Prime Value Growth Fund
Fund Update – April 2017

- Global share markets, including Australia, were marginally higher in April due to US corporate earnings and positive sentiments from the French presidential election
- Australian resource companies had a poor month as commodity prices fell. However, industrials, healthcare and utility companies' performance more than offset declines in the resources sector
- The Fund returned 0.2% in April. Contributors to performance were CSL, ANZ and CBA.

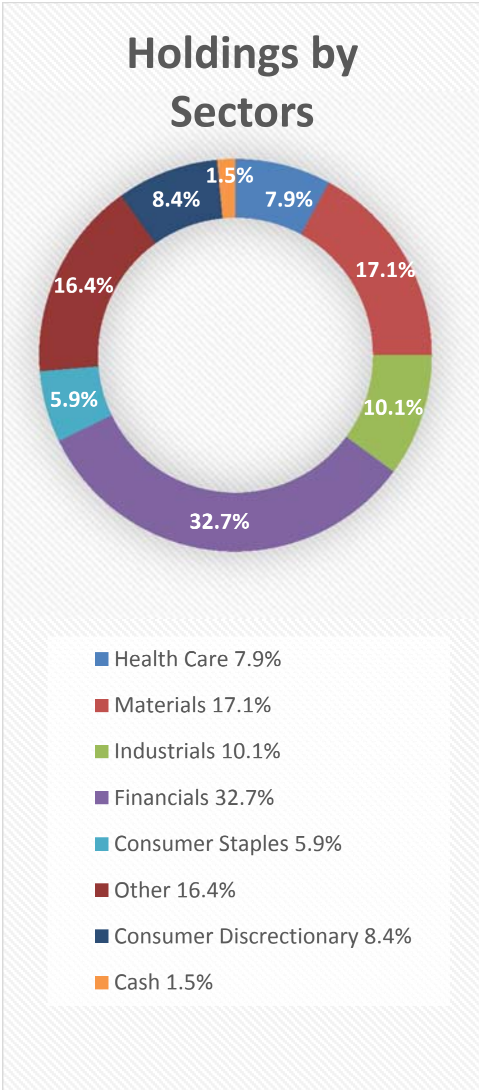
	Total Return*	S&P/ASX 300 Accumulation Index	Value Add
Since inception (p.a.)	12.0%	8.3%	3.7%
10 Years (p.a.)	3.5%	4.0%	(0.5%)
5 Years (p.a.)	6.0%	10.8%	(4.8%)
3 Years (p.a.)	1.7%	7.3%	(5.6%)
1 Year	6.1%	17.5%	(11.4%)
3 Months	4.7%	6.6%	(1.9%)
1 Month	0.2%	1.0%	(0.8%)

*Fund returns are calculated net of management fees, assuming all distributions are re-invested. Performance figures have been calculated in accordance with the Financial Services Council (FSC). The returns are calculated before performance fees which are charged against individual accounts. The returns exclude the benefits of imputation credits. Past

Top five holdings	Sector
Commonwealth Bank	Financials
ANZ	Financials
Westpac	Financials
BHP Billiton Limited	Materials
CSL Limited	Healthcare

* The top five holdings make up approximately 33.2% of the portfolio

Feature	Fund facts
Portfolio Manager	ST Wong
Investment objective	To provide superior medium to long term capital growth, with some income, by managing a portfolio of predominantly Australian equities listed on any recognised Australian Stock Exchange.
Benchmark	S&P / ASX 300 Accumulation Index
Inception Date	10 April 1998
Cash limit	0 - 30%
Distribution	Half-yearly
Recommended investment period	3 + years
Annualised Return	12.0%
Research Rating	Lonsec - Investment Grade Zenith - Approved

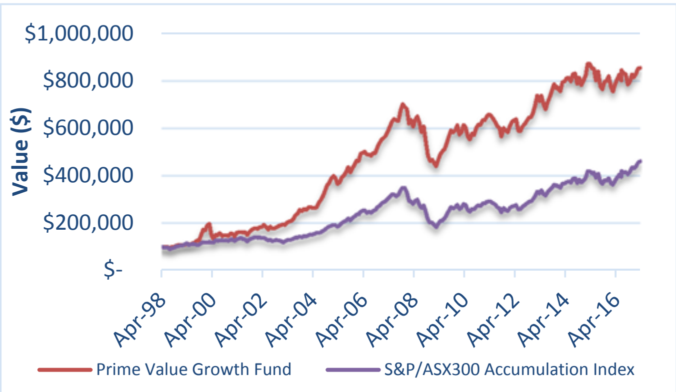


performance is not necessarily an indicator of future performance.

