Prime Value Growth Fund
Fund Update – March 2017

- Large capitalisation companies led the Australian market higher in March, ending the quarter on a positive note
- Merger and acquisition activity was notably higher than normal during the March quarter with IPO activity subdued
- The Fund returned 2.3% in March. Contributors to performance were CBA, Sydney Airport and Qube

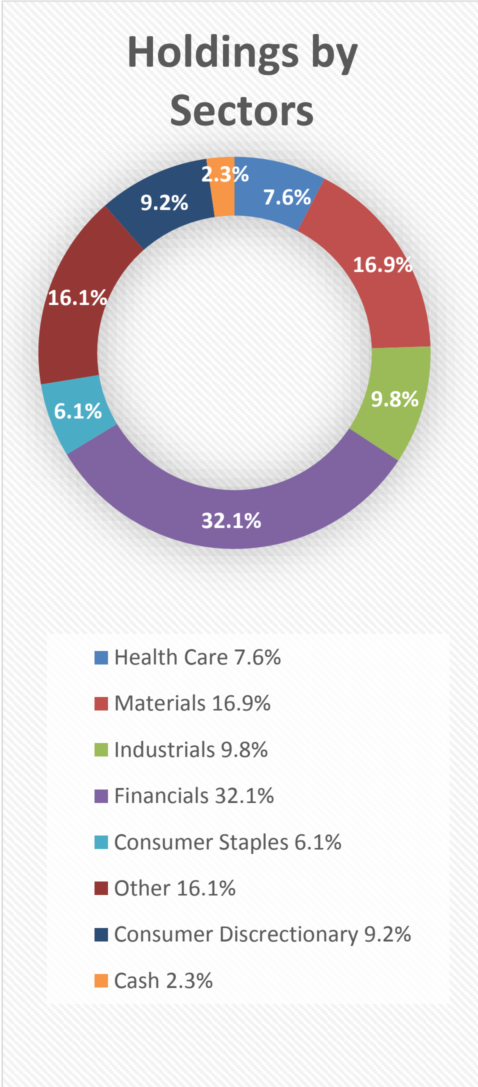
	Total Return*	S&P/ASX 300 Accumulation Index	Value Add
Since inception (p.a.)	12.0%	8.3%	3.7%
10 Years (p.a.)	3.8%	4.2%	(0.4%)
5 Years (p.a.)	6.1%	10.8%	(4.7%)
3 Years (p.a.)	2.3%	7.5%	(5.2%)
1 Year	8.5%	20.2%	(11.7%)
3 Months	3.1%	4.7%	(1.6%)
1 Month	2.3%	3.3%	(1.0%)

*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
CSL Limited	Healthcare
Westpac	Financials

* The top five holdings make up approximately 32.6% of the portfolio

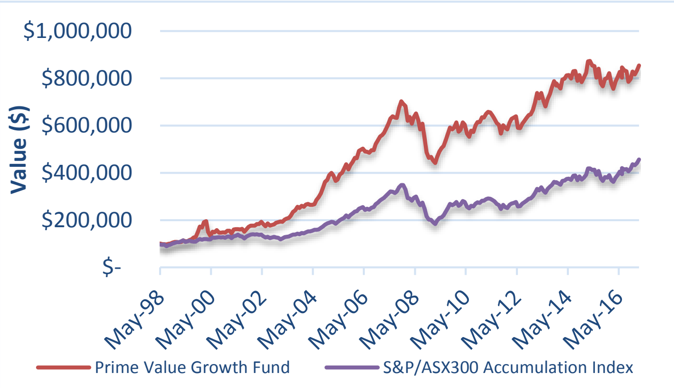
Feature	Fund facts
Portfolio Manager	ST Wong
Investment objective	To provide superior medium to long term capital growth, with some income, by managing a portfolio of predominantly Australian equities listed on any recognised Australian Stock Exchange.
Benchmark	S&P / ASX 300 Accumulation Index
Inception 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



Market review

March was another strong month for Australian equity investors, with the S&P/ASX 300 up 3.3% (including dividends). Global equity markets were generally strong. Developed markets (+1%), emerging markets (+2%) and the FTSE (+1%) all rose; however, the S&P 500 was flat (+0.1%) and the Nikkei fell 0.4%. As was the case in February, the materials and telco sectors underperformed. Mining was the worst performing sub-sector, weighed down by falling commodity prices including iron ore (-12% to US$81 a tonne). The energy sector posted a positive return of 4.8% despite a 5% fall in the oil price to US$52.83 a barrel (Brent). Domestically, all other sectors posted strong returns with the exception of the discretionary retail sub-sector. Mid-caps (+3.7%) outperformed large caps (+3.3%), while small-caps once again underperformed (+2.7%). Other noteworthy developments included APRA announcing further restrictions on mortgage lending (focused on interest-only lending). On the corporate front, Downer launched a takeover bid for Spotless.

Monetary policy and political developments continue to drive asset class markets. In the US, the Fed lifted rates as expected. However, its outlook statement and subsequent minutes were interpreted as more "dovish" than anticipated, particularly given the ongoing strength of economic data.



This graph shows how $100,000 invested at the Fund's Inception has increased to $853,940 (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 $456,440 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	$ 2.6789	$ 2.6672
Withdrawal price	$ 2.6587	$ 2.6470
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 2.3% in March. In absolute terms, the Fund's major contributors to performance for the month were **CBA**, **Sydney Airport** and **Qube**. The three major detractors were **OZ Minerals**, **BHP** and **Harvey Norman**.

Sydney Airport's CEO Kerrie Mather announced her retirement in March, after a long and successful period of value creation for investors. Whilst we will miss her leadership, we believe **Sydney Airport** is well institutionalised, has management depth and a long runway of initiatives to extend its revenue growth potential.

The Fund holds a position in Downer. We invested in Downer for four reasons: (1) an improving industry structure with activity rising and profitability pressures easing. (2) Downer has broadened its business base and is today less reliant on large lumpy and potentially onerous liability rail contracts. We believe Downer is well positioned to win work across a number of sectors including construction, infrastructure and in mining services. (3) a strong balance sheet (the company doesn't carry debt). (4) valuations that were attractive, with the company having the potential to re-rate as earnings improve. Nevertheless, we view Downer's bid for Spotless negatively and will be re-assessing our investment as new information is released.

Top contributors (absolute)	Sector
CBA	Financials
Sydney Airport	Industrials
Qube	Industrials

Top detractors (absolute)	Sector
OZ Minerals	Materials
BHP	Materials
Harvey Norman	Consumer Discretionary

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

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