

Prime Value Imputation Fund

Fund Update – July 2018



- The Australian share market underperformed global peers in July, with the US and European equity markets rising strongly while Emerging markets lagged
- The Fund returned 1.5% for the month ahead of its benchmark of 1.3%.

	Total Return*	Growth Return*	Distribution Return*	Total Return including Franking Credits**	S&P/ASX 300 Accumulation Index
Since inception (p.a.)	11.0%	5.9%	5.1%	13.0%	8.4%
10 Years (p.a.)	5.1%	1.0%	4.1%	7.2%	6.9%
5 Years (p.a.)	7.4%	3.6%	3.9%	9.4%	9.1%
3 Years (p.a.)	5.9%	2.6%	3.6%	7.7%	8.1%
1 Year	12.3%	8.4%	3.8%	14.2%	14.7%
3 Months	6.3%	5.2%	1.1%	6.5%	5.8%
1 Month	1.5%	1.5%	0%	1.5%	1.3%

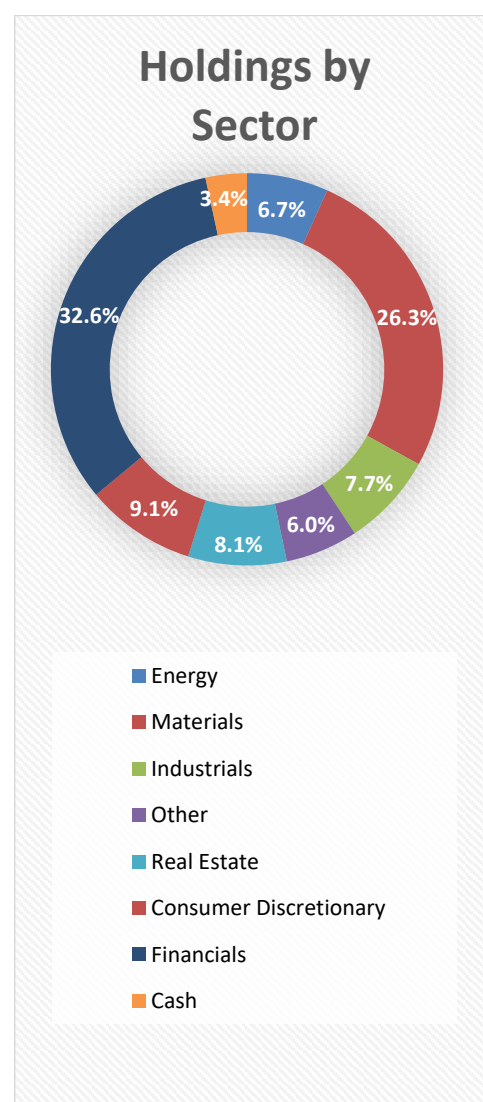
* Fund returns are calculated net of management fees, assuming all distributions are re-invested. Performance figures have been calculated in accordance with the Financial Services Council (FSC) standards. The returns are calculated before performance fees which are charged against individual accounts.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

The top five holdings make up approximately 31.9% 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

Equity markets had a strong start to the financial year. The US market rose 3.6% in July, while the European Stoxx600 index was up 3.2%. Emerging markets continued to underperform. The Shanghai Composite Index rose just 1.0%, amid concerns about the potential impact of US tariffs on Chinese imports, and is down 13.0% this year.

Iron ore rose 4.8% but other commodity prices were weaker, mainly due to fears that tariffs would dampen Chinese growth and hence demand for commodities. Copper (-4.9%), nickel (-4.9%) and lead (-10.6%) all fell, while oil (-7.7%) also came under pressure due to expectations of oil higher supply from OPEC producers.

The Australian market underperformed its major global peers, with the S&P/ASX 200 Accumulation Index rising 1.4%. Small companies underperformed, with the Small Ords falling 1.1% while the Top 50 rose 1.6%.

