

# Prime Value Growth Fund

## Fund Update – August 2018



- The Australian share market has performed well this year, in contrast to the more volatile Asian stock markets This outperformance was extended in August, with the ASX300 Accumulation Index rising 1.4%
- The August reporting season provided significant news flow and drove sharp short-term price movements, while corporate activity was also a feature
- The Fund continued its strong performance, rising 1.7% in August to be up 16.6% over the last year

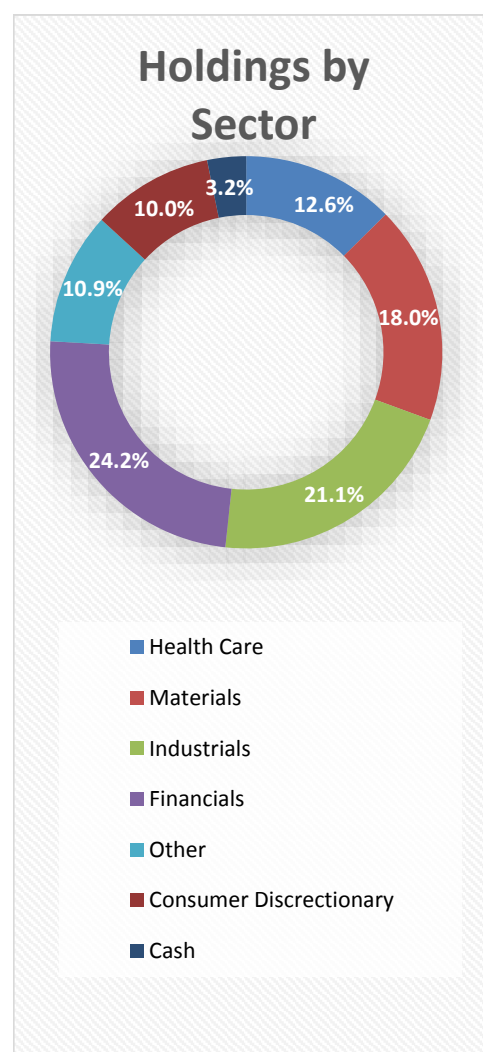
	Total Return*	S&P/ASX 300 Accumulation Index	Value Add
Since Inception (p.a.)	<b>11.9%</b>	8.4%	3.5%
5 Years (p.a.)	<b>6.3%</b>	8.9%	(2.6%)
3 Years (p.a.)	<b>8.5%</b>	11.5%	(3.0%)
1 Year	<b>16.6%</b>	15.4%	1.2%
3 Months	<b>6.5%</b>	6.0%	0.5%
1 Month	<b>1.7%</b>	1.4%	0.3%

\*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.

Top five holdings	Sector
CSL	Health Care
BHP	Materials
Westpac	Financials
ANZ	Financials
Orora	Materials

The top five holdings make up approximately 35.6% of the portfolio

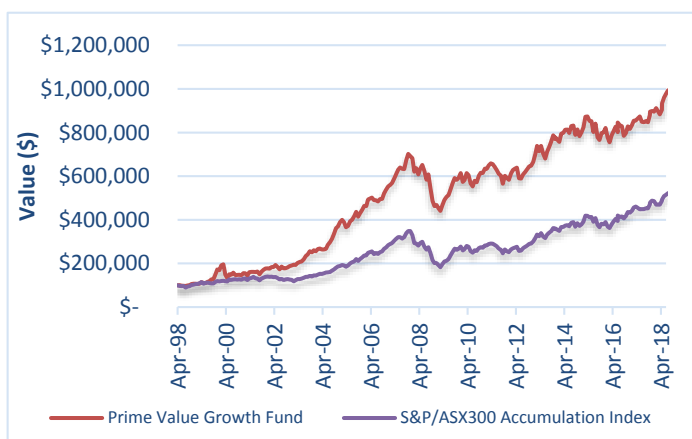
Feature	Fund facts
Portfolio Manager	ST Wong
Investment Objective	To provide superior medium to long term capital growth, with some income, by managing a portfolio of predominantly Australian equities listed on any recognised Australian Stock Exchange.
Benchmark	S&P/ ASX 300 Accumulation Index
Inception Date	10 April 1998
Cash	0 - 30%
Distributions	Half-yearly
Recommended Investment Period	3 + years



## Market review

The Australian stock market posted another strong month in August with the ASX300 Accumulation Index rising 1.4%. The media headlines were prominent in calling out the market's milestone of the first monthly close above 6200 in over 10 years to close up 0.6%, above 6300 (ASX200 Index). Whilst breaching the 6300 mark is psychologically comforting, investors should not be taking away any fundamentally meaningful information in the index moving above 6300. More important was that the Australian stock market rose despite the Australian Dollar falling consistently with domestic politics creating a nasty overhang. Nevertheless, sentiment in stocks were assisted by a backdrop of strong equity performance globally, as US indices NASDAQ and S&P500 closing up 5.7% and 3.0% respectively.

Information Technology was the best performing sector in the ASX200 in August, up 12.3% led by strong performances from stocks like Wisetech. Telecommunications was the next-best performing sector, up 10.9%. TPG Telecom sparked a rally amongst telecom stocks, including Telstra, with its proposed merger with Vodafone. The Materials sector was the worst performer, posting a loss of 5.3% for the month. The ASX Small Ordinaries increased 2.2%, led by technology stocks.



This graph shows how \$100,000 invested at the Fund's inception has increased to \$994,200 (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 \$522,600 over the same period. The returns exclude the benefits of imputation credits.

	Direct Investment (Class A)	Platform Investment (Class B)
APIR code	PVA0001AU	PVA0011AU
Minimum Investment	\$20,000	N/A
Issue price	\$ 2.1482	\$ 2.1389
Withdrawal price	\$ 2.1320	\$ 2.1227
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 less 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

We are pleased to report that the Fund rose 1.7% in August to be up 16.6% over the year, tracking well against the benchmark ASX300 Accumulation Index (+1.4% in August and +15.4% over the year). Technology stocks may be getting all the attention, but as the Fund's performance has consistently demonstrated, there is an abundance of growth opportunities to be found in other sectors. Diversification across a variety of sectors is a central factor in the Fund's risk management approach and is the key reason the Fund has provided significant downside protection during periods when the stock market performance has been negative.

Key contributors to fund performance in August were **CSL**, software company **Bravura** (BVS) and waste management company **Bingo** (BIN). Detractors during the month included plumbing equipment supplier **Reliance Worldwide** (RWC), **Flight Centre** (FLT) and **BHP Billiton** (BHP).

Prime Value's strengths, and ability to deliver potential value for investors, comes from stock selection, rather than sector and industry positions. Examples where the portfolio manager believes a company is operating in a niche market with unique growth prospects include **Cleanaway** (CWY), a national provider of waste management services with significant assets across the eastern seaboard. Cleanaway is a significant provider in its market and is a successful "turnaround" – having transformed from a highly-gearred and low profit business. **Bravura** (BVS) is another example of a software company benefiting from strong demand, with its mission-critical product increasingly used by global fund managers and institutions as regulatory requirements get increasingly complex.

Top Contributors (Absolute)	Sector
CSL	Health Care
Bravura	Information Technology
Bingo	Industrials
Top Detractors (Absolute)	Sector
Reliance Worldwide	Industrials
Flight Centre	Consumer Discretionary
BHP	Materials

### Platforms

Asgard, Ausmaq, Beacon, BT Wrap, First Wrap, Hub24, IOOF, Global One, Macquarie Wrap, Netwealth, Powerwrap, Symetry, Wealthtrac

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