Prime Value Growth Fund
Fund Update – March 2019

- Share markets were broadly positive in March, capping off the best quarterly performance in a decade
- Despite lagging global peers, the ASX300 Accumulation Index rose 0.7% in March and 10.9% for the March quarter
- The Fund rose 0.1% in March, building on the share market recovery from January. For the March quarter the Fund posted a return of 7.1%

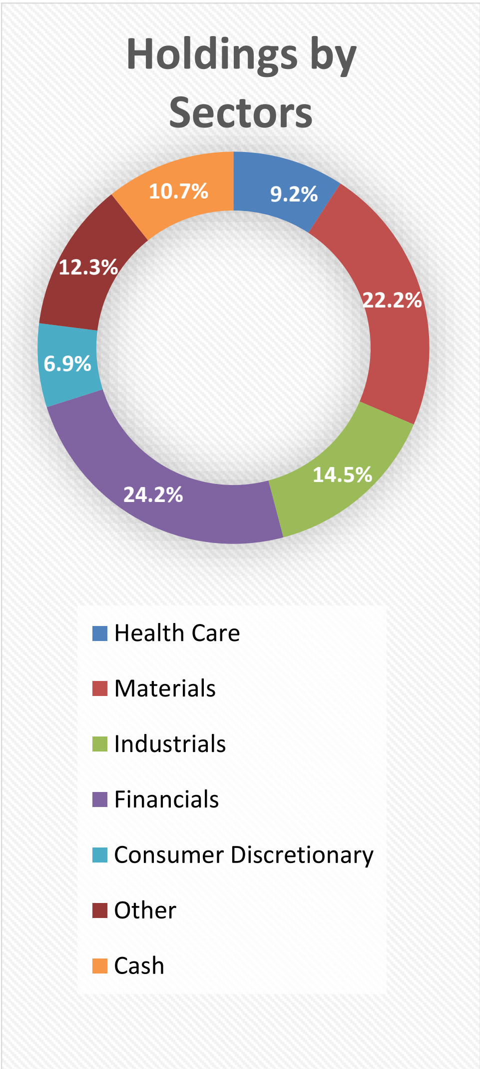
	Total Return*	S&P/ASX 300 Accumulation Index	Value Add
Since Inception (p.a.)	**11.1%**	8.2%	2.9%
5 Years (p.a.)	**2.6%**	7.4%	(4.8%)
3 Years (p.a.)	**4.8%**	11.4%	(6.6%)
1 Year	**2.6%**	11.7%	(9.2%)
3 Months	**7.1%**	10.9%	(3.8%)
1 Month	**0.1%**	0.7%	(0.6%)

*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
BHP	Materials
CSL	Health Care
Westpac Bank	Financials
ANZ	Financials
Amcor	Materials

The top five holdings make up approximately 32.3% 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

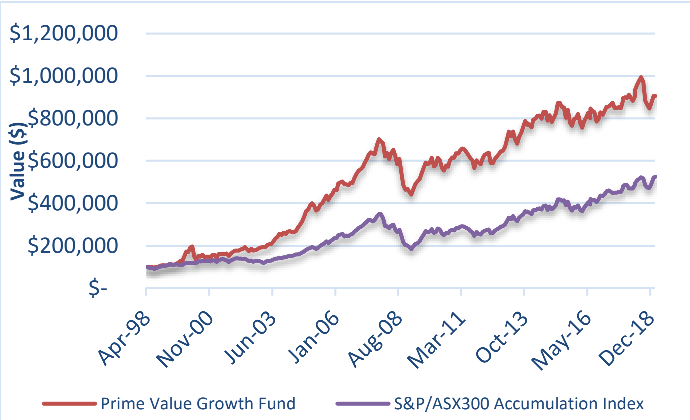


Market review

Markets fluctuated through the month trying to balance a view between slowing corporate earnings growth and falling interest rate expectations. However, by months end, most markets posted gains. With bond yields declining through March, it was no surprise the defensive/yield sensitive REIT and consumer staples sectors outperformed, while the cyclical Financials and Industrials sectors underperformed. The ASX 300 Accumulation Index lagged its global peers but still ended up 0.7% higher. Global bonds rallied hard on a dovish US Federal Reserve, with the yield curve invert for the first time in more than a decade. The Australian Dollar fell to $0.7100 as markets priced in more than 1½ cuts from the RBA by end 2019. It's noteworthy to highlight that the ASX 300 Accumulation Index rose 10.9% in the March quarter, delivering its best quarterly return for nearly a decade, while the MSCI World Index surged 11.6%.

In commodities, WTI crude rose 5.7%, ending the month at US$60.14 a barrel, whilst Brent crude rallied 3.1%. WTI rose above $60 a barrel for the first time in more than 4 months after the US experienced the biggest withdrawal of crude in US storage tanks since last July. Iron ore rose 2.8% to US$86.9/t as markets positioned for diminished supply in the wake of the Vale tragedy. Gold prices dipped 1.6% as the US Dollar rallied.

Within the ASX sectors, REITs (+6.2%), Telcos (+4.0%) and Consumer Staples (+3.9%) outperformed, while Energy (-4.1%), Financials (-2.7%) and Utilities (+1.3%) underperformed the most. The ASX Small Ordinaries fell 0.8% with the Small Industrials falling 0.5% compared to the Small Resources Index's decline of 1.8%.



This graph shows how $100,000 invested at the Fund's inception has increased to $906,100 (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 $524,600 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	$ 1.8703	$ 1.8624
Withdrawal price	$ 1.8561	$ 1.8482
Distribution (31/12/2018)	$ 0.1000	$ 0.1013
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

The Fund rose 0.1% in March, building on the share market recovery from January. For the March quarter the Fund posted a return of 7.1%. In a strong quarter where the resources and financials sectors accounted for a significant proportion of the ASX300 Accumulation Index's quarterly performance, Fund performance lagged the broader market. The PVGF portfolio is significantly more diversified compared the ASX300 Index, and is one reason for Fund performance lagging the Index performance during the March quarter.

We believe investing through a concentrated but well diversified portfolio yields superior medium to long term investment outcome. We hold a concentrated portfolio as we believe in making meaningful investments in our opportunities. Ensuring sufficient diversification in the portfolio is one of several tools