

# Prime Value Imputation Fund

## Fund Update – August 2018

- The Australian share market has performed well this year, in contrast to the more volatile Asian stock markets. This outperformance was extended in August, with the ASX300 Accumulation Index rising 1.4%
- The August reporting season provided significant news flow and drove sharp short-term price movements, while corporate activity was also a feature
- The Fund returned 0.8% for the month of August to be up 11.6% over the last year.

	Total Return*	Growth Return*	Distribution Return*	Total Return including Franking Credits**	S&P/ASX 300 Accumulation Index
Since inception (p.a.)	<b>11.0%</b>	5.9%	5.1%	<b>13.0%</b>	8.4%
10 Years (p.a.)	<b>4.7%</b>	0.5%	4.1%	<b>6.7%</b>	6.7%
5 Years (p.a.)	<b>7.3%</b>	3.4%	3.9%	<b>9.2%</b>	8.9%
3 Years (p.a.)	<b>8.3%</b>	4.6%	3.7%	<b>10.2%</b>	11.5%
1 Year	<b>11.6%</b>	7.8%	3.8%	<b>13.5%</b>	15.4%
3 Months	<b>5.8%</b>	4.7%	1.1%	<b>6.0%</b>	6.0%
1 Month	<b>0.8%</b>	0.8%	0%	<b>0.8%</b>	1.4%

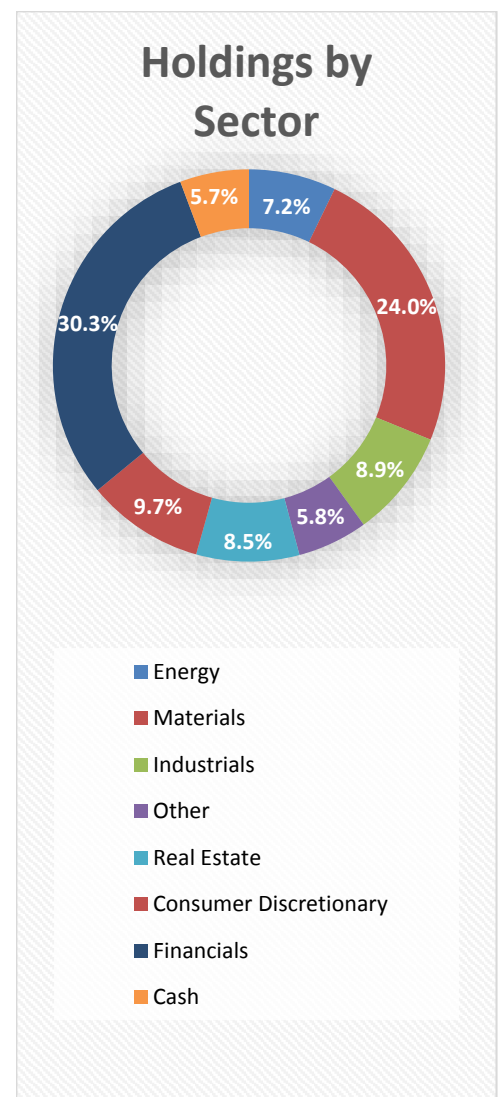
\* Fund returns are calculated net of management fees, assuming all distributions are re-invested. Performance figures have been calculated in accordance with the Financial Services Council (FSC) standards. The returns are calculated before performance fees which are charged against individual accounts.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

The top five holdings make up approximately 30.2% of the portfolio.

