

Prime Value Imputation Fund

Fund Update – April 2017



- Global share markets, including Australia, were higher in April due to US corporate earnings and positive sentiment from the French presidential election
- Australian resource companies had a poor month as commodity prices fell. However, industrial, healthcare and utility companies' performance more than offset declines in that sector
- The Fund returned a positive 0.6% with strong performances from ANZ, Goodman Group and Amcor

	Total Return*	Growth Return*	Distribution Return*	Total Return including Franking Credits**	S&P/ASX 300 Accumulation Index
Since inception (p.a.)	11.3%	6.1%	5.2%	13.3%	8.3%
10 Years (p.a.)	1.8%	(2.5%)	4.3%	3.9%	4.0%
5 Years (p.a.)	7.9%	3.8%	4.1%	10.1%	10.8%
3 Years (p.a.)	5.4%	1.7%	3.7%	7.4%	7.3%
1 Year	10.9%	7.1%	3.8%	12.8%	17.5%
3 Months	4.2%	3.3%	0.9%	4.6%	6.6%
1 Month	0.6%	0.6%	0.0%	0.6%	1.0%

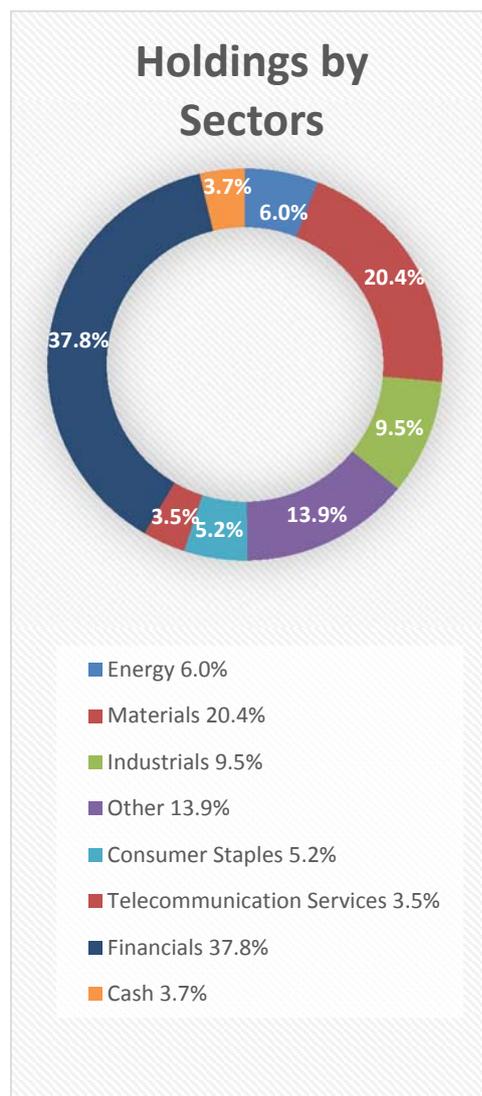
* Fund returns are calculated net of management fees, assuming all distributions are re-invested. Performance figures have been calculated in accordance with the Financial Services Council (FSC). The returns are calculated before performance fees which are charged against individual accounts. The returns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

** Returns grossed up for franking credits are estimates.

Top five holdings	Sector
Westpac	Financials
ANZ	Financials
Commonwealth Bank	Financials
BHP Billiton	Materials
NAB	Financials

* The top five holdings make up approximately 33.6% of the portfolio.

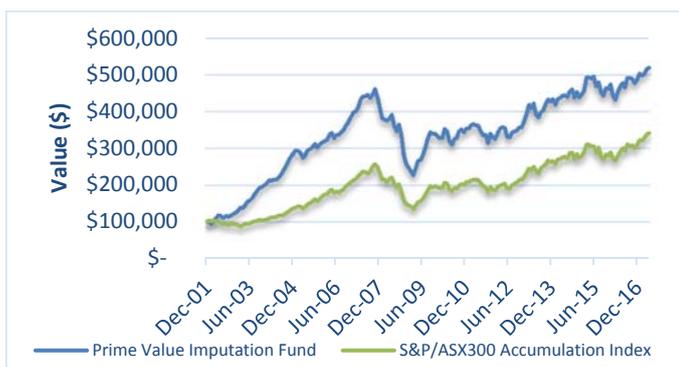
Feature	Fund facts
Portfolio Manager	Leanne Pan
Investment objective	To provide regular tax-effective income, combined with competitive capital growth over the medium to long-term, by managing a portfolio of assets comprised mainly of Australian equities listed on any recognised Australian stock exchange.
Benchmark	S&P / ASX 300 Accumulation Index
Inception Date	20 December 2001
Cash limit	0 - 30%
Distribution	Quarterly
Recommended investment period	3 + years
Annualised Return	11.3% (excl. franking credits) 13.3% (incl. franking credits)
Research Rating	Lonsec – Investment Grade



