

# Prime Value Opportunities 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
- The Fund posted a return of 1.2% in June and 6.3% for FY17. Holdings in healthcare and insurance companies were the major contributors to Fund performance in June

	Total Return*	Benchmark (8% pa)	Value Add
Since inception (p.a.)	13.0%	8.0%	5.0%
3 Years (p.a.)	8.5%	8.0%	0.5%
2 Years (p.a.)	10.5%	8.0%	2.5%
1 Year	6.3%	8.0%	(1.7%)
3 Months	1.4%	2.0%	(0.6%)
1 Month	1.2%	0.6%	0.6%

\* 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

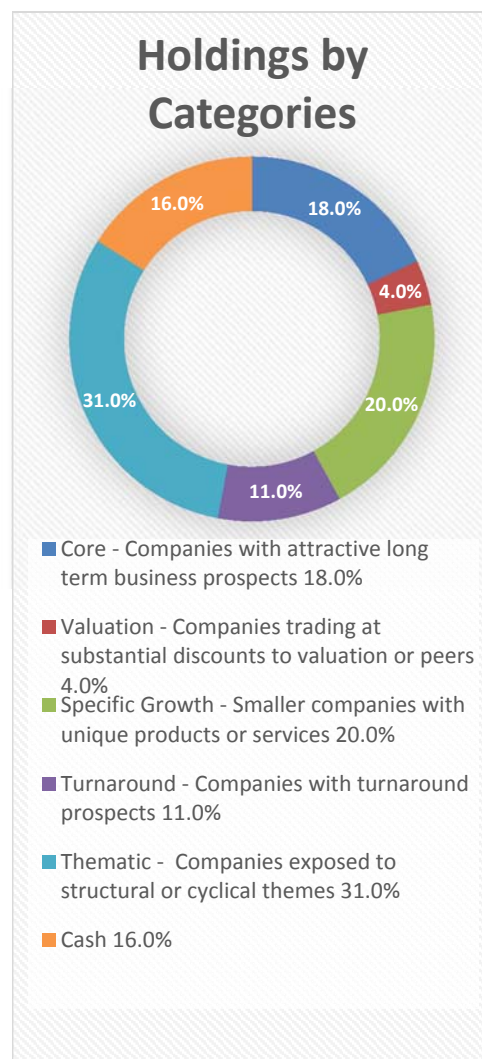
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FYTD	ITD
FY 2013					1.8%	1.7%	4.3%	6.2%	(0.6%)	4.0%	(2.2%)	(1.7%)	14.1%	14.1%
FY 2014	4.4%	2.6%	4.4%	5.0%	(1.1%)	1.5%	(1.9%)	5.9%	0.2%	0.3%	0.3%	(1.4%)	21.4%	38.5%
FY 2015	2.5%	1.0%	(4.1%)	3.1%	(1.9%)	0.7%	1.5%	5.7%	1.4%	(1.0%)	0.5%	(4.3%)	4.6%	44.9%
FY 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%

Top five holdings	Sector
CSL Limited	Healthcare
Commonwealth Bank	Financials
Westpac	Financials
Ramsay Health Care	Healthcare
Orora	Materials

\* The top five holdings make up approximately 28.6% 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% pa
Inception Date	5 November 2012
Cash	0 - 100%
International Exposure#	0 - 20%
Distribution	Half-yearly
Recommended investment period	3 + years
Annualised Return	13.0%
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

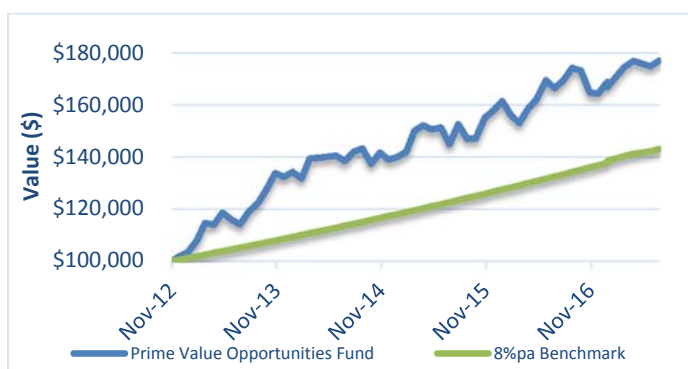


## Market review

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 \$177,010 (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 \$143,080 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	\$ 1.5920	\$ 1.5611
Withdrawal price	\$ 1.5800	\$ 1.5493
Distribution (30/06/17)	\$ 0.0296	\$ 0.0292
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 the relevant RITC  
 \*\* of performance (net of management fees) above the agreed benchmark, subject to a high water mark

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## Fund review & strategy

The Fund rose 1.2% in June, to post a return of 6.3% for the 2017 financial year. Since inception, the Fund has returned 13% p.a. In absolute terms, the Fund's major contributors to performance for the month were **CSL**, **Suncorp**, and **Ramsay Healthcare**. The three major detractors were the **Aveo**, **Sydney Airport** and **BHP**.

The Fund completed another financial year of successful investing across the market in a concentrated, high conviction approach. We remained consistent in our approach, which is driven by stock-by-stock selection, without referencing an index. In the past 12 months, key contributors to the Fund's performance included **Corporate Travel**, **A2 Milk** and **CSL**. **Aconex** and **TPG Telecom** were notable detractors from performance over that period. We took decisive action to exit these positions to protect the Fund's capital and their share prices fell significantly after we sold our holdings.

Whilst the performance of the Fund lagged the ASX300 Accumulation Index's 13.8% rise in FY17, it noteworthy to highlight that financials and materials sectors were responsible for an estimated 80% of the Index's 13.8% increase. Financials and materials, largely major banks and resources companies, account for 50% of the ASX300 Index. In contrast, the Fund holds less than 25% of its capital in financials and material stocks. Our investment decisions are not dictated by what makes up an index. We look to invest in attractively valued companies that are led by capable management who are able to grow their businesses.

Top contributors (absolute)	Sector
CSL	Health Care
Suncorp	Financials
Ramsay Healthcare	Health Care

Top detractors (absolute)	Sector
Aveo Group	Real Estate
Sydney Airport	Industrials
BHP	Materials

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

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