

# Performance Summary

## Model Portfolio Performance Figures

As of 30 June 2016  
Source data Zenith.



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PRIME Australian Equity portfolios were mixed during June, with the GROWTH portfolio in-line with its index and the INCOME portfolio again lagging.

The GROWTH portfolio fell -2.59% and the INCOME portfolio fell -3.16%, as against the ASX200 Accumulation Index fall of -2.45%.

June marked a continuation of indifferent portfolio performance for the PRIME SMA's, albeit we felt that the composition of each portfolio had better begun to suit market conditions a little more as the month progressed.

Our performance over the second quarter of 2016 has undoubtedly been the worst since I took over the reins in early 2013. Whilst we have had a few poor contributors undoubtedly, the market has also been enamoured by all things 'momentum', and so-called 'turnaround' or 'value' names such as our holding in Woolworths (WOW) have really struggled to perform.

Additionally, the portfolio's bias towards large-cap has seen it struggle – year-to-date the ASX20 Leaders is down -4%, but the ASX Mid-Cap 50 is up +9.3% & the ASX Small Ordinaries +6.9%

We make no excuses for the poor performance of each portfolio over the last few months, but equally we must also acknowledge that investment management styles do have periods of light and shade at times, and more recently our investment philosophies have been cast with shade.

June was a volatile month with the BREXIT decision dominating. The ASX200 fell 5% in the days post the decision, but like its global peers, set about a steady and quick rebound with help from the ongoing collapse in global bond yields.

The major global theme during June must surely have been the fall in bond yields. Australian 10-year bond yields compressed from 2.3% to under 2% by months end – a new record low.

The fall in bond yields allowed Australian utilities to outperform the market, and the portfolio's large overweight in Telstra (TLS) bore fruit. However, in spite of the over-riding fears for global economic growth that dominated bond markets, miners yet again outperformed the broader index, helped by the continued rise in Chinese steel prices.

In May 2016, PRIME shifted its stance on risk-assets to a CAUTIOUS ONE, and chose to reflect this view by raising cash weightings in each of its Separately Managed Accounts (SMA). We maintain this view and continue to retain substantial cash holdings in both the GROWTH and INCOME portfolios.

|  | Pre-franking credits |          |          |        |                                    |                                    |
|--|----------------------|----------|----------|--------|------------------------------------|------------------------------------|
|  | 1 Month              | 3 Months | 6 Months | 1 Year | 2 Year                             | 3 Year                             |
| Prime Australian Equity Growth Portfolio | -2.59%               | 0.61%    | -2.62%   | -2.29% | 5.60%                              | 10.04%                             |
| S&P/ASX200 Accumulation Index            | -2.45%               | 3.95%    | 1.09%    | 0.57%  | 3.09%                              | 7.66%                              |
| Relative performance                     | -0.14%               | -3.34%   | -3.71%   | -2.86% | 2.51%                              | 2.38%                              |
|  | 1 Month              | 3 Months | 6 Months | 1 Year | 2 Year<br>(per annum) <sup>a</sup> | 3 Year<br>(per annum) <sup>a</sup> |
| Prime Australian Equity Income Portfolio | -3.16%               | -1.53%   | -5.07%   | -3.92% | 1.92%                              | 6.66%                              |
| S&P/ASX200 Accumulation Index            | -2.45%               | 3.95%    | 1.09%    | 0.57%  | 3.09%                              | 7.66%                              |
| Relative performance                     | -0.71%               | -5.48%   | -6.16%   | -4.49% | -1.17%                             | -1.00%                             |

<sup>a</sup> Annualised return. Portfolio inception date 03/07/2012

