

# PRIME VALUE IMPUTATION FUND

## MONTHLY UPDATE MARCH 2012



**PrimeValue**<sup>®</sup>  
Building Wealth Together

### Fund Performance

Table 1 shows the PVIF performance relative to the S&P/ASX 300 Accumulation Index for the period to 31 March 2012.

Table 2 shows the distribution by financial year.

| Table 1:<br>Annual Return (Class A Units)*          | 1 mth       | 3 mths      | Financial<br>YTD | 1 Yr        | 3 Yrs<br>(pa) | 5 Yrs<br>(pa) | 7 Yrs<br>(pa) | 10 Yrs<br>(pa) | Since Apr<br>98 (pa) |
|---|-------------|-------------|------------------|-------------|---------------|---------------|---------------|----------------|----------------------|
| Prime Value Imputation Fund                         | 1.5%        | 10.2%       | 3.7%             | -2.1%       | 13.1%         | -2.7%         | 3.2%          | 13.2%          | 13.1%                |
| S&P/ASX300 Accumulation Index                       | 1.2%        | 8.6%        | -2.1%            | -6.3%       | 11.4%         | -2.1%         | 5.2%          | 7.1%           | 7.0%                 |
| <b>Relative Performance To Benchmark</b>            | <b>0.3%</b> | <b>1.6%</b> | <b>5.8%</b>      | <b>4.2%</b> | <b>1.7%</b>   | <b>-0.6%</b>  | <b>-2.0%</b>  | <b>6.1%</b>    | <b>6.1%</b>          |
| Approximate Annual Return (after Performance Fees)# |             |             |                  | -2.1%       | 12.7%         | -2.7%         | 3.2%          | 12.0%          | 11.9%                |

| Table 2:<br>Distribution (Class A units)* | 2007/08  | 2008/09  | 2009/10  | 2010/11  | 2011/12<br>1H |
|---|----------|----------|----------|----------|---------------|
| Distribution (per unit)                   | \$0.1527 | \$0.0923 | \$0.0639 | \$0.0910 | \$0.0744      |
| Imputation Credit (per unit)              | \$0.0410 | \$0.0431 | \$0.0368 | \$0.0446 | \$0.0348      |
| Income Distribution (% of unit price)     | 5.3%     | 5.2%     | 3.0%     | 4.2%     | 3.8%          |
| - Grossed up (for Imputation credits)     | 6.8%     | 7.6%     | 4.7%     | 6.4%     | 5.6%          |

\* Performance figures have been calculated in accordance with FSC Standard No 6.0, Product Performance – “Calculation of Returns” and FSC Standard No 10 – “Presentation of Past Performance Information”. The returns are calculated after management fees but before performance fees which are charged against individual accounts. The returns exclude the benefits of imputation credits. No allowance has been made for taxation. Performance assumes the reinvestment of income distributions. Past performance is not necessarily an indicator of future performance.

# Post-performance fee returns are an APPROXIMATION only, as performance fees are charged each year on June 30 (or on withdrawal), based on the performance of each investment. Performance fees are only payable where the return of the Fund exceeds the performance of the benchmark and the net return is positive.

### Manager's Commentary

The Australian equity market rose for a third consecutive month, with the benchmark S&P/ASX 300 Accumulation index up 1.2% in March. It was a month of conflicting signals however. On a positive note, economic data from the US, particularly employment data, was generally positive and the restructuring of Greek debt proceeded relatively smoothly. Offsetting this was a downgrade to official Chinese growth expectations and comments from Premier Wen Jiabao stating that property controls (to cool the market) could not be relaxed currently. As a result, commodity prices were generally weaker, particularly base metals, and the Australian dollar slipped against most major currencies.

Domestically, there wasn't a lot of good news around. Economic data was weaker than expected, particularly December quarter GDP growth, which disappointed and also involved a downgrade to the September quarter. Business and consumer confidence fell and the unemployment rate ticked up. The RBA left interest rates unchanged. Company news was also skewed to the negative, with lowered guidance from Leightons, QR National and David Jones.

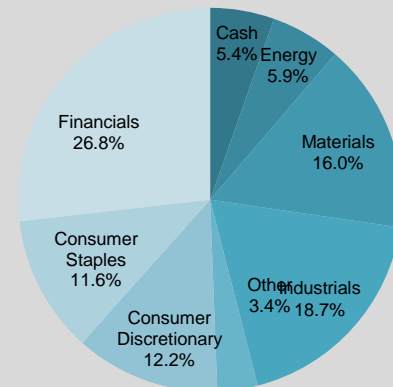
The Metals, Mining and Energy sectors were the big underperformers based on the Chinese developments. The more defensive sectors, including IT, Health Care, Utilities, Banks and Consumer Staples, were the best performers.

The Fund achieved a return of 1.5% during March, outperforming the benchmark. Sector allocation was positive, as the Fund was underweight in Materials and overweight in IT. This was partially offset by the underweight positions in the Financials and Healthcare sectors.

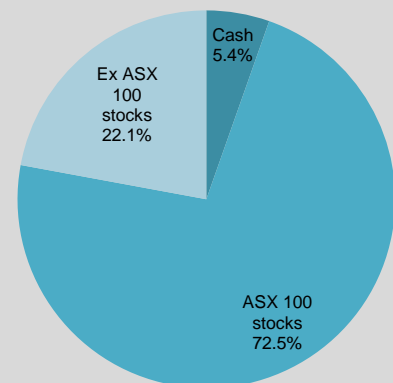
Stock selection was also neutral. The positions which contributed most positively to performance included the banks, particularly National Australia Bank (up 3.9%), Westpac (up 4.7%) and ANZ (up 6.0%). Programmed Maintenance Services (up 17.2%) was also a significant contributor. The holdings which detracted were Codan (down 12.1%), Oz Minerals (down 10.9%) and BHP Billiton (down 4.1%).

