



PrimeValue
Building Wealth Together

PRIME VALUE EQUITY INCOME FUND

Product Disclosure Statement

20 JULY 2020

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Important Information

This Product Disclosure Statement (PDS) is a summary of significant information about the Prime Value Equity Income Fund (ARSN 102 420 539) (Fund) and it contains references to important additional information contained in the Prime Value 'Additional Information to the PDS' (Additional Information). The Additional Information forms part of this PDS and you should consider the whole PDS including it before making a decision to invest. The Additional Information and the PDS are available at www.primevalue.com.au/pds or you can request a copy by calling us on 03 9098 8088. The information provided in the PDS is general information only and does not take into account your personal investment objectives, financial

situation or needs. You should obtain professional financial advice tailored to your personal circumstances.

Prime Value Asset Management Ltd (ABN 23 080 376 110) (AFSL 222 055) (Prime Value) has prepared and issued this PDS. Information in this PDS is subject to change of a type that is not materially adverse from time to time. You can obtain any updated information by contacting Prime Value on 03 9098 8088. A paper copy of the updated information will be provided free of charge on request.

All amounts in this PDS are in Australian dollars unless stated otherwise. All fees are inclusive of goods and services tax (GST) and take into account reduced input tax credits (RITCs) if applicable.



1. About Prime Value Asset Management Limited

Prime Value is a multi-award winning boutique Australian equities manager with an impressive history of building wealth with investors since 1998. As Responsible Entity of the Prime Value Equity Income Fund, it holds an Australian Financial Services License that authorises it to operate managed investment schemes. Prime Value is responsible for the management and administration of the Fund and sets the investment policies and objectives.

A Manager for All Seasons

Prime Value is a "style neutral" manager investing in Australian equities that is best considered to be a manager for all seasons. Prime Value launched the Prime Value Equity Income Fund in 2001 and the Fund has paid excellent tax effective income distributions since its inception.

Prime Value's stable, talented investment team has navigated many market cycles and a wide variety of investment situations. The team has considerable experience in the corporate sector; an advantage which means Prime Value speaks the language and asks the right questions of companies when considering investment.

This experience has also taught us that investment is more than just science, mathematics and statistics. Art and intuition, which come from experience and skill, also play an important role.

Prime Value's unique style is not easy to pigeon-hole and not easily replicated. We believe that this willingness to follow our own path, combined with a strong culture and sense of stewardship, has driven our consistent record.

Alignment of interest

Prime Value and its investment team are cornerstone investors in Prime Value Funds and have a true alignment of interest with other investors. As fellow investors, we demand superior returns for accepting the investment risk – not just the average return of the market. In this way, "Building Wealth Together" is more than just a slogan; it is the heart and soul of Prime Value.

A strong belief in "stewardship" – that managing money for others is an important responsibility – underpins our culture. This means a focus on absolute, after-tax performance and a clear priority of minimising mistakes.

2. How the Prime Value Equity Income Fund works

The Prime Value Equity Income Fund is an Australian registered managed investment scheme and unit trust. In a unit trust structure, when you invest your money it is pooled with other investor funds. The total value of the assets in the Fund is divided into "units" and a "unit price" is calculated each Business Day. Investors receive units when they invest in the Fund. The unit price will generally change daily as the market value of assets in the Fund rises or falls. The Fund invests primarily in listed equities in Australia.

There are two classes of units offered under this PDS:

Class A (APIR Code: PVA0002AU) which is available to direct investors who join using the application form provided; and Class B (APIR Code: PVA0022AU) which is available to investors investing indirectly via investor directed portfolio services (IDPS) including a master trust or platform. Applications are made through the IDPS operator.

You should read the important information about 'Indirect Investors (Class B unitholders)' before making a decision. Go to Section 2 of the Additional Information at www.primevalue.com.au/pds. The material relating to this matter may change between the time when you read this PDS and the day when you acquire the product.

Investing in the Fund

To invest in the Fund you will need to complete an application form. You can also add to your investment at any time or make regular monthly investments using the Regular Savings Plan. For further information, please see Section 8 'How to apply'.

