Prime Value Opportunities Fund
Fund Update – December 2017

PrimeValue®
Building Wealth Together

- Share markets ended 2017 on an optimistic note, supported by continuing economic growth in major economies and low interest rates
- The positive global backdrop should continue in 2018. However, we expect a more volatile period that would lead to stock picking opportunities
- The Fund returned 0.4% in December. The Fund returned 11.7% for 2017

	Total Return*	Benchmark (8% pa)	Value Add
Since inception (p.a.)	**13.1%**	8.0%	5.1%
5 Years (p.a.)	**12.7%**	8.0%	4.7%
3 Years (p.a.)	**10.4%**	8.0%	2.4%
2 Years (p.a.)	**8.0%**	8.0%	0.0%
1 Year	**11.7%**	8.0%	3.7%
3 Months	**6.3%**	2.0%	4.3%
1 Month	**0.4%**	0.7%	(0.3%)

* 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.

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FYTD	ITD
FY 2013					1.8%	1.7%	4.3%	6.2%	(0.6%)	4.0%	(2.2%)	(1.6%)	**14.1%**	**14.1%**
FY 2014	4.4%	2.6%	4.3%	5.0%	(1.1%)	1.5%	(1.9%)	5.9%	0.2%	0.3%	0.3%	(1.4%)	**21.4%**	**38.5%**
FY 2015	2.5%	1.0%	(4.1%)	3.1%	(1.9%)	0.7%	1.5%	5.7%	1.4%	(1.0%)	0.5%	(4.3%)	**4.6%**	**44.9%**
FY 2016	5.3%	(3.7%)	0.1%	5.5%	1.7%	2.4%	(3.4%)	(1.9%)	3.6%	2.3%	4.4%	(1.8%)	**14.9%**	**66.5%**
FY 2017	6.5%	(1.7%)	(0.5%)	(4.9%)	(0.2%)	2.7%	(1.1%)	2.4%	2.1%	1.3%	(1.2%)	1.2%	**6.3%**	**77.0%**
FY 2018	(1.2%)	1.0%	0.4%	4.2%	1.6%	0.4%							**6.5%**	**88.6%**

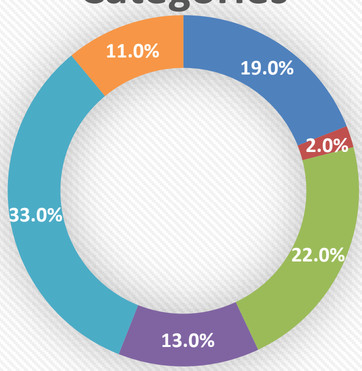
Top five holdings	Sector
Westpac	Financials
BHP Billiton	Materials
Commonwealth Bank	Financials
Orora Limited	Materials
Ramsay Healthcare	Healthcare

The top five holdings make up approximately 28.3% of the portfolio

Feature	Fund facts
Portfolio Manager	ST Wong
Investment Objective	To achieve superior absolute total returns by providing medium to long term capital growth without the constraints of a share market benchmark.
Benchmark	8.0% pa
Inception Date	5 November 2012
Cash	0 - 100%
International Exposure#	0 - 20%
Distribution	Half-yearly
Recommended Investment Period	3 + years
Research Rating	Lonsec - Investment Grade Zenith – Approved

The Prime Value SIV Opportunities Fund will have no exposure to international securities in accordance with SIV regulations

Holdings by Categories

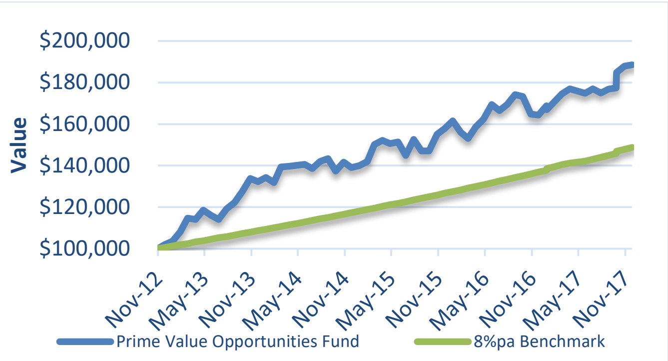


- Core - Companies with attractive long term business prospects 19.0%
- Valuation - Companies trading at substantial discounts to valuation or peers 2.0%
- Specific Growth - Smaller companies with unique products or services 22.0%
- Turnaround - Companies with turnaround prospects 13.0%
- Thematic - Companies exposed to structural or cyclical themes 33.0%
- Cash 11.0%

