

# Performance Summary



Model Portfolio Performance Figures

As of 31 August 2016



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Chief Investment  
Officer

**Our portfolios had their best month in some time, bettering the broader market during August and over reporting season.**

**Following July's significant absolute rise, both portfolio's managed to hold on to most of the gains. The GROWTH portfolio was down -0.90% and the INCOME portfolio fell only -0.49%.**

**The ASX200 Accumulation on the other hand fell -1.55%.**

Last month we made mention of our increasing confidence in the underlying constituents of the portfolios, and this month we are pleased to report that indeed this confidence was well-founded.

Where June and July were dominated by macro events such as the surprise BREXIT vote, August activity tended to be closer to home as companies released full-year 2016 profit results.

Amongst the dozens of reports, the majority of portfolio names managed to deliver results that at least matched market expectations. Sonic Healthcare (SHL) and Woolworths (WOW) were arguably the best figures amongst our list of names, however this didn't necessarily translate into sustained outperformance over the month as both share prices initially popped strongly before easing back as the month dragged on.

On the negative front, Insurance Australia Group (IAG) was perhaps the most disappointing even in spite of its announced off-market buyback. Fortunately we had anticipated this and sold IAG out of the GROWTH portfolio and we had reduced it significantly in the INCOME portfolio. Amongst the banks, Westpac (WBC) was also disappointing.

The portfolios both either exited completely (GROWTH) or substantially reduced (INCOME) their holdings in Flight Centre (FLT) after the stock squeezed 15% higher through 'in-line' results. We concede FLT hasn't worked out as we had planned initially, so we chose to take advantage of the price spike to exit much of the positions this month for no loss.

Both portfolio's added ADD Blackmores (BKL) as a core holding after the company disappointed the market with guidance for a weaker September quarter. We think the revenue softness will prove transitory and hence have begun to build positions on the confidence we have in the longer-term Chinese growth story.

**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 (per annum) <sup>a</sup>	3 Year (per annum) <sup>a</sup>
Prime Australian Equity Growth Portfolio	-0.90%	2.50%	11.52%	7.37%	4.50%	9.60%
S&P/ASX200 Accumulation Index	-1.55%	2.08%	13.92%	9.32%	2.90%	6.58%
Relative performance	0.65%	0.42%	-2.40%	-1.95%	1.60%	3.02%
	1 Month	3 Months	6 Months	1 Year	2 Year (per annum) <sup>a</sup>	3 Year (per annum) <sup>a</sup>
Prime Australian Equity Income Portfolio	-0.49%	2.42%	9.10%	4.56%	1.80%	6.78%
S&P/ASX200 Accumulation Index	-1.55%	2.08%	13.92%	9.32%	2.90%	6.58%
Relative performance	1.06%	0.34%	-4.82%	-4.76%	-1.10%	0.20%

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

