Prime Value Growth Fund
Fund Update – February 2017

- Equity market performance was solid in February, helped by a benign domestic reporting season
- Company fundamentals returned to investors focus, after months of elevated offshore macro developments. We observe that broad-based market valuations have also risen which warrant some caution in the short term
- Positive contributors to performance were Monadelphous and the major banks and the fund returned 2.2% for the month

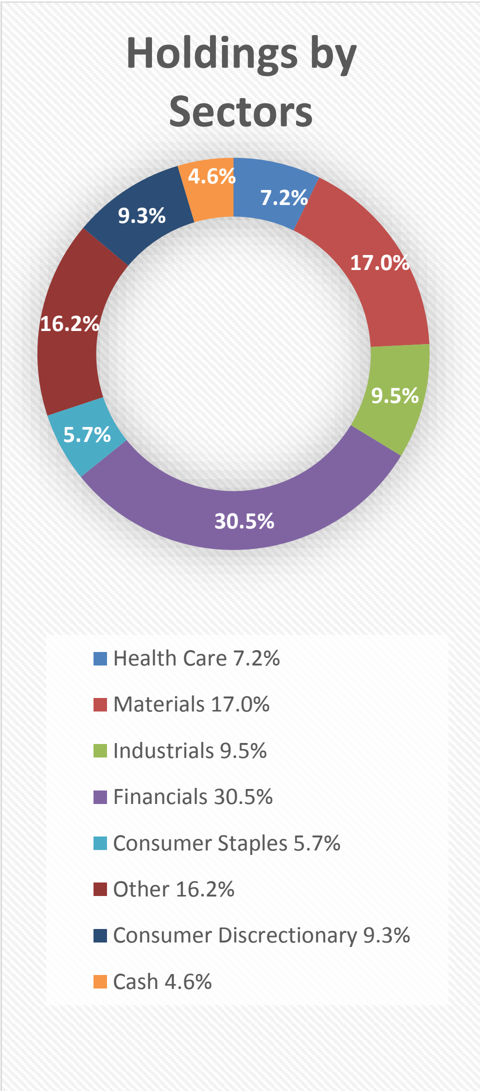
	Total Return*	S&P/ASX 300 Accumulation Index	Value Add
Since inception (p.a.)	11.9%	8.2%	3.7%
10 Years (p.a.)	3.9%	4.2%	(0.3%)
5 Years (p.a.)	5.9%	10.4%	(4.5%)
3 Years (p.a.)	1.7%	6.4%	(4.7%)
1 Year	10.4%	22.0%	(11.6%)
3 Months	4.7%	5.8%	(1.1%)
1 Month	2.2%	2.2%	0.0%

*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 performance is not necessarily an indicator of future performance.

Top five holdings	Sector
Commonwealth Bank	Financials
ANZ	Financials
BHP Billiton Limited	Materials
Telstra	Telecommunications
Westpac	Financials

* The top five holdings make up approximately 31.3% of the portfolio

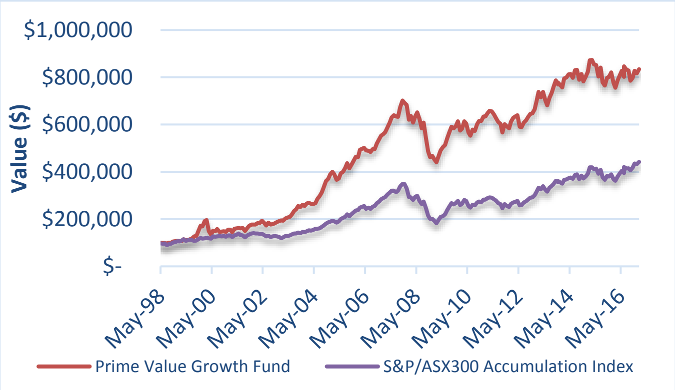
Feature	Fund facts
Portfolio Manager	ST Wong
Investment objective	To provide superior medium to long term capital growth, with some income, by managing a portfolio of predominantly Australian equities listed on any recognised Australian Stock Exchange.
Benchmark	S&P / ASX 300 Accumulation Index
Inception Date	10 April 1998
Cash limit	0 - 30%
Distribution	Half-yearly
Recommended investment period	3 + years
Annualised Return	11.9%
Research Rating	Lonsec - Investment Grade Zenith - Approved



Market review

The Australian share market rose 2.2% in February reflecting the strong performance of equity markets globally and a benign domestic reporting season. The S&P500 delivered the biggest monthly gain (+4%), with emerging markets (+1.7%) and the Nikkei (+0.5%) underperforming. While equity markets rallied, the so-called Trump reflation trade took a pause with the more defensive and interest-rate sensitive sectors outperforming and bonds yields generally lower. Cyclical sectors underperformed, along with telcos. Mining was the worst performing sub-sector despite higher commodity prices, including iron ore which rose 10.2% to US$92 a tonne. A pause in the mining sector was warranted after a strong performance in 2016. Australian large-caps stocks (+2.4%) once again outperformed mid-caps (+1.5%) and small-caps (+1.3%). Notably, the Australian reporting season was reasonably benign with company profits generally within expectations although we note an extremely high number of profit downgrades in the preceding three months.

Australian economic data was mixed: retail sales fell in January and are now a modest +3% year-on-year. On a more positive note the unemployment rate came-in lower than expected at 5.7%.



This graph shows how $100,000 invested at the Fund's Inception has increased to $834,580 (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 $441,970 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	$ 2.6182	$ 2.6063
Withdrawal price	$ 2.5984	$ 2.5865
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 posted a positive 2.2% return in February. The Fund's major contributors to performance for the month were **ANZ**, **Monadelphous** and **Westpac**. The three major detractors were **BHP**, **Event Hospitality** and **Rio Tinto**. February is typically an important but volatile period for companies we own. It's a period where knee jerk reactions both on the upside and downside are common as investors react to new information. We will generally look beyond short term issues when assessing the prospects of our investments.

Monadelphous is an investment which we have held for a long time. Mining services is a tough industry but **Monadelphous** has thrived and emerged from a difficult period where mining spending has been curtailed significantly. The company has proven to be highly cash generative which is positive for its balance sheet and reflects solid management. Work done in the past few difficult years is starting to bear fruit as over 50% of its revenues are now from less cyclical operations and maintenance work. We will not be surprised to see **Monadelphous** improve on its market share both organically and via acquisitions. **Event Hospitality**, which owns the Hoyts cinema franchise and has been building out its hotel assets (posting a disappointing result due to cinema start-up costs), hotel refurbishments and sluggish box office. We expect a number of these issue to be transient as latent value resides in the company's growing hospitality assets.

Top contributors (absolute)	Sector
ANZ	Financials
Monadelphous	Industrials
Westpac	Financials

Top detractors (absolute)	Sector
BHP	Materials
Event Hospitality	Consumer Discretionary
Rio Tinto	Materials

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

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