% and Woodside Petroleum -10.4%). In relative terms, outperformance was driven by stock selection with a modest contribution from sector allocation.

During the quarter we visited companies (listed/unlisted) contributing to the "Food Bowl" of Asia. Australia has much to offer in this area. Participants in the supply chain include companies providing legal services, R&D, fertilisers, food nutrient, packaging, logistics, rural supplies etc. We continue to assess investment opportunities in this area.

Top contributors (absolute)	Sector
Capilano Honey	Consumer Staples
Incitec Pivot	Materials
Newcrest Mining	Materials

Top detractors (absolute)	Sector
BHP Billiton	Materials
Qube Holdings	Industrials
Woodside Petroleum	Energy

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