Prime Value Growth Fund
Fund Update – June 2016

- Large capitalisation companies bore most of the volatility that came with Brexit, but bounced significantly at month-end on expectation of central bank stimulus
- The probability of an interest rate cut in the next few months has risen against the backdrop of low inflation and growth
- The Funds' best performers for FY16 were REA Group, Bega Cheese and Sydney Airport Holdings

	Total Return*	S&P/ASX 300 Accumulation Index	Relative Performance to Benchmark
Since inception (pa)	12.1%	7.8%	4.3%
10 Years (pa)	5.1%	4.8%	0.3%
5 Years (pa)	5.0%	7.2%	-2.2%
3 Years (pa)	5.6%	7.7%	-2.1%
1 Year (pa)	0.0%	0.9%	-0.9%
3 Months	1.9%	4.0%	-2.1%
1 Month	-3.0%	-2.4%	-0.6%

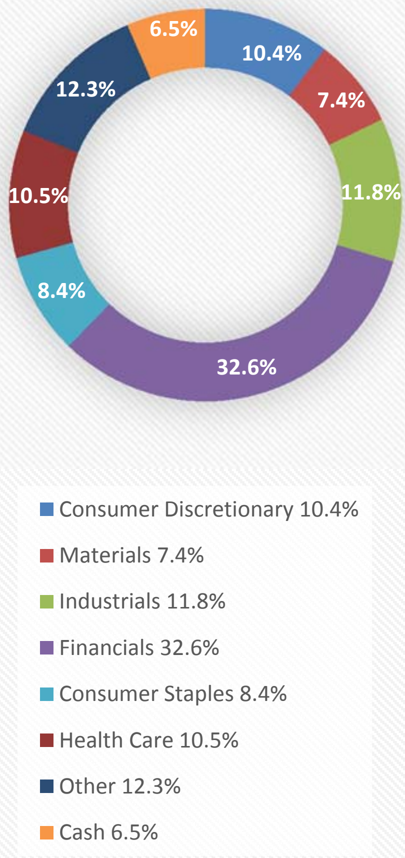
*Fund returns are calculated net of management fees, assuming all distributions are re-invested. Performance figures have been calculated in accordance with the Financial Services Council (FSC). The returns are calculated before performance fees which are charged against individual accounts. The returns exclude the benefits of imputation credits. Past performance is not necessarily an indicator of future performance.

Top five holdings	Sector
CBA	Financials
Wesfarmers	Consumer Staples
NAB	Financials
Telstra	Telecommunications
ANZ	Financials

* The top five holdings make up approximately 28.3% 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	12.1%
Research Rating	Lonsec - Investment Grade Zenith - Approved

Holdings by Sectors

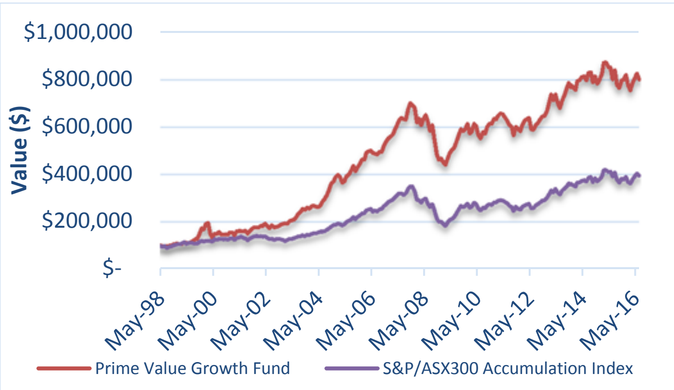


Market review

The Australian share market declined 2.4% in June to finish FY16 up 0.9% (including dividends). Political uncertainties (both global and local) added to what has been a volatile year for equities. The surprise UK referendum result triggered a sharp spike in volatility across asset classes, with financial markets having expected the “Remain” vote to prevail. The UK FTSE 100 index initially fell 9% but has now recovered most of those losses, while the British pound hit a 30 year low. European financials performed poorly, while gold and REITs were bought up. European indices were also hit hard but rebounded in the last few days of the month.

Interest-rate sensitive yield sectors were the best performing local sectors in June, with Utilities up 5.6% and REITs up 3.5%. The major banks fell 5%, in-line with global market movements. IT was the worst performing sector (-7.6%). Small-caps (-1.3%) outperformed mid-caps (-2.1%), large-caps (-2.6%) and mega-caps (-3.6%).

This high volatility investment environment however is offering opportunities in companies we view as having strong management who can deliver shareholder value regardless of the macro trends or market conditions.



This graph shows how $100,000 invested at the Fund’s Inception has increased to $802,200 (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 $394,700 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	$2.7785	$2.7575
Withdrawal price	$2.7674	$2.7464
Distribution (30/06/2016)	$0.0750	$0.0767
Indirect Cost Ratio (ICR)	1.435% pa	1.23% pa
Performance fee	20.5%[1]	20.5%[1]

[1] 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 underperformed its benchmark by 0.6% in June (after fees). In absolute terms, the Fund’s major contributors to performance for the month were Ingenia (7.9%), REA (+6.3%) and Burson (+4.0%). The major banks were major detractors for the Fund as their share prices were buffeted by Brexit and concerns of further capital requirements. Our holdings in Vocus (-9.5%), Bega Cheese (-8.6) and Boral (-8.5) were also detractors to performance during the month.

Vocus announced the acquisition of Nextgen Networks and two development projects for $807m. The acquisition will pave the way for Vocus to extend its ownership of critical delivery infrastructure over a significantly larger footprint. There appears to be solid merits for acquiring Nextgen including prospects of new clients outside of Vocus’ traditional area of strength. The price paid for Nextgen was not cheap but we have backed the company by taking up our entitlement to Vocus capital raising to fund the acquisition.

Ingenia was another company to raise new capital in June. The company raised $60m to acquire caravan parks. The acquisition increases Ingenia’s Lifestyle Parks portfolio to 30 parks, and increases the number of occupied sites by 20%.

Top contributors (absolute)	Sector
Worley Group	Energy
Ingenia	Financials
REA Group	Consumer Discretionary

Top detractors (absolute)	Sector
Vocus	Telecommunications
Bega Cheese	Consumer Staples
Boral	Materials

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

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