

Prime Value Growth Fund

Fund Update – June 2017



- Global share markets put in a mixed performance in June but were generally positive
- The debate surrounding Amazon's Australian entry, a key factor for retailers' poor performance in the previous month, eased. This lifted some pressure on the consumer discretionary sector in June
- Positive Fund performance was underpinned by health care and insurance companies. Detracting from performance were companies going ex-distribution including Goodman Group and Sydney Airport

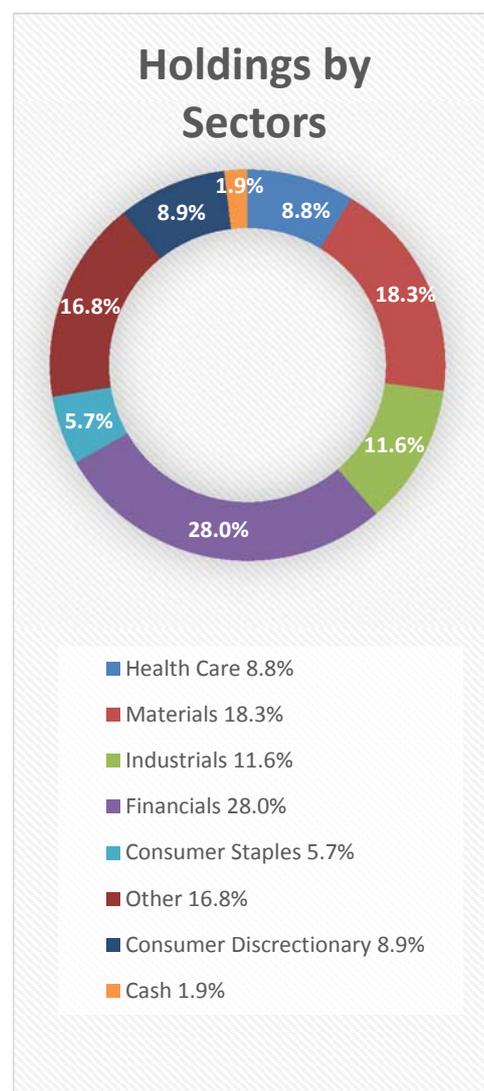
	Total Return*	S&P/ASX 300 Accumulation Index	Value Add
Since inception (p.a.)	11.8%	8.1%	3.7%
10 Years (p.a.)	2.9%	3.4%	(0.5%)
5 Years (p.a.)	7.6%	11.6%	(4.0%)
3 Years (p.a.)	2.1%	6.6%	(4.5%)
1 Year	5.9%	13.8%	(7.9%)
3 Months	(0.5%)	(1.6%)	1.1%
1 Month	1.0%	0.2%	0.8%

*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 performance is not necessarily an indicator of future performance.

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

* The top five holdings make up approximately 29.4% 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

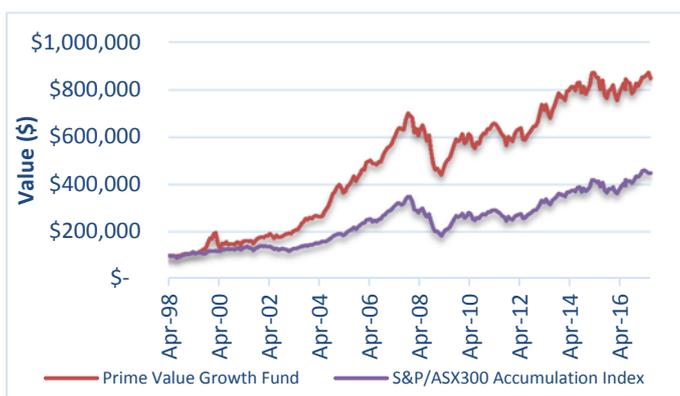


Market review

The Australian share market rose 0.2% in June to close FY17 up 13.8% including dividends. Developed market equities also posted a small 0.1% monthly gain, despite indications of potential stimulus withdrawal from European central banks. The major US indices all hit record highs during June, which offset declines from European markets (-3%) and the UK (-2.5%). Emerging markets outperformed (+1.7%).

Domestic economic data was generally stronger than expected in June. The unemployment rate fell to 5.5%; business sentiment remaining strong; and month-on-month retail sales (April) stronger than expected at 1%. Real GDP for Q1 rose 0.3% and 1.7% year-on-year. The Australian dollar rose 3% to US\$0.77 driven by higher commodity prices and yield expectations. Iron ore recovered strongly from its mid-month lows to close 9.5% higher at US\$63.50/t.

The strongest sector returns globally came from Financials. Our banks also posted gains (+1.5%). The Health Care sector was the strongest performer domestically, posting a return of +6.1%. Energy was the worst performing sector both globally and domestically (-6.8%), with the Brent oil price falling 4.8% to US\$47.92/bbl. Small caps (+2%) and mid-caps outperformed (+1.7%) in June, with large-caps underperforming (-0.2%).



This graph shows how \$100,000 invested at the Fund's Inception has increased to \$849,810 (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 \$449,270 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	\$ 2.6660	\$ 2.6556
Withdrawal price	\$ 2.6458	\$ 2.6354
Distribution (30/06/2017)	\$ 0.2939	\$ 0.2946
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

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Fund review & strategy

The Fund outperformed its benchmark in June (after fees). In absolute terms, the Fund's major contributors to performance were **CSL**, **CBA** and **Suncorp**. The three major detractors were **Goodman Group**, **Wesfarmers** and **Sydney Airport**.

Insurance companies rarely generate media headlines but **Suncorp** has been one the Fund's major contributors in the past 12 months. An improving environment for insurance premiums with management efforts to streamline its business structure has had a positive outcome. **Monadelphous**, a company the Fund has held for an extended period of time, was another positive contributor to performance in the past year. **Monadelphous** continues to demonstrate characteristics of a well-managed company as its market position has improved within a sector that has seen consolidation.

Goodman Group and **Sydney Airport** fell in June due to the companies going ex-distribution. Both companies have been positive contributors to performance over the past few years. **Goodman's** management has been astute in positioning for the e-commerce trend that has resulted in a boon for industrial property owners. Likewise, **Sydney Airport** has been growing very well and currently benefitting from new capacity that has been the result of the Airport's management efforts over the past few years.

Top contributors (absolute)	Sector
CSL Limited	Healthcare
Commonwealth Bank	Financials
Suncorp	Financials

Top detractors (absolute)	Sector
Goodman Group	Real Estate
Wesfarmers	Consumer Staples
Sydney Airport	Industrials

Platforms

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

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