

Prime Value Opportunities Fund

Fund Update – November 2017



- The Australian share market posted another strong month with company AGMs setting a positive tone
- Further evidence of economic growth globally pushed share markets higher, although we note an increase in volatility towards the end of the month
- The Fund returned 1.6% in November. Credit Corp and Monadelphous, two key contributors, reported good starts to FY18

	Total Return*	Benchmark (8% pa)	Value Add
Since inception (p.a.)	13.2%	8.0%	5.2%
5 Years (p.a.)	13.4%	8.1%	5.3%
3 Years (p.a.)	10.6%	8.0%	2.6%
2 Years (p.a.)	9.1%	8.0%	1.1%
1 Year	14.3%	8.0%	6.3%
3 Months	6.3%	2.0%	4.4%
1 Month	1.6%	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.

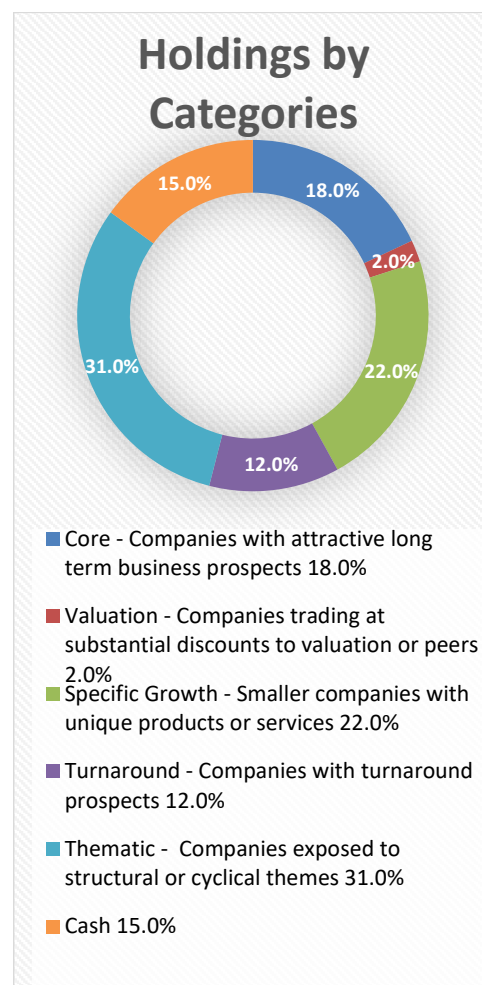
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FYTD	ITD
FY 2013					1.8%	1.7%	4.3%	6.2%	(0.6%)	4.0%	(2.2%)	(1.6%)	14.1%	14.1%
FY 2014	4.4%	2.6%	4.3%	5.0%	(1.1%)	1.5%	(1.9%)	5.9%	0.2%	0.3%	0.3%	(1.4%)	21.4%	38.5%
FY 2015	2.5%	1.0%	(4.1%)	3.1%	(1.9%)	0.7%	1.5%	5.7%	1.4%	(1.0%)	0.5%	(4.3%)	4.6%	44.9%
FY 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%								6.1%	87.9%

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

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

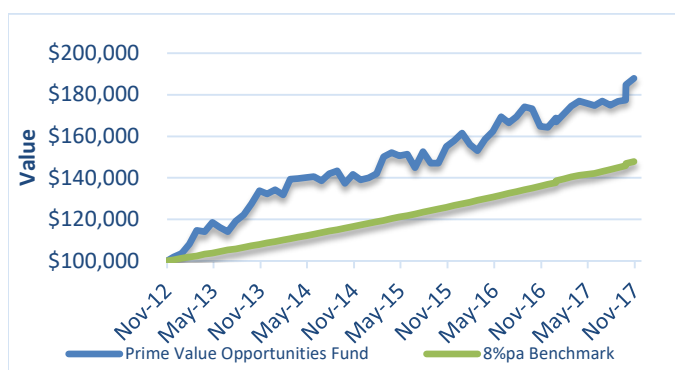


Market review

November was another strong month for the S&P/ASX 300 Accumulation index (+1.7%), supported by ongoing momentum in the US. The S&P500 continued to make new highs, reflecting a better-than-expected US reporting season; a falling US dollar; and a seemingly clearer path forward for tax reform. At the same time, falling bond yields and a flattening US yield curve are providing a more cautionary signal for some. The Australian dollar weakened 0.8c to USD 0.7590 despite strength in the iron ore price. The oil price also rose (+3.6%) on expectations, later confirmed, that OPEC and Russia would extend production cuts to the end of 2018.

Domestic economic data was generally weaker than expected on the consumer front (retail sales, jobs growth and wage price index). However, construction data, including residential approvals, came out ahead of expectations.

REITS (+5.3%) was the best performing sector domestically, while Telcos (-1.6%) and financials underperformed. The bank sector (-3.2%) came under pressure on continuing calls for a Royal Commission. Late in the month the Government announced an inquiry after calls from the banks to restore confidence in the system. Small caps (+3.8%) continued to outperform midcaps (2.7%) and large-caps (+1.2%).



This graph shows how \$100,000 invested at the Fund's Inception has increased to \$187,880 (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 \$147,770 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	\$ 1.6319	\$ 1.6001
Withdrawal price	\$ 1.6195	\$ 1.5879
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 less 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 posted a return of 1.6% in November, outperforming its absolute return target but marginally below S&P/ASX 300 Accumulation Index return of 1.7%. Major contributors to Fund performance were **Credit Corp**, **Monadelphous** and **REA**. The detractors were Corporate Travel, Webjet and Westpac.

This year, as in previous years, the Fund has benefited from investments across an extremely diversified set of opportunities. **A2 Milk**, **Orora** and **CSL** – small, mid and large cap companies respectively - were the Fund's top performers this year. It underpins the eclectic nature of our stock selection that is formed by looking for companies that are led by good management teams, working with strong balance sheets to drive compounding earnings growth. Our investments have been driven by comprehensive research of individual companies, rather than macro predictions or market capitalisation. This point is particularly relevant as 2017 draws to a close where we fail to find many, if any, of the big and bold 2017 "predictions" made by analysts and commentators coming to fruition.

Looking forward to 2018, it would be reasonable to assume that share markets will be somewhat more volatile compared to their unexpectedly benign behaviour during 2017. Although we are vigilant, this scenario shouldn't necessarily be a concern and by looking past the headlines and focusing on the medium-term, we aim to identify the business drivers and performance that will yield returns on our investments. Due to our longer term approach, a number of the investments highlighted above, such as REA, Monadelphous, Corporate Travel, Orora, and CSL have been in a portfolio for a number of years.

Top contributors (absolute)	Sector
Credit Corp	Financials
Monadelphous	Industrials
REA Group	IT

Top detractors (absolute)	Sector
Corporate Travel	Consumer Discretionary
Webjet	Consumer Discretionary
Westpac	Financials

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

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