Prime Value Growth Fund
Fund Update – January 2017

- Political headlines moved markets, starting the month on optimistic promises and ending flat on hard realities.
- Uncertainty around a new political administration should lead to individual stock opportunities as short term share price movements potentially deviate from longer term prospects.
- Positive contributors to performance were CSL and the major diversified miners BHP and Rio Tinto. Brambles, ANZ and Bapcor were key detractors from performance.

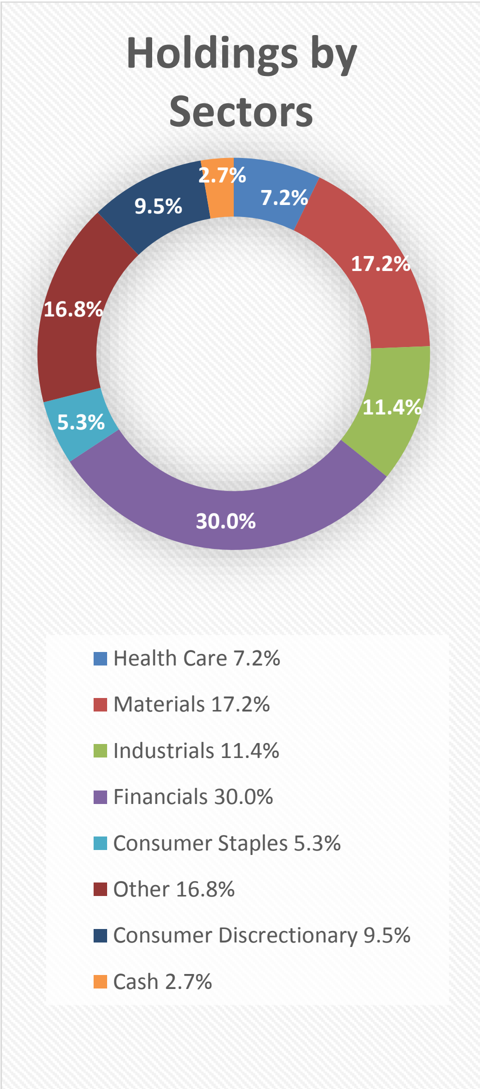
	Total Return*	S&P/ASX 300 Accumulation Index	Value Add
Since inception (p.a.)	11.8%	8.1%	3.7%
10 Years (p.a.)	3.9%	4.1%	(0.2%)
5 Years (p.a.)	6.0%	10.4%	(4.4%)
3 Years (p.a.)	2.6%	7.4%	(4.8%)
1 Year	5.0%	17.3%	(12.3%)
3 Months	4.1%	6.4%	(2.3%)
1 Month	(1.3%)	(0.8%)	(2.1%)

*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 31.8% 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	11.8%
Research Rating	Lonsec - Investment Grade Zenith - Approved



Market review

The Australian share market declined -0.8% in January, underperforming global equity indices in local currency terms despite the ongoing rally in mining stocks and commodity prices. Domestically, the broader materials sector (+4.8%) and healthcare sectors (+4.6%) produced the strongest gains; however, most other sectors posted modest or negative returns including the banks. REITs (-4.7%) and industrials (-4.4%) were the major laggards. Mid-caps (0.1%) outperformed mega-caps (-0.6%), large-caps (-0.7%) and small-caps (-2.4%), which have significantly underperformed over the financial year-to-date.

Donald Trump continued to dominate world headlines: reiterating his pro-growth/reflationary policy agenda, imposing immigration restrictions, withdrawing from the Trans Pacific Partnership. Most commodities and base metals rose over the month, including iron ore which closed up 4.4% to US$83.50 a tonne and gold (up 5.8% to US$1,212.80). However, coal continued its recent falls, while oil was down 2% to US$55.70 a barrel (Brent). The Australian dollar rallied against most currencies to close up 4.8% to 0.7590 US cents. Australian economic data was mixed: residential building approvals (November) rebounded more strongly than expected to an annualised rate of 211k.

Top contributors (absolute)	Sector
CSL	Health Care
BHP	Materials
Rio Tinto	Materials

Top detractors (absolute)	Sector
Brambles	Industrial
ANZ	Financials
Bapcor	Consumer Discretionary

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

	Direct Investment (Class A)	Platform Investment (Class B)
APIR code	PVA0001AU	PVA0011AU
Minimum Investment	$20,000	N/A
Issue price	$ 2.5627	$ 2.5506
Withdrawal price	$ 2.5433	$ 2.5312
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%**

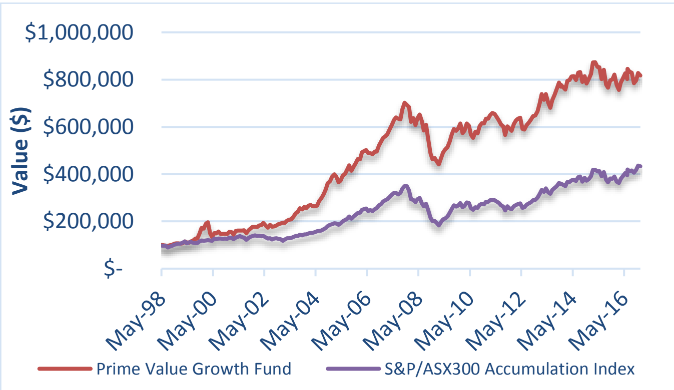
* Unless otherwise stated, all fees quoted are inclusive of GST and the relevant RITC
** of performance (net of management fees and administration costs) above the agreed benchmark, subject to positive performance and a high water mark

Fund review & strategy

The Fund returned -1.3% in January, underperforming its benchmark. In absolute terms, the Fund's major contributors to performance for the month were **CSL**, **BHP** and **Rio Tinto**. The three major detractors were **Brambles**, **ANZ** and **Bapcor**.

CSL gained share in the core US plasma collection market. This comes on the back of a decision to invest in infrastructure over the past few years. Consequently, the company announced in January that its FY17 profits are exceeding management's expectations – by 7% to 10%. **CSL** is an example of patient investing as the share price had been under pressure in the last six months but we believe the company has the financial strength to underscore an ability to generate superior value creation through high margin products.

Brambles announced that it expects 1H17 constant currency sales and underlying profit growth of 5% and 3%, respectively (vs FY17 sales growth of 7-9% and underlying profit growth of 9-11%). The impact is a 4% reduction in FY17 profits. **Brambles** North America Pallets growth was impacted by deferral of business wins and short-term impact of destocking on revenues and margins. We were surprised with the announcement. We retain a meaningful position in the company as the 16% share price fall seem excessive compared to a 4% profit impact.



This graph shows how $100,000 invested at the Fund's Inception has increased to $816,880 (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 $432,520 over the same period. The returns exclude the benefits of imputation credits.

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