The Telco sector (+7.9%) outperformed, led by Telstra (TLS +8.4%) which recovered somewhat but is still down 21.8% over the year. Industrials (+3.5%), Consumer Discretionary (+2.1%), Healthcare (+2.1%), and Financials (+2.0%) were also strong while Gold (-6.4%) and Utilities (-1.4%) lagged.

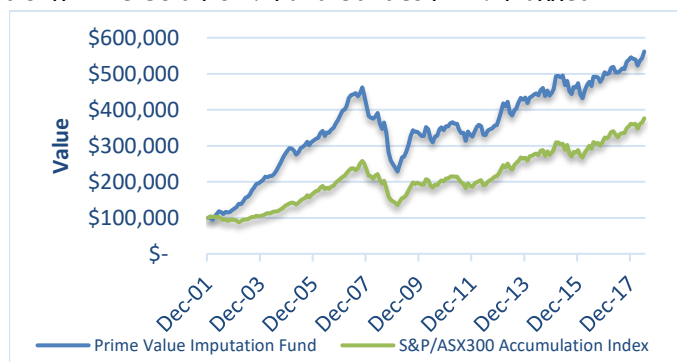
Fund review and strategy

The Fund returned 1.5% in July and is up 12.3% over the last 12 months. Key absolute return contributors were **Noni B**, **BHP Billiton** and **Telstra**, while detractors were **Nine Entertainment**, **Rio Tinto** and **Southern Cross Media**.

BHP announced the sale of its US onshore oil and gas assets and indicated a return of capital to shareholders when cash is received (although no detail on what form). We look forward to some distribution in due course.



In the midst of trade war disputes, photos above are from a tulip farm tourist attraction in China. Eat your heart out, Holland! Whatever one does, China seems to do it bigger, faster and with grandeur (and some argue tasteless) - this time, to encourage domestic tourism. This goes with technology development, clean energy initiatives, OBOR, Made in China 2025 - just to name a few. Nobody wins in trade wars but political consumption. Facing adversity, China with its stronger financial position and pragmatic attitude has more levers to pull. Whilst market experts can assess the economic impact under various scenarios, share markets will remain volatile as they anticipate/react to any news flow.



This graph shows how \$100,000 invested at the Fund's inception has increased to \$570,100 (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 \$381,200 over the same period. The returns exclude the benefits of imputation credits.

Top Contributors (Absolute)	Sector
Noni B	Consumer Discretionary
BHP	Materials
Telstra	Telecommunication

Top Detractors (Absolute)	Sector
Nine Entertainment	Consumer Discretionary
RIO	Materials
Southern Cross Media	Consumer Discretionary

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

	Direct Investment (Class A)	Platform Investment (Class B)
APIR code	PVA0002AU	PVA0022AU
Minimum Investment	\$20,000	N/A
Issue price	\$ 2.6130	\$ 2.5932
Withdrawal price	\$ 2.6132	\$ 2.5934
Distribution (30/06/2018)	\$ 0.0270	\$ 0.0282
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

Contact details:

Esther Oh, Julie Abbott & Serena Shi
 Client Services Team
 Phone: 03 9098 8088
 Fax: 03 9098 8099
 Email: info@primevalue.com.au
 Web: www.primevalue.com.au

Mail:

Prime Value Asset Management Ltd
 Level 9, 34 Queen Street
 Melbourne VIC 3000

The information contained in this Fund Update is general in nature and has no regard to the specific investment objectives, financial or particular needs of any specific recipient. It is not intended to constitute investment advice or a personal securities recommendation. This document is not a Product Disclosure Statement (PDS) or an offer of units, and contains a brief overview of the investment only. Any prospective investor wishing to make an investment in the Prime Value Imputation Fund must obtain and read the PDS dated September 2017 (particularly the risk factors discussed) and complete an application form. Neither Prime Value Asset Management Limited nor its associates or directors, nor any other person, guarantees the success of the Prime Value Imputation Fund, the repayment of capital or any particular rate of capital or income return, or makes any representation in relation to the personal taxation consequences of any investor's investment.