Prime Value Growth Fund
Fund Update – November 2016

- Unexpected outcomes in global events (Brexit and Trumps victory), reinforced the futility in trying to predict macro outcomes
- Sector and stock dispersion in the Australian market was extreme with banks and resources companies rising at the expense of smaller companies
- The Fund rose 1.6% in November with holdings in larger cap companies including banks and South32 helping to offset detractors in mid-cap companies

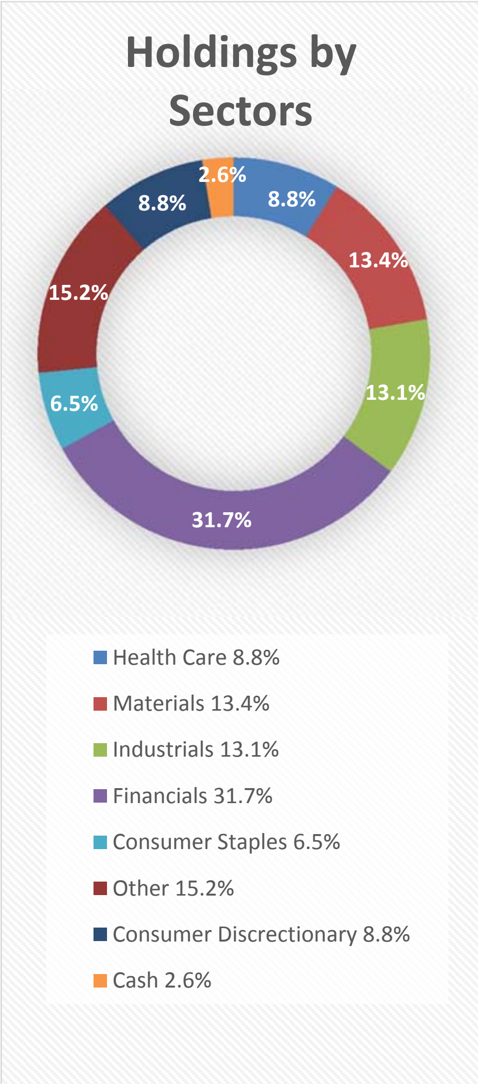
	Total Return*	S&P/ASX 300 Accumulation Index	Relative Performance to Benchmark
Since inception (pa)	11.8%	8.0%	3.8%
10 Years (pa)	4.0%	4.3%	-0.3%
5 Years (pa)	6.1%	10.4%	-4.3%
3 Years (pa)	1.2%	5.4%	-4.2%
1 Year (pa)	-0.5%	10.1%	-10.6%
3 Months	-4.3%	1.1%	-5.4%
1 Month	1.6%	2.8%	-1.2%

*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
Westpac	Financials
Telstra	Telecommunications
Wesfarmers	Consumer Staples

* The top five holdings make up approximately 30.0% 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

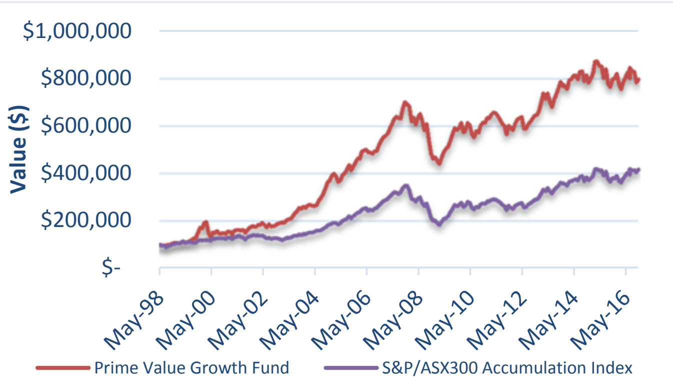
Global equities rallied and bond markets sold-off following Trump's unexpected victory in November. Equity markets rose on hopes President elect Trump could reignite US growth, along with prospects of lessened banking and healthcare regulation. Bond yields rose sharply on the view that Trump's economic program of fiscal stimulus and tax cuts would be reflationary, with US 10-year treasury yields up more than 50 basis points for the month.

Beneath the headline share market indices, however, the sector and stock dispersion was extreme. Driven by reflationary expectations, cyclical and value stocks rallied whilst defensive stocks, global bonds and gold were sold aggressively. The Australian share market outperformed most equity markets, driven by broad based outperformance of banking and resource stocks. Defensive and yield-oriented sectors underperformed, while discretionary retail was the worst performing sub-sector. Mega-caps (4.3%) and large-caps (3.6%) again outperformed mid-caps (0.8%) and small-caps (-1.2%). News flow was plentiful as the market digested a large number of progress updates from companies at their AGM.

Fund review & strategy

The Fund rose 1.6% in November but underperformed its benchmark by 1.2%. In absolute terms, the Fund's major contributors to performance for the month were **CBA**, **BHP** and **Monadelphous**. The three major detractors were **Boral**, **Harvey Norman** and **CSL**.

Boral announced it had entered into an agreement to acquire US building materials and construction group Headwaters for approximately A$3.5 billion. This is a transformative move by Boral with the proposed transaction set to double the company's exposure to the US, while reducing Boral's Australian revenues to just over half of total Group revenues. The largest area of expansion for Boral is to fly-ash. Fly-ash is a by-product of coal-fired power stations used as a substitute for cement in the mixing of concrete. While management has identified significant synergies as a major driver of the deal, the transaction should also de-risk Boral's dependence on a ramping-up of east coast infrastructure volumes against a transitioning domestic housing market. The transaction is not without its risks. Nevertheless, the stock is trading at approximately 12% below the theoretical ex-rights price of $5.66, which we believe provides some valuation support as we continue to process the merits of the tie-up.



This graph shows how $100,000 invested at the Fund's Inception has increased to $797,300 (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 $417,770 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	$ 2.5737	$ 2.5630
Withdrawal price	$ 2.5543	$ 2.5436
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

Top contributors (absolute)	Sector
Commonwealth Bank	Financials
BHP Billiton	Materials
Monadelphous	Industrials

Top detractors (absolute)	Sector
Boral	Materials
Harvey Norman	Consumer Discretionary
CSL Limited	Health Care

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

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