Market review

The Australian share market rose 1% in April, but underperformed major global equity indices. Equity markets were generally lower during the first half of the month, weighed down by a combination of a lack of Trump policy progress, softer US economic data, rising geopolitical tensions and the upcoming French Presidential elections. However, sentiment turned positive mid-month on the French election outcome, a positive US earnings season and the end-of-month unveiling of Trump's much anticipated tax reform proposals.

Domestic economic data, such as the rate of unemployment was generally stronger than expected. House prices kept climbing, with the CoreLogic-RP Data price index up 12.9% year-on-year to March. The Australian dollar dropped 1.5 cents to USD0.748, weighed down by the falling iron ore price. There was significant divergence in sector performance during the month with the mining and metals sub-sectors underperforming on falling commodity prices, whilst the telecommunication sector was the clear underperformer, following TPG's announcement that it would build Australia's fourth mobile network. The standout sectors were industrials (+4.1%) and health care (+3.4%). Mid-caps (+1.7%) outperformed large caps (+1%), with small-caps once again underperforming (-0.2%).



This graph shows how \$100,000 invested at the Fund's Inception has increased to \$519,570 (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 \$340,940 over the same period. The returns exclude the benefits of imputation credits.

	Direct Investment (Class A)	Platform Investment (Class B)
APIR code	PVA0002AU	PVA0022AU
Minimum Investment	\$20,000	N/A
Issue price	\$ 2.4886	\$ 2.4883
Withdrawal price	\$ 2.4698	\$ 2.4695
Distribution (31/03/2017)	\$ 0.0200	\$ 0.0212
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

The information contained in this Fund Update is general in nature and has no regard to the specific investment objectives, financial or particular needs of any specific recipient. It is not intended to constitute investment advice or a personal securities recommendation. This document is not a Product Disclosure Statement (PDS) or an offer of units, and contains a brief overview of the investment only. Any prospective investor wishing to make an investment in the Prime Value Imputation Fund must obtain and read the PDS dated 28 March 2013 (particularly the risk factors discussed) and complete an application form. Neither Prime Value Asset Management Limited nor its associates or directors, nor any other person, guarantees the success of the Prime Value Imputation Fund, the repayment of capital or any particular rate of capital or income return, or makes any representation in relation to the personal taxation consequences of any investor's investment.

Fund review & strategy - draft

The Fund returned 0.6% for the month of April (after fees). In absolute terms, the Fund's major positive contributors to performance for the month were **ANZ, Goodman Group** and **Ancor**. **Telstra, Wesfarmers** and **Newcrest** were the major detractors. In relative terms, sector allocation detracted from performance. This was primarily driven by the Fund's zero weighting to health care.

Telstra's share price suffered during the month as a very competent disruptor, TPG, announced its aim to be a mobile network operator and bring more competition to the telecommunication sector. We acknowledge the competitive landscape has changed over time, but the inherent advantage of the incumbent with a superior network and a strong customer base cannot be underestimated. A 7% fully franked yield adds to its attraction.

Three major banks (**ANZ, Westpac** and **NAB**) as well as **Macquarie** will report their half-year results in May and we expect them to maintain their dividends. Thus the Fund will continue to maintain its holdings in the banks at this stage to capture the fully franked dividends although we do have some concern regarding valuations and will monitor them closely. As an income focussed Fund we continue to seek out companies with sustainable dividend and potential capital growth.

Top contributors (absolute)	Sector
ANZ	Financials
Goodman Group	Real Estate
Ancor	Materials

Top detractors (absolute)	Sector
Telstra	Telecommunications
Wesfarmers	Consumer Staples
Newcrest	Materials

Platforms
Ausmaq, Beacon, BT Wrap, First Wrap, Hub24, Netwealth,, Symetry, Wealthtrac

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