Prime Value Imputation Fund
Fund Update – February 2018

- The Australian share market ended February broadly flat, with an early market correction more than offset by a better than expected reporting season
- The Fund's zero weight in the strong performing (but low yielding) Health Care sector detracted from performance

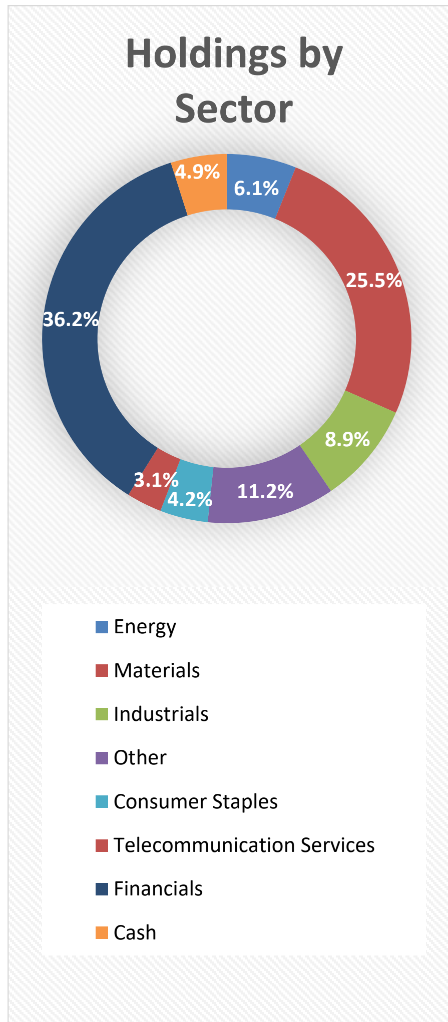
	Total Return*	Growth Return*	Distribution Return*	Total Return including Franking Credits**	S&P/ASX 300 Accumulation Index
Since inception (p.a.)	**10.9%**	5.8%	5.1%	**13.0%**	8.2%
10 Years (p.a.)	**3.6%**	(0.4%)	4.1%	**5.7%**	5.3%
5 Years (p.a.)	**5.2%**	1.5%	3.8%	**7.1%**	7.9%
3 Years (p.a.)	**3.1%**	(0.5%)	3.6%	**4.8%**	5.2%
1 Year	**7.5%**	4.0%	3.5%	**9.3%**	10.3%
3 Months	**0.1%**	(0.7%)	0.8%	**0.4%**	1.8%
1 Month	**(0.4%)**	(0.4%)	0.0%	**(0.4%)**	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) 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 Billiton Limited	Materials
Commonwealth Bank	Financials
Westpac Bank	Financials
Macquarie Group	Financials
ANZ Banking	Financials

The top five holdings make up approximately 30.0% of the portfolio.

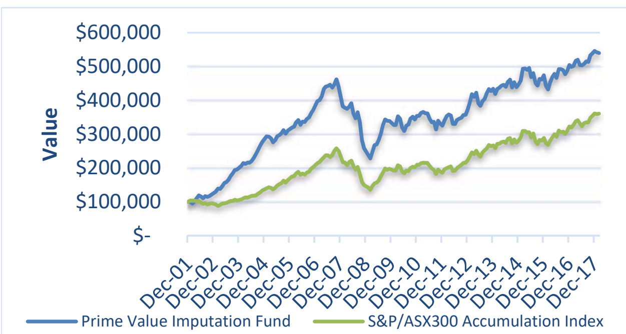
Feature	Fund facts
Portfolio Manager	Leanne Pan
Investment objective	To provide regular tax-effective income, combined with competitive capital growth over the medium to long-term, by managing a portfolio of assets comprised mainly of Australian equities listed on any recognised Australian stock exchange.
Benchmark	S&P / ASX 300 Accumulation Index
Inception Date	20 December 2001
Cash limit	0 - 30%
Distribution	Quarterly
Recommended investment period	3 + years
Research Rating	Lonsec – Investment Grade



Market review

Australian equities outperformed global peers in February, with the S&P/ASX 300 Accumulation Index rising 0.3% despite the broader sell-off in global equity markets. The US equity market entered official correction territory before recovering over the month. The pull-back was driven by rising bond yields and concerns about inflationary pressures, against a backdrop of elevated valuations. The Australian dollar fell 3 cents to USD 0.78 despite a rise in bulk commodity prices. Oil prices fell 4.7% to USD65.78 a barrel (Brent), reflecting a declining market risk appetite. The gold price fell 2% despite increased risk aversion, reflecting increased expectations of US interest rate hikes and US dollar strength.

The domestic reporting season was better than expected, although forecast earnings growth (ex-Resources) remains very moderate relative to expectations for corporate earnings globally. Those higher growth companies which continued to deliver performed very strongly. Health Care was the strongest performing sector over the reporting season, while Consumer Staples also performed well. The major laggards were Telcos, Energy and Utilities. Mid-caps outperformed (+0.9%) large-caps (+0.3%) while small-caps were flat.



This graph shows how $100,000 invested at the Fund's inception has increased to $539,600 (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 $360,700 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	$ 2.52	$ 2.5207
Withdrawal price	$ 2.501	$ 2.5017
Distribution (31/12/2017)	$ 0.0200	$ 0.0212
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

Fund review & strategy

The Fund returned -0.4% for the month of February. In absolute terms, the major contributors were **Nine Entertainment, Pioneer Credit** and **NAB**. The key detractors were **Woodside Petroleum, Telstra** and **IOOF**. Sector allocation was the primary driver of relative underperformance, driven almost entirely by the Fund's zero weighting to Health Care.

There were no major "disasters" from the February reporting season, but neither were there any "two-baggers". It was a steady as she goes season for the portfolio. The one major negative surprise was an equity raising by Woodside to support acquisition of additional Scarborough resources at an apparent marginal IRR. This is a long game and we believe it is unnecessary for Woodside to engage in such a big raising and at a steep discount at this stage. The only consoling fact is this is done as a rights issue, so all shareholders are given equal opportunity to decide. More positively, we are pleased with recent addition Nine Entertainment, which delivered a strong result and provided a 3% fully franked dividend yield.

We recognise the impact interest rate movements can have on both valuation and demand for the income yielding companies. We remain vigilant and construct a balanced portfolio that can provide steady income and some medium term capital growth.

Top Contributors (Absolute)	Sector for the portfolio
Nine Entertainment	Consumers Disc
Pioneer Credit	Financials
NAB	Financials

Top Detractors (Absolute)	Sector
Woodside	Energy
Telstra	Telecommunication
IOOF	Financials

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

Contact details:
Esther Oh, Julie Abbott & Serena Shi
Client Services Team
Phone: 03 9098 8088
Fax: 03 9098 8099
Email: info@primevalue.com.au
Mail:
Prime Value Asset Management Ltd
Level 9, 34 Queen Street
Melbourne VIC 3000
Web: www.primevalue.com.au