The following minimum investment amounts apply for Class A units:

- Minimum initial investment: \$20,000
- Minimum additional investment: \$2,000
- Minimum monthly investment: \$200

We may accept lower amounts at our discretion and reserve the right not to accept an application to invest for any reason.

Withdrawing from the Fund

Investors can withdraw some or all of their investment by completing a withdrawal form. Withdrawals are generally processed daily within 5 Business Days, however in certain circumstances, such as when there is a suspension on redemptions or where the Fund becomes illiquid (as defined in the Corporations Act), you may not be able to withdraw your investment within the usual period and alternative withdrawal procedures may apply.

You should read the important information about withdrawals before making a decision. Go to section 2 of the Additional Information at www.primevalue.com.au/pds. The material relating to this matter may change between the time when you read this PDS and the day when you acquire the product.

Income Distributions

Generally the net income of the Fund received during a year is distributed to investors in proportion to the number of units held. The Fund generally pays distributions quarterly as at 31 March, 30 June, 30 September and 31 December.

You can choose to have your distributions automatically reinvested into additional units in the Fund or paid directly into your nominated bank account. There is no buy-sell spread on distributions that are reinvested.

The timing and amount of distributions may be different for Indirect Investors. Please refer to the PDS or other disclosure document provided by the IDPS operator.

3. Benefits of investing in the Prime Value Equity Income Fund

- 1 STEWARDSHIP** – We take our role as stewards earnestly and value our responsibility to investors – putting our clients first.
- 2 INDEPENDENCE** – Our ownership is simple and transparent, and our independence gives us the freedom to invest with a long-term approach. We combine the discipline and investment expertise of a large fund manager with the flexibility and non-bureaucratic features of a boutique.
- 3 ALIGNMENT OF INTEREST** – Our management and investment team invest in the Prime Value Funds so we too depend on consistent outperformance; our aim to *build wealth together* with our investors is fundamental.
- 4 PERFORMANCE** – Prime Value's investment process plays to our strengths and has consistently delivered for investors.
- 5 RISK MANAGEMENT** – Minimising mistakes may be undervalued by many but not by us - it remains our central investment philosophy. While tools such as standard deviation can provide some insight into risk management, we tend to think along the same lines as investors; that is, we are more concerned about an investment's potential for losses ahead of its potential effect on standard deviation.
- 6 EXCEPTIONAL TEAM** – When you invest in a boutique you invest in our people, and we are proud to have an experienced, stable, committed team.
- 7 CULTURE** – Prime Value has developed a successful culture which is open, inclusive and collaborative; and reflected in the longevity and stability of the investment team.

3. Benefits of investing in the Prime Value Equity Income Fund (continued)

Investment philosophy

The following are the four pillars of our investment philosophy:

Stewardship: We take our role as stewards earnestly and value our responsibility to investors – putting our clients first. Co-investing alongside our investors ensures a true alignment of interest.

Quality investing requires a balance between Art and Science:

Prime Value enjoys the flexibility of being a style-neutral manager because it allows us to select stocks from across the ASX. This independent approach has delivered for over 14 years and means our process is not easily replicated.

When evaluating investment opportunities, we focus on good companies selling below intrinsic value. We judge stocks based on investment fundamentals while also taking into account macro economic data, corporate financial reports, industry data and comments from corporate officers to determine whether a stock is under or over-valued.

Prime Value believes all economic and financial tests require flexibility, depending on the phase in the economic cycle or the type of stock. There is no standard way of identifying winners or losers in the stock market. Experience and common sense dictate how the formula must be adapted to determine the appropriate investment decision for each security.

Analysis is the first step in investing; however interpretation and judgment are equally important.

Minimising mistakes: Minimising mistakes is our number one imperative. We must remember investment decisions are based on market views and intelligence that is often faulty, and on research that is never complete and error-free. Managers therefore live and die on their own judgments. This may seem to be lacking the heroics of picking big winners, but in practice the Investment Manager who makes the fewest mistakes usually produces superior results. Our research efforts are focused as much on avoiding losers as identifying winners.

