

Prime Value Opportunities Fund

Fund Update – October 2017



- Global equity markets were largely buoyant through October. The positive sentiment fed through to the Australian market
- The Opportunities Fund celebrated 5 years of investing. The annualised return of 13.1%, since inception exceeded the Fund's benchmark of 8.0% p.a. and was achieved with much lower volatility compared to the market
- The Fund returned 4.2% in October despite a holding high cash position

	Total Return*	Benchmark (8% pa)	Value Add
Since inception (p.a.)	13.1%	8.0%	5.1%
5 Years (p.a.)	13.1%	8.0%	5.1%
3 Years (p.a.)	9.3%	8.0%	1.3%
2 Years (p.a.)	9.2%	8.0%	1.2%
1 Year	12.2%	8.0%	4.2%
3 Months	5.7%	2.0%	3.7%
1 Month	4.2%	0.7%	3.5%

* 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.

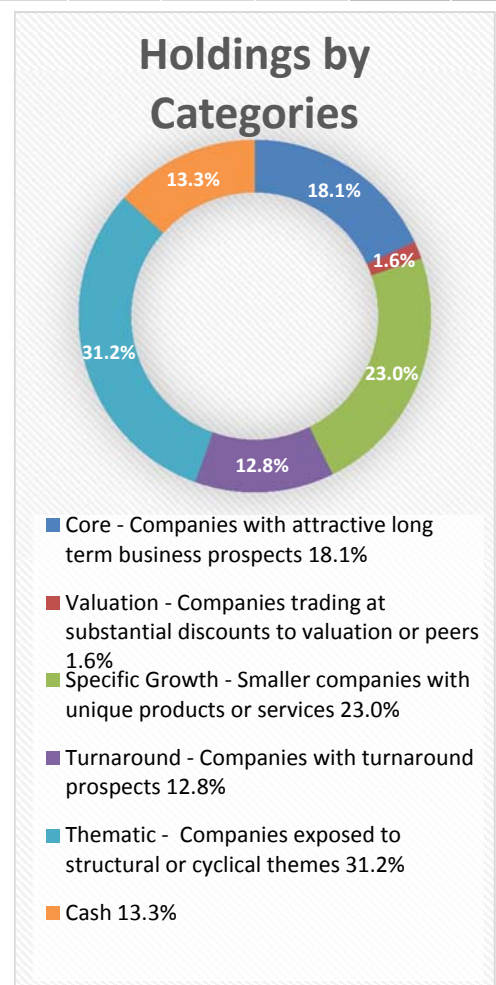
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FYTD	ITD
FY 2013					1.8%	1.7%	4.3%	6.2%	(0.6%)	4.0%	(2.2%)	(1.6%)	14.1%	14.1%
FY 2014	4.4%	2.6%	4.3%	5.0%	(1.1%)	1.5%	(1.9%)	5.9%	0.2%	0.3%	0.3%	(1.4%)	21.4%	38.5%
FY 2015	2.5%	1.0%	(4.1%)	3.1%	(1.9%)	0.7%	1.5%	5.7%	1.4%	(1.0%)	0.5%	(4.3%)	4.6%	44.9%
FY 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%									4.5%	84.9%

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

The top five holdings make up approximately 28.8% 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

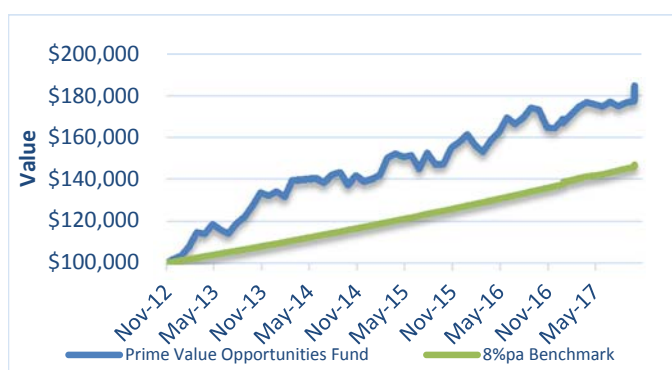
[#] The Prime Value SIV Opportunities Fund will have no exposure to international securities in accordance with SIV regulations



Market review

October was another strong month for equity markets globally, underpinned by a supportive economic backdrop and a revival of US President Trump's tax reform plans. The S&P/ASX 300 Index posted its best return for the year (+4%), outperforming global indices in local currency terms with the exception of the Japanese Nikkei, which rose 8.2% on a landslide election outcome. While domestic economic data was mixed (employment positive but retail sales and CPI inflation below expectations), global developed-market manufacturing surveys were strong across the board, hitting levels not seen since 2004 in the case of the US. As a proxy for global economic conditions, base metals were the standout commodity class in October. Oil also had another strong month, up 6.7% to US\$61.37 a barrel (Brent). The Australian dollar fell 1.8 cents to USD 0.7670 reflecting US dollar strength, soft CPI inflation data and a weakening iron ore price.

Consistent with global markets, the best performing domestic sector was information technology (+8.4%), followed by energy (+6.4%). While all sectors posted strong returns, REITs (+2.2%), telcos (+2.4%) and banks (+2.8%) underperformed. Small caps continued to outperform, returning +6.0% versus +5.8% mid-caps, +3.5% large-caps and +3.1% mega-caps.



This graph shows how \$100,000 invested at the Fund's Inception has increased to \$184,900 (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 \$146,840 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 4.2% in October, outperforming both its absolute return target and the S&P/ASX 300 Accumulation Index.

We are pleased to report that October 2017 marks the five year anniversary of the Opportunities Fund. Over this time the Fund has returned 13.1% p.a. (after fees) for our investors – or 84.9% on a cumulative basis. Fund performance has been consistent through that period, with volatility much lower than that of the average Australian equity fund.

During its 5 year history, the Fund has delivered positive returns in 39 months (of the 60), or a high ratio of 65%. In particular, the Fund performed better than the market in 81% of cases where the market fell. It's a great outcome showing that the Fund was able to preserve investors' capital during difficult market periods. It is this fundamental focus on capital preservation that defines Prime Value's singular investment culture.

Looking forward, investors should expect the Prime Value team to allocate resources to bottom-up discovery and investment research. There is much talk of the market being overvalued. Parts of the market certainly seem to be expensive, but not all. We believe there are many opportunities that are attractively priced. We continue to build our pipeline of ideas through an extensive program of company visits and meetings with management.

Finally, during the month of October, the Fund's major contributors to performance were **A2 Milk, Orora and Ramsay Health Care**. The only detractors were **Reliance Worldwide, Steadfast and Capitol Health**.

Top contributors (absolute)	Sector
A2 Milk	Consumer Staples
Orora	Materials
Ramsay Healthcare	Health Care

Top detractors (absolute)	Sector
Reliance Worldwide	Industrials
Steadfast	Financials
Capitol Health	Health Care

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

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