

Prime Value

Equity Income (Imputation) Fund

Fund Update – April 2019

- Share markets rose for a fourth consecutive month this year, recovering a substantial portion of declines posted during the December 2018 quarter
- The Fund returned 1.1% for the month, participated in the strong performance of the bank shares

	Total Return*	Growth Return*	Distribution Return*	Total Return including Franking Credits**	S&P/ASX 300 Accumulation Index
Since inception (p.a.)	10.6%	5.4%	5.1%	12.7%	8.2%
10 Years (p.a.)	8.0%	3.6%	4.4%	10.2%	9.9%
5 Years (p.a.)	5.4%	1.3%	4.1%	7.5%	7.6%
3 Years (p.a.)	7.0%	2.8%	4.4%	9.3%	11.1%
1 Year	7.4%	1.5%	5.9%	10.3%	10.3%
3 Months	7.8%	6.4%	1.4%	8.3%	9.4%
1 Month	1.1%	1.1%	0.0%	1.1%	2.5%

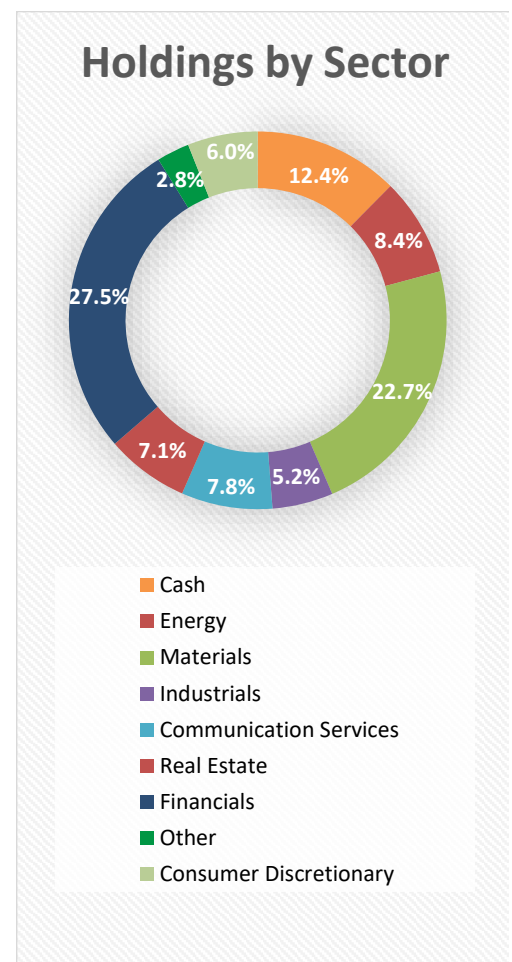
* Fund returns are calculated net of management fees, assuming all distributions are re-invested. Performance figures have been calculated in accordance with the Financial Services Council (FSC) standards. The returns are calculated before performance fees which are charged against individual accounts. 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
BHP	Materials
Commonwealth Bank	Financials
Macquarie Group	Financials
Westpac Bank	Financials
ANZ Bank	Financials

The top five holdings make up approximately 31.3% 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	0 - 30%
Distributions	Quarterly
Recommended investment period	3 + years



Market review

Global equity markets rose for a fourth consecutive month in April with the MSCI World Index gaining +3.2%. Markets continued to post an impressive recovery from the sell-off of late 2018 due to a significant policy shift amongst major central banks. Across the major equity markets, the US S&P 500 Index gained a further +3.9% and hit new record highs in April, while Europe's Stoxx50 and Japan's Nikkei gained +4.2% and +4.5% respectively.

April's gains were supported by a solid set of US corporate earnings, while the release of benign US inflation continued to support the Federal Reserve's accommodative stance following its U turn on interest rates earlier in the year. However, late in the month Fed Chairman Jerome Powell's comments that the current low inflationary environment is "transitory" rather than "permanent" ruffled equity markets, as the comments seemed to remove the potential for a rate cut later in the year.

The ASX 300 Accumulation Index gained 2.5%, led by the IT (+7.4%), Consumer Staples (+7.3%) and Consumer Discretionary (+5.5%) sectors while the Resources (-2.5%) and REIT (-2.3%) sectors lagged.

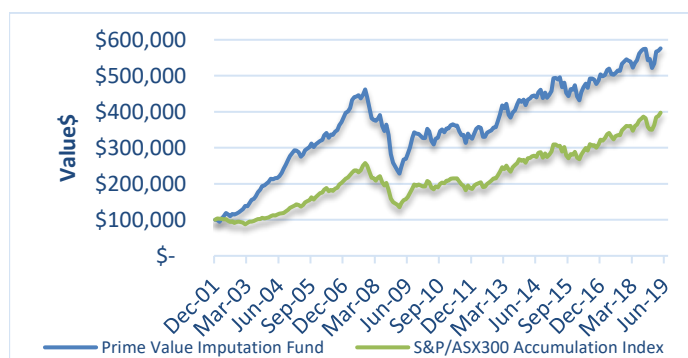
The Australian Federal budget was announced earlier than usual due to the pending federal election. The budget announcement together with the announcement of election commitments provided a boost for companies exposed to the domestic economy.

Fund review & strategy

The Fund returned 1.1% for the month of April. Absolute contributors to performance were the banks as the market anticipated a RBA rate cut and the banks played a bit of catch-up after underperforming the broader market CYTD. Banks were trading on attractive valuation going into a dividend-paying period however we understand the appetite for bank shares waned as retail investors positioned for policy change in the coming financial year. We continue to hold some bank shares for now as we consider a yield of some 6% remains attractive in the current low yield environment. Detractors were mainly the previously strong performing resources and REIT names taking a breather.

During the month, we have also participated in the off-market buyback of Caltex which is beneficial for the after-tax return of our investors. We are likely to take part in the Woolworths buyback in this coming month.

The market had been assessing the implications of various policy changes / reforms since the Federal election was announced. Crossbench negotiation might be needed for detailed policy implementation should there be a change of government. We do not aggressively tilt the portfolio in anticipation of certain political outcomes but are mindful of the macro environment and regulatory uncertainty this can bring. Our current cash-holding is higher than normal in the midst of global and domestic geopolitical & economic uncertainty. We continue to focus on company fundamentals and seek out companies that pay sustainable dividend and have good growth prospects over the medium term.



This graph shows how \$100,000 invested at the Fund's inception has increased to \$576,100 (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 \$397,600 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	\$ 2.5006	\$ 2.5012
Withdrawal price	\$ 2.4816	\$ 2.4822
Distribution (31/03/2019)	\$ 0.0325	\$ 0.0337
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

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Top Contributors (Absolute)	Sector
Commonwealth Bank	Financials
Westpac Bank	Financials
Macquarie Group	Financials

Top Detractors (Absolute)	Sector
BHP	Materials
Event Hospitality	Communication Services
Viva Energy REIT	Real Estate

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

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