Benchmarks are inefficient: Benchmarks are a good way to get a feel for how well the market in general has performed, but they are not necessarily a good model for how to build a portfolio of stocks. At Prime Value, our main focus is on good companies selling below their intrinsic value regardless of their weighting in the benchmark or whether they are large, mid, small or micro cap stocks.

The ability to consider “all caps” allows us opportunities often overlooked by major fund managers and stockbrokers. There are good reasons to look beyond the obvious. Stocks outside the ASX 100 are less influenced by trading and market factors and are more suited to detailed fundamental analysis as the basis for investment selections.

Our portfolios are constructed based on the expected return characteristics of the individual companies without reference to their size. We invest in a “market of stocks”, free of benchmark constraints.

4. Risks of managed investment schemes

Before investing, each potential investor should consider whether the Fund is a suitable investment given their personal investment objectives.

When considering any investment in a managed investment scheme, it is important that you understand:

- all investments carry risk;
- the value of investments will go up and down;
- the level of returns will vary, and future returns may differ from past returns;
- returns are not guaranteed, and investors may lose some of their money;
- laws affecting registered managed investment schemes may change in the future;
- assets with the highest long-term returns may also carry the highest level of short-term risk
- the level of risk for each investor will vary depending on a range of factors, including age, investment time frames, where other parts of the person’s wealth are invested, and the investor’s risk tolerance.

Every investment involves varying degrees of risk and different investment strategies may carry different levels of risk, depending on the assets that make up the strategy. While there are many factors which may impact on the performance of any investment, the summary below details the key risks that investors should be aware of when investing in the Fund:

Risks associated with any investment in listed equities

- An investment in the Fund is an indirect investment in equities listed on a recognised Australian stock exchange, predominantly the ASX, and the risk profile of an investment

in the Fund is expected to be similar to the risk profile of an investment in Australian equities. Over time, the performance of stock markets can rise and fall and, at times, substantial negative returns have been produced by investments in stock markets. Prime Value cannot assure investors of positive or superior returns in any financial year because the markets can take unexpected turns and the value of an investment may fluctuate accordingly.

Market risk - The market price of listed equities in which the Fund will invest will be affected by numerous factors including changes in interest rates, exchange rates, inflation, market sentiment and the rate of growth of domestic and foreign economies. War between significant countries and acts of terrorism on a large scale can have a significant adverse direct and indirect effect on both the Australian and global stock markets.

It is not possible to eliminate market risk, and many of the components of market risk cannot be controlled by Prime Value. The value of such listed equities in which the Fund invests will also be affected by the risks that may adversely affect the units in the Fund.

Investing in a managed fund - There are some risks inherent in the operation of a managed fund. These include that the Fund could terminate, or fees and expenses could change. The ability of the Fund to pay distributions is dependent upon the Fund having sufficient cash resources and distributable income.

4. Risks of managed investment schemes (continued)

Changes in Government Policy and Taxation - An investment in the Fund may be affected by changes in government policy and legislation in relation to taxation. Changes to the tax system may impact both the performance of companies in which the Fund invests and the manner in which income and capital profits (or losses) are treated.

Stock selection risk - Performance may be lower than the return on the market due to poor investment decisions. This risk is reduced by the employment of a highly qualified, experienced and stable investment team, with a proven performance track record.

Portfolio risk - The Fund's performance may be higher or lower than the S&P/ASX 300 Accumulation Index, as the portfolio will be comprised of a smaller number of companies.

Currency risk - This is the risk that currency movements can adversely affect the Australian dollar earnings of companies the Fund invests in.

Derivative risk - Prime Value may make limited use of derivative investments such as options and futures. Derivatives will not be used to leverage the Fund.

Where the Fund uses derivatives as an alternative to direct investment or risk management tool, the derivative may not move in exactly the same way as the underlying physical security (basis risk) and so may not provide exactly the same exposure.

No derivatives have been transacted to date.

