Prime Value Imputation Fund
Fund Update – November 2018

- A notable softening in the US interest rate strategy resulted in global stocks rallying late in the month
- The Fund returned -2.0%, a touch ahead of its benchmark
- Valuation is now more attractive, we can see opportunities emerging

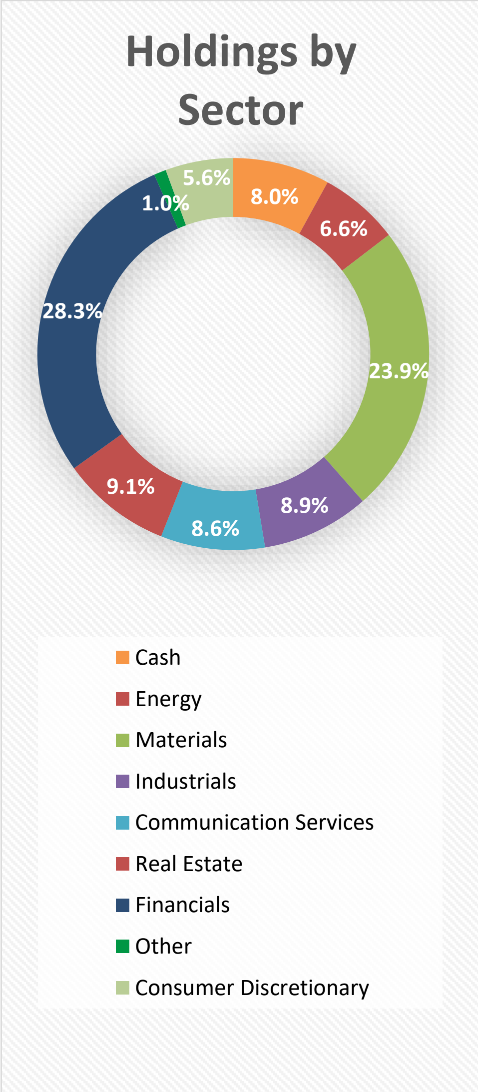
	Total Return*	Growth Return*	Distribution Return*	Total Return including Franking Credits**	S&P/ASX 300 Accumulation Index
Since inception (p.a.)	**10.3%**	5.3%	5.0%	**12.3%**	7.7%
10 Years (p.a.)	**7.5%**	3.2%	4.3%	**9.7%**	8.9%
5 Years (p.a.)	**4.5%**	0.8%	3.7%	**6.4%**	5.8%
3 Years (p.a.)	**4.9%**	1.3%	3.5%	**6.7%**	7.7%
1 Year	**(1.3%)**	(4.6%)	3.3%	**0.4%**	(1.0%)
3 Months	**(7.3%)**	(8.1%)	0.7%	**(6.7%)**	(9.3%)
1 Month	**(2.0%)**	(2.0%)	-	**(2.0%)**	(2.2%)

* 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 Bank	Financials
Westpac Bank	Financials
ANZ	Financials

The top five holdings make up approximately 30.9% 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

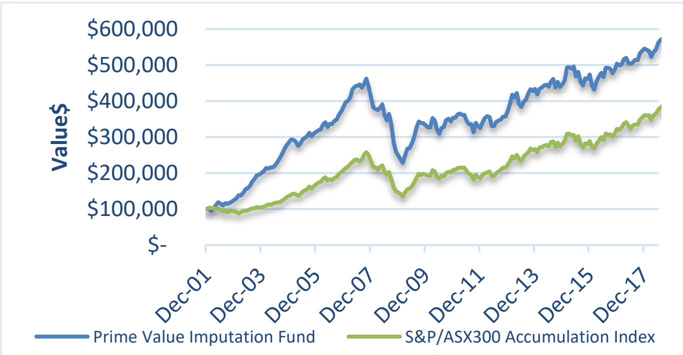


Market review

Global share markets performed better in November following declines in previous month. The MSCI All Country World Index rose by 1.3% in November whilst Emerging Markets led the gainers by rising 4.1%. There were no major surprises to emerge from the US Mid-term elections, which proved to be a relief for markets in general. Notably, the US Federal Reserve chairman, Jerome Powell noted that US interest rates 'remained just below the broad range of estimates of the level that would be neutral'. Markets interpreted the comments as positive for interest rates and risk assets. Correspondingly, after selling off in the early part of the month, the US 10 year Treasury bond yield fell 14 basis point over the month to 3.01% (as at end of November).

The Australian market underperformed its peers in major share markets, with the ASX300 Accumulation Index falling 2.2% during the month. The Energy (-10.3%) and Resources (-6.5%) sectors were the key sectors contributing to the weaker Australian market. The Bank sector performed exceeding well, despite three major banks going ex-dividend for the month, to post a 2.5% gain. Comparatively, the Small Ordinaries Accumulation Index performed better that the broader market, declining by 0.4%.

The Australian Dollar emerged as one of the better performing currencies over the month, gaining 3.3% against the US Dollar. Narrowing US Dollar: Australian Dollar interest rate differentials worked in the favour of the Australian Dollar.



This graph shows how $100,000 invested at the Fund's inception has increased to $532,200 (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 $350,700 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	$ 2.4151	$ 2.4160
Withdrawal price	$ 2.3969	$ 2.3978
Distribution (30/09/2018)	$ 0.0200	$ 0.0211
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 and strategy

The Fund posted a return of -2.0% for the month of November in what (like October) has been another negative month. In absolute sense, contributors were **Qube** (AGM comment reasonable 2019 outlook), **CBA** and **Sydney Airport**. Detractors were oil names including **BHP**, **Woodside Petroleum** (on oil price slump) and **Adelaide Brighton** (domestic housing concerns). The AGM season was in force, commentaries were largely cautious citing labour cost pressure, project delays, mixed consumer demand and subdue housing outlook.

Looking back to CY2018, market had a bit of yo-yo; low in March (trade war fear), up for 6 months, then the negatives in the current Quarter. Some of the cautious sentiments in the last 2 months are likely to continue into 2019. The known factors include election cycles and policy changes, working of US/China trade relationships, Brexit complication, Housing/credit cycles and myriads of Royal Commission outcomes. In a market where there are so many different types of participants and strategies (investors, traders, long/short, ETFs, macro, beta neutral, corporates etc), volatility seems inevitable especially when politics seem to overtake economy. On the positive side, valuation appears less stretched. The US Fed (& Trump) watched the share market intensely and again seemed to be more accommodative. The RBA is not in a hurry to raise rates either. We can see opportunities emerging.

Top Contributors (Absolute)	Sector
Qube	Industrials
CBA	Financials
Sydney Airport	Industrials

Top Detractors (Absolute)	Sector
BHP	Materials
Woodside Petroleum	Energy
Adelaide Brighton	Materials

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

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