

## Transcript

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 Compere: **KYLIE MERRITT** Summary ID: **S00015444446**

Item: **MORNING STAR HAS REVIEWED THE HUNDREDS OF MANAGED FUNDS ON OFFER IN AUSTRALIA AND LISTED THE WINNERS. BOUTIQUE MANAGERS DOMINATED THE TOP 10. IN THE REGULAR FUND MANAGER SEGMENT PRIME VALUE ASSET MANAGEMENT'S IMPUTATION FUND CAME OUT ON TOP..**

**INTV: HAN LEE, PRIME VALUE ASSET MANAGEMENT**

Demographics:	Male 16+	Female 16+	All people	ABs	GBs
	N/A	N/A	N/A	N/A	N/A

**KYLIE MERRITT:** Morning Star has reviewed the hundreds of managed funds on offer in Australia and listed its top winners for the year to the end of August.

Boutique managers dominated the top ten, but holding the number one and two spots was Melbourne based Prime Value Asset Management. Its value imputation fund came out on top returning a massive 36.8%. Han Lee from Prime joins me now in the studio.

Han, thanks for coming in.

**HAN LEE:** Thank you for inviting me here.

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ABs = Managers, administrators, professions. GBs = Grocery buyers.

Metro TV demographics are supplied by OzTAM, Radio and Non-Metro TV demographics are supplied by ACNielsen

(\*) – Indicates unknown spelling or phonetic spelling.

MERRITT: You're welcome. Now, just in a nutshell, imputation strategy. What is the strategy of your imputation fund? How does it work?

LEE: An imputation fund is basically a fund which invests in stocks paying high frank dividends.

MERRITT: So you're after yield, that's the - -

LEE: After yield, frank yield, but in our case we not only look after yield but also after capital gain as well.

MERRITT: Morning Star said that boutique fund managers really did out perform over the past year. What sort of strategies do you think the boutique funds are employing that perhaps the bigger funds aren't that are making them go so well?

LEE: Whether you are big or small when you make the right decisions, that will normally produce good results, when you make bad decisions, that will produce bad results. And certainly there are boutique fund managers which performed well, but others not performed that well. Same thing with the big fund managers, some perform well, some don't perform that well.

The dilemma faced by the large fund managers is that as soon as they grew too big, become multi billion dollar funds they were more or less forced to become quasi index fund managers, whereas the

smaller boutique fund managers can afford to pick and choose so to speak.

MERRITT: We've got a graphic up at the moment showing some of your returns there. Where were you investing? I mean you're obviously ... you're saying you're not an index hugger. Which sectors or particular stocks have you been investing in that have helped you get those gains?

LEE: Actually we are quite well diversified actually because we have invested in about 40 different stocks.

MERRITT: I mean are there any themes to where you invest, are there any specific sectors?

LEE: No, not quite that way but...

MERRITT: Okay, what do you think are the secrets to selecting the right stocks? What have you been doing well?

LEE: We don't have any magic formula. Every fund manager has to make a decision based on information available to him or to her. That information is never complete and never error free. But still they have to make decisions. So the problem now is how to interpret those incomplete and sometimes faulty information. In our case we put a lot of emphasis on avoiding or minimising mistakes. But as well we are not inclined to pick

spectacular winners, we just try to avoid mistakes. That's all we try to do.

MERRITT: Does that include as well ... because I know there are some sectors that you avoid, financials and telecommunications. Why is that?

LEE: That is because of our view on the economy basically and on the outlook for the financial sectors, with the benefit of hindsight we were a little bit too early in avoiding the financial sectors but we'll stick to it I think for the time being.

MERRITT: Excellent, well thank you very much for coming in and telling us about it. Good luck with keeping up those solid returns going forward.

LEE: Thank you very much.

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