Force majeure events - Force majeure generally refers to an event beyond a party's control, including acts of God, fire, flood, earthquakes, war, acts of terrorism, and labour strikes. A force majeure event may adversely affect the normal operations of financial markets, or the ability of Prime Value, the companies into which the Fund invests or counter-parties utilised by Prime Value to perform their obligations.

5. How we invest your money

You should consider the likely investment return, risk and your investment time frame when choosing to invest into the Fund.

Investment Return Objectives	The Fund aims to provide a 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.
Minimum Suggested Time Frame	3 years
Asset Classes and Asset Allocation Ranges	The Fund invests in Australian equities and will normally have short term cash investments for liquidity management purposes and may have limited investment in fixed interest securities.
Benchmark	S&P/ASX 300 Accumulation Index
Description of the Fund	The Fund will be comprised mainly of securities, primarily companies listed on an Australian stock exchange or due to be listed in the next 12 months. The Fund is designed for an investor seeking a regular income that includes imputation credits, together with medium to long-term capital growth. Investors should be prepared to accept some fluctuations in short-term returns. The Fund is particularly suitable for investors with zero and low marginal tax rates. These include investors in the superannuation system, both accumulation and pension phase and charities.
Commencement date	20 December 2001
Risk Level	High The likelihood of the value of your investment going down over the short term is relatively high compared to investments in funds investing in other types of assets such as fixed interest or cash.
Fund Performance	For up-to-date information on the performance of the Fund, including performance history, please visit www.primevalue.com.au and click on 'Our Funds' or call us on 03 9098 8088. Past performance is not necessarily an indicator of future performance.

Ethical Considerations

The subject of ethical investing is highly complex and there are often contradictions and difficulties in its application. While the Fund is not classified as an ethical fund, Prime Value is a socially conscious investor and examines each investment on a case by case basis. Prime Value is committed to the concept of "responsible investing" and applies a "negative screen" to avoid companies whose behaviour or activities are considered, in its opinion, to be highly unethical or not responsible. For instance, the Fund will not invest in companies which directly derive a significant proportion of their income from tobacco, armaments or pornographic activities.

6. Fees and costs

The information in the following box is a standard consumer advisory warning and does not provide specific information on the fees and charges that you may be charged.

Did you know?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns. For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30-year period (for example, reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the Fund or your financial adviser.

To find out more

If you would like to find out more, or see the impact of the fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website (www.moneysmart.gov.au) has a managed investment fee calculator to help you check out different fee options.

This section shows fees and other costs (unless otherwise stated, inclusive of GST and less any RITC, where applicable) that you may be charged in respect of the Fund. These fees and charges may be deducted from your account, from the returns of your investment or from the Fund's assets as a whole.

You should read all the information about fees and costs before making a decision because it is important to understand their impact on your investment.

The information in the table below can be used to compare costs between different simple managed investment schemes. The method of payment of fees may be different for Direct Investors and Indirect Investors. This is noted where applicable.

Type of Fee or Cost	Amount
Transaction Costs - Fees when your money moves in or out of the Fund	
Establishment Fee	Nil
Contribution Fee	Nil
Withdrawal Fee	Nil
Termination Fee	Nil
Management Costs - The fees and costs of managing your investment	
Management Fee	
Direct Investments (Class A)	1.23% pa
Indirect Investments (Class B)	1.025% pa
	The fee is calculated and accrued daily on the net asset value of the relevant class of units at the end of each day, and payable from the Fund's assets within five (5) Business Days of the end of each calendar month.
Estimated Administration Costs Expenses that are anticipated will be incurred in the operation of the Fund.	Approximately 0.205% pa Calculated and accrued daily on the net asset value of the Fund, as applicable, at the end of each day, and payable from the Fund's assets within five (5) Business Days of the end of each calendar month, or as incurred. The Responsible Entity is entitled to be reimbursed for certain expenses incurred in managing the Fund. They may include expenses properly incurred in the investment administration, custody and compliance for the Fund. Other expenses including tax and operating costs such as audit, unit registry expenses, legal and tax consulting fees are also recoverable out of the assets of the Fund.
Performance Fee	20.5% of net performance in excess of the S&P/ASX 300 Accumulation Index, subject to a high water mark and positive performance. For Direct Investments (Class A Units), the performance fee is calculated each June 30, or at withdrawal, on the increase of each individual investor's investment in the Fund relative to the increase in the benchmark. It is calculated from the date of your investment or from when the performance fee was last collected, and generally deducted from the income distribution for the relevant period, or if required, the proceeds of redemption. For Indirect Investments (Class B Units), a daily performance fee is calculated on the difference between the performance of Class B Units and the benchmark. The daily amounts are added and, if positive, will be paid from the Fund at the end of each month where the return of the Fund has also been positive. Cumulative daily performance fees are accrued in the unit price when positive.
Indirect Costs	Nil fees and costs arising from underlying funds and strategies.