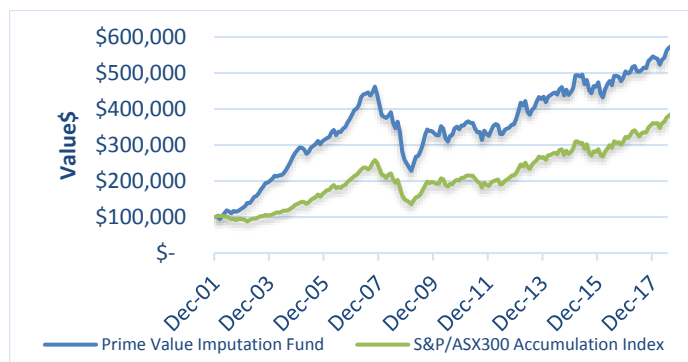
Feature	Fund facts
Portfolio Manager	Leanne Pan
Investment objective	To provide regular tax-effective income, combined with competitive capital growth over the medium to long-term, by managing a portfolio of assets comprised mainly of Australian equities listed on any recognised Australian stock exchange.
Benchmark	S&P / ASX 300 Accumulation Index
Inception Date	20 December 2001
Cash	0 - 30%
Distributions	Quarterly
Recommended investment period	3 + years



## Market review

The Australian stock market posted another strong month in August with the ASX300 Accumulation Index rising 1.4%. The media headlines were prominent in calling out the market's milestone of the first monthly close above 6200 in over 10 years to close up 0.6%, above 6300 (ASX200 Index). Whilst breaching the 6300 mark is psychologically comforting, investors should not be taking away any fundamentally meaningful information in the index moving above 6300. More important was that the Australian stock market rose despite the Australian Dollar falling consistently with domestic politics creating a nasty overhang. Nevertheless, sentiment in stocks were assisted by a backdrop of strong equity performance globally, as US indices NASDAQ and S&P500 closing up 5.7% and 3.0% respectively.

Information Technology was the best performing sector in the ASX200 in August, up 12.3% led by strong performances from stocks like Wisetech. Telecommunications was the next-best performing sector, up 10.9%. TPG Telecom sparked a rally amongst telecom stocks, including Telstra, with its proposed merger with Vodafone. The Materials sector was the worst performer, posting a loss of 5.3% for the month. The ASX Small Ordinaries increased 2.2%, led by technology stocks.



This graph shows how \$100,000 invested at the Fund's inception has increased to \$574,400 (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 \$386,600 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	\$ 2.6330	\$ 2.6337
Withdrawal price	\$ 2.6130	\$ 2.6137
Distribution (30/06/2018)	\$ 0.0270	\$ 0.0282
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 September 2017 (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 and strategy

The Fund returned 0.8% in August. It was a strange month in the local market, where CSL and Telstra (TLS) were the heroes! Stock stories dominated the earnings reporting season, sprinkled with Canberra politics and a global trade tension showdown (resources sell-down). In absolute terms, contributors were **Macquarie Bank** (MQG), **Goodman Group** (GMG), and **Event Hospitality and Entertainment** (EVT). Detractors were **BHP Billiton** (BHP), **Newcrest Mining** (NCM) and **Adelaide Brighton** (ABC). Whilst there were no disasters in the results, Adelaide Brighton ABC was sold down on a surprise management change and Caltex due to a capital management program that was less aggressive than expected. Event Hospitality and Entertainment (EVT) delivered a solid result and the value of the property portfolio was revised upwards, underpinning an estimated \$10 NTA. We prefer companies with strong balance sheets and good asset backing are - in the short term they may not look "sexy" but they also don't typically trade on eye-watering valuations either.

We made some adjustments to portfolio holdings after going ex-dividend. Some companies are yet to implement their capital management programmes which are likely to be tax-effective. Over time we have selectively added more small companies when opportunities present themselves and will continue to seek out companies with sustainable dividend and medium term growth.

Top Contributors (Absolute)	Sector
Macquarie Bank	Financials
Goodman Group	Financials
Event Hospitality & Ent.	Consumer Discretionary

Top Detractors (Absolute)	Sector
BHP	Materials
Newcrest	Materials
Adelaide Brighton	Materials

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

### Contact details:

Brittany Shazell, Dora Grieve, Julie Abbott & Serena Shi  
 Client Services Team  
 Phone: 03 9098 8088  
 Fax: 03 9098 8099  
 Email: [info@primevalue.com.au](mailto:info@primevalue.com.au)  
 Web: [www.primevalue.com.au](http://www.primevalue.com.au)

### Mail:

Prime Value Asset Management Ltd  
 Level 9, 34 Queen Street  
 Melbourne VIC 3000