Market review

The Australian share market finished the year strongly, up 1.9% in December for a calendar year return of 11.9%. 2017 was the second consecutive year of double-digit returns for our market (including dividends). Strong gains were produced across a range of sectors, although in broader terms resources significantly outperformed industrials. US equities continued to rally in December, supported by approval of the Tax Bill, which provided a positive lead for global equities. Commodity price momentum was maintained, driven by positive global economic data (including China). The Australian dollar rose 3.2% to AUD 0.7890. Oil prices continued to strengthen (+5.3%), with WTI crude oil trading above US$60 for the first time since June 2015.

The resource-related sectors continued to outperform in December. The energy sector rose 6.5%, while materials closed 6.1% higher. These two sectors are now up +26.6% and +20.6% respectively financial-year-to-date. The telco sector recovered some of its underperformance (+5.5%), while utilities (-4.5%), industrials (-0.9%) and health care (-0.5%) underperformed. Small caps also continued to outperform (also led by resources), returning +3.2% versus +2.7% for mid-caps and +1.5% for large-caps.



This graph shows how $100,000 invested at the Fund's Inception has increased to $188,580 (net of fees excluding performance fees). This compares very favourably with the return of the benchmark, where a $100,000 investment would have increased to $148,740 over the same period. The returns exclude the benefits of imputation credits.

	Direct Investment (Class A)	Platform Investment (Class B)
APIR code	PVA0005AU	PVA0006AU
Minimum Investment	$20,000	N/A
Issue price	$ 1.6644	$ 1.6319
Withdrawal price	$ 1.6518	$ 1.6195
Distribution (31/12/17)	$ 0.0200	$ 0.0197
Indirect Cost Ratio (ICR)	0.95%* p.a.	0.95%* p.a.
Performance fee	15%**	15%**

* Unless otherwise stated, all fees quoted are inclusive of GST and less the relevant RITC
** Of performance (net of management fees) above the agreed benchmark, subject to a high water mark

Fund review & strategy

The Fund posted a return of 0.4% in December (after fees) and returned 11.7% through 2017. In absolute terms, the Fund's major contributors to the December performance were **BHP**, **Oil Search** and **Orora**. The major detractors were **Sydney Airport**, **Monadelphous** and **Bega Cheese**. Fund performance in 2017 was broad-based, with stock selection the key driver to performance. Just as importantly, we avoided a number of stocks that had significant profit downgrades; companies such as Baby Bunting and iSentia comes to mind.

A defining feature of 2017 was the improvement of the resources sector where improving cash flows and cost containment led to deleveraging balance sheets. These improvements, and after several years of restraining investments, have led to a positive step change in resources companies' investments into both production and infrastructure. We commenced investing into this development over 12 months ago and anticipate there's more to this cycle in 2018

In many ways 2017 could be considered as an anomaly – interest rates stayed low, major economies grew in sync while markets have remarkably resilient to the plethora of uncertainty that had emerged through the year. We expect the positive global backdrop to continue in 2018, but also expect a more volatile period compared to last year. Against this backdrop, we expect to work to and benefit from our strengths: Focus on company fundamentals to drive fund performance through stock specific selections. We expect strong opportunities to emerge on a stock specific level but will also take advantage of market weaknesses to invest opportunistically as they arise.

Top contributors (absolute)	Sector
BHP	Materials
Oil Search	Energy
Orora	Materials

Top detractors (absolute)	Sector
Sydney Airport	Industrials
Monadelphous	Industrials
Bega Cheese	Consumer Staples

Platforms
BT Wrap, Macquarie Wrap, Netwealth, Hub24, Powerwrap

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