Go to section 6 of the Additional Information at www.primevalue.com.au/pds. The material relating to this matter may change between the time when you read this PDS and the day when you acquire the product.

6. Fees and costs (continued)

Additional Explanation of Fees and Costs

Fund Expenses and Transaction Costs

Prime Value will meet all Fund expenses unless otherwise advised out of administration costs. These include fees and expenses payable to the auditor and custodian, as well as customary professional fees incurred by the Fund.

However, under the Constitution of the Fund, Prime Value is indemnified and entitled to be reimbursed out of, or paid from, the assets of the Fund for all costs (which includes all charges, fees, expenses, liabilities, and losses) incurred at law or in connection with the proper performance of its duties under the trust deed, the exercise of its powers, the course of its office, or in relation to the marketing, administration, management and termination of the Fund.

In addition, management costs do not include transactional and operational costs, being costs associated with the buying and selling of investments for the Fund. Costs such as brokerage, settlement costs, clearing costs, stamp duty and implicit trading costs are generally incurred in connection with day-to-day trading for the Fund or when there are applications into or redemptions from the Fund. Transactional costs are reflected in the Fund's unit price.

During the financial year ended 2020, the total transaction costs for the Fund were estimated to be 0.05% of the NAV of the Fund, of which 0.02% was recouped via the buy/sell spread, resulting in a net transactional cost to the Fund of 0.03%.

Example of Annual Fees and Costs

This table gives an example of how the fees and costs for the Fund can affect your investment over a one year period. You should use this table to compare this product with other managed investment products.

Direct Investment - Class A		
Example – Balance of \$50,000 with total contributions of \$5,000 during the year		
Contribution fees	Nil	For every additional \$5,000 you put in, you will be charged \$0
PLUS Management costs		
Management fees	1.435%	And, for every \$50,000 you have in the Fund you will be charged approximately \$718 ⁺ each year.
Performance fees	Nil*	
EQUALS Cost of Fund		If you have an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees of approximately \$718 [^] . What it costs will also depend on the fees you negotiate with your financial adviser, if applicable.
Indirect Investment - Class B		
Example – Balance of \$50,000 with total contributions of \$5,000 during the year		
Contribution fees	Nil	For every additional \$5,000 you put in, you will be charged \$0
PLUS Management costs		
Management fees	1.23%	And, for every \$50,000 you have in the Fund you will be charged approximately \$615 ⁺ each year.
Performance fees	Nil*	
EQUALS Cost of Fund		If you have an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees of approximately \$615 [^] . What it costs will also depend on the fees charged by your IDPS operator and the fees you negotiate with your financial adviser, if applicable.

+ The management fees example is based on the actual ICR of the Fund of the 2020 financial year, to give a better indication of the amount that could be paid. In practice, fees charged will differ from the above due to fluctuations in the value of your investment, and the timing of contributions.

* It is not possible to estimate the performance fee payable in any given year, as the performance of the Fund cannot be forecasted. As an indication, based on performance of the Fund in the 2017 financial year, it is estimated that the performance fee payable may be Nil. Actual performance fees for the current and future years may differ and may or may not be payable depending on how the Fund performs relative to its benchmark for any relevant period.

[^] The example assumes the \$5,000 contribution occurs at the end of the first year, therefore management costs are calculated using the \$50,000 balance only.