Sentiment remains positive and we retain a cautiously optimistic outlook for the near term; while the global macro environment will remain challenging, valuations reflect much of the negativity. Smaller and mid-cap companies should also be less influenced by the macro “noise”. Downside risk remains however. Sector-wise, we prefer mining services and consumer staples companies, along with some select consumer discretionary stocks. We continue to avoid non-bank financial stocks and discretionary retailers. This Fund has a focus on quality companies paying high tax-effective dividends.

### Holdings by Sectors



### Holdings by Market Cap



### Top Five Holdings

|                         |                  |
|-------------------------|------------------|
| Monadelphous            | Industrials      |
| National Australia Bank | Financials       |
| Orica                   | Materials        |
| Wesfarmers              | Consumer Staples |
| Westpac                 | Financials       |

The portfolio is generally comprised of 30 - 50 stocks.

## Key Fund Details

### Investment Objectives

The PVIF aims to provide capital growth over the medium to long-term, combined with regular tax-effective income, by managing a portfolio of assets comprised mainly of Australian equities listed on any recognised Australian stock exchange.

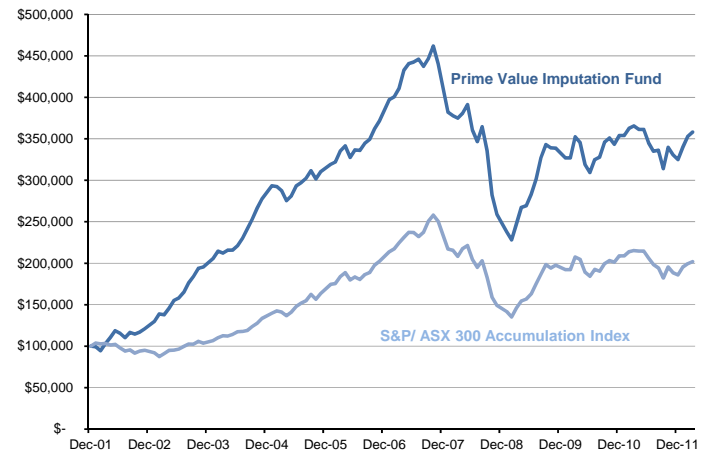
Due to the tax benefits under the current dividend imputation regime, the PVIF will typically have a core position of Australian equities with an attractive level of franked dividends.

### Investor Profile

The PVIF is appropriate for an investor seeking medium to long-term capital growth and regular income that includes imputation credits. Investors should be prepared to accept some fluctuations in short-term returns. This type of investment is appropriate as a significant part of a properly diversified investment portfolio for individuals, companies, trusts and superannuation funds.

## Historical Performance (Class A Units)

### Value of \$100,000 Invested Since Inception (20 Dec 2001 – 31 Mar 2012)



This graph shows how a notional \$100,000 invested at the Fund's inception (20 December 2001) has increased to \$358,100 (net of fees excluding performance fees) as at 31 March 2012. After performance fees, the amount would be approximately \$326,000. This compares very favourably with the return of the market, where a \$100,000 investment would have increased to \$201,900 over the same period. The returns exclude the benefits of imputation credits.

**Launch Date: 20 December 2001<sup>1</sup>**

**Size of Fund: \$48.8m**

**Direct Investment (Class A)**

**Indirect Investment via IDPS or IDPS-Like Schemes (Class B)**

|                               |  |  |
|-------------------------------|--|--|
| Indirect Cost Ratio (ICR)     | 1.435% p.a. <sup>2</sup>   | 1.23% p.a. <sup>2,3</sup>  |
| Performance Fee               | 20.5% p.a. <sup>2</sup> of performance (net of management fees and administration costs) above the agreed benchmark, subject to positive performance | 20.5% p.a. <sup>2</sup> of performance (net of management fees and administration costs) above the agreed benchmark, subject to positive performance |
| Benchmark                     | S&P / ASX 300 Accumulation Index   | S&P / ASX 300 Accumulation Index   |
| Minimum Initial Investment    | \$20,000   | N/A  |
| Minimum Additional Investment | \$5,000  | N/A  |
| Contribution Fee              | Nil <sup>4</sup>   | N/A  |
| Withdrawal Fee                | Nil  | N/A  |
| Early Withdrawal Fee          | 2% <sup>5</sup>  | N/A  |
| Income Distributions          | Half-yearly  | Half-yearly  |
| Unit Prices @ 31 March 2012   | Issue Price: \$2.0827<br>Withdrawal Price: \$2.0669  | Issue Price: \$2.0814<br>Withdrawal Price: \$2.0656  |

<sup>1</sup> Research Rating—Standard & Poors—3 stars

<sup>2</sup> Unless otherwise stated, all fees quoted are inclusive of GST and the relevant RITC.

<sup>3</sup> Fees for indirect investments do not include the fees charged by the IDPS operator. The fund is available in the following platforms: Asgard, Ausmaq, Beacon, BT Wrap, First Wrap, IOOF Global One, Macquarie Wrap, netwealth, Portfolio Advantage, Premium Choice, Symetry, Wealthtrac.

<sup>4</sup> Up to 3% may be charged where a Direct Investor is introduced by an adviser to the Fund, as mutually agreed between the investor & adviser.

<sup>5</sup> Applies to investments of less than 12 months' duration to discourage short term investing. The Fund invests in a portfolio of equities designed to deliver returns over the medium to long term.

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