Market review

The Australian share market rose 1% in April, but underperformed major global equity indices. Equity markets were generally lower during the first half of the month, weighed down by a combination of a lack of Trump policy progress, softer US economic data, rising geopolitical tensions and the upcoming French Presidential elections. However, sentiment turned positive mid-month on the French election outcome, a positive US earnings season and the end-of-month unveiling of Trump's much anticipated tax reform proposals.

Domestic economic data, such as the rate of unemployment was generally stronger than expected. House prices kept climbing, with the CoreLogic-RP Data price index up 12.9% year-on-year to March. The Australian dollar dropped 1.5 cents to USD0.748, weighed down by the falling iron ore price. There was significant divergence in sector performance during the month with the mining and metals sub-sectors underperforming on falling commodity prices, whilst the telecommunication sector was the clear underperformer, following TPG's announcement that it would build Australia's fourth mobile network. The standout sectors were industrials (+4.1%) and health care (+3.4%). Mid-caps (+1.7%) outperformed large caps (+1%), with small-caps once again underperforming (-0.2%).



This graph shows how $100,000 invested at the Fund's Inception has increased to $855,400 (net of fees excluding performance fees). This compares very favourably with the return of the market, where a $100,000 investment would have increased to $460,930 over the same period. The returns exclude the benefits of imputation credits.

	Direct Investment (Class A)	Platform Investment (Class B)
APIR code	PVA0001AU	PVA0011AU
Minimum Investment	$20,000	N/A
Issue price	$ 2.6837	$ 2.6724
Withdrawal price	$ 2.6633	$ 2.6522
Distribution (31/12/2016)	$ 0.0750	$ 0.0770
Indirect Cost Ratio (ICR)	1.435%* p.a.	1.23%* p.a.
Performance fee	20.5%**	20.5%**

* Unless otherwise stated, all fees quoted are inclusive of GST and the relevant RITC
** of performance (net of management fees and administration costs) above the agreed benchmark, subject to positive performance and a high water mark

Fund review & strategy

The Fund rose 0.2% in April but underperformed its benchmark in April (after fees). In absolute terms, the Fund's major contributors to performance for the month were **CSL**, **ANZ** and **CBA**. The three major detractors were **Telstra**, **Bapcor** and **Wesfarmers**.

Banks have performed well over the past six months. As a result, we have been reducing our exposure to banks and will look to reinvest funds into well managed, high quality companies that are positioned to post compounding earnings growth. **Caltex** is an example of a recent position we had initiated.

The reasons for trimming our bank holdings are as follows: (1) Valuations have risen substantially over the past six months. The sector was trading at approximately 13.5x FY18's earnings at the end of April, having moved up by about 3 multiples from October last year. (2) Concerns of a peak in the housing sector are growing – banks are exposed in three ways. First, as home loan volumes taper off, competition will rise and should impact margins. Second, mortgage defaults will rise, from the current scenario of extremely low impairments thereby increasing the need for bad debt provisions. Third, capital requirements backing housing loans will rise over the medium term, diluting the profitability of banks.

Top contributors (absolute)	Sector
CSL	Healthcare
ANZ	Financials
Commonwealth Bank	Financials

Top detractors (absolute)	Sector
Telstra	Telecommunications
Bapcor	Healthcare
Wesfarmers	Consumer Staples

Platforms
Asgard, Ausmaq, Beacon, BT Wrap, First Wrap, Hub24, IOOF, Global One, Macquarie Wrap, Netwealth, Powerwrap, Symetry, Wealthtrac

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