The example also does not capture all fees and costs which may apply such as the buy/sell spread.

ASIC provides a fees calculator on its website www.moneysmart.gov.au, which you could use to calculate the effects of fees and costs on your investment in the Fund.

Warning: Additional fees may be paid to a financial adviser if you consulted a financial adviser. Where you receive financial advice, you should refer to your Statement of Advice for full details of these fees.

7. How managed investment schemes are taxed

Investing in managed funds is likely to have tax consequences. Managed funds generally distribute all of their income each year so that they are not subject to tax. Managed funds do not pay the tax liability on behalf of Australian resident investors. Australian resident investors will be assessed for tax on their share of the income and capital gains generated by the Fund.

In normal circumstances, you should expect that some income and/or capital gains will be generated each year.

Because the Australian taxation system is complex and different investors have different circumstances, you are strongly advised to seek professional tax advice before investing in the Fund.

8. How to apply

Classes of Units

Class A Unitholders: Direct investors, who join using the application form.

Class B Unitholders: Indirect Investors, whose investment is through an IDPS including a master trust or platform.

Initial Applications (Class A)

1. Complete and return an application form accompanying this PDS.
As part of the application process we are required by law to verify your identity before accepting your application. Please refer to the Anti-Money Laundering and Counter Terrorism Financing Act information included in the Additional Information booklet for further information.
2. Arrange payment. Refer to the application form for payment options. The minimum initial application is \$20,000.

Additional Applications (Class A)

You can add to your investment at any time by simply notifying us in writing and sending payment. An additional application form may be used. This form is available at www.primevalue.com.au/forms or upon request. The minimum additional investment is \$2,000.

Regular Savings Plan (Class A)

The Regular Savings Plan allows you to add to your investment in the Fund on a regular monthly basis. The minimum investment is \$200 per month.

To start a Regular Savings Plan, please enter the amount to be directly debited to your bank account monthly in Section 9 of the application form and complete the Direct Debit Request in Section 10 of the application form. The application form is available at www.primevalue.com.au/forms or call us on 03 9098 8088.

Applications (Class B)

Applications for indirect investments, through an IDPS including a master trust or platform (Class B units), are made directly through the IDPS operator.

Issue price and cut offs

Units will be allocated at the relevant issue price. An issue price is the net asset value of an entire class, plus an allowance for transaction costs divided by the number of units on issue in the class. Unit prices will be calculated daily on the basis of the most recent valuation of the assets of the Fund.

You should read the important information about the buy-sell spread before making a decision. Go to section 6 of the Additional Information at www.primevalue.com.au/pds. The material relating to this matter may change between the time when you read this PDS and the day when you acquire the product.

This price is available by contacting us on 03 9098 8088 or visiting www.primevalue.com.au.

When we receive your forms and payment by 3.00pm (Melbourne time) on a Business Day, the issue price applied is the price at the close of business on that day. If they are received after 3.00pm, the issue price for the following Business Day is used.

Cooling Off Rights

Retail investors (as defined by the Corporations Act) have a 14 day cooling-off period to ensure that the investment meets your needs. If exercised, the investor is entitled to receive their application money back adjusted for any market movements and deductions for reasonable transactions costs.

To exercise this right, an investor must notify the Responsible Entity in writing or by email within 14 days from the earlier of:

- The time when the confirmation of the investment is made; or
- The end of the fifth day after the day on which the units were issued to the Investor.

Complaints Resolution

If you have any concerns or complaints, as a first step please contact us and we will do our best to resolve your concern quickly and fairly. Our contact details are on the front cover of this PDS. If you believe that your matter has not been dealt with satisfactorily, you can contact:

Australian Financial Complaints Authority (AFCA)
GPO Box 3 Melbourne Vic 3001

Phone: 1300 780 808
Website: www.afca.org.au

Please note that different procedures to the above may apply for Indirect Investors investing via an IDPS including a master trust or platform.

Further Enquiries

If you require further information about the Fund or have any questions about this PDS, please contact our Client Services Team on 03 9098 8088 or email (info@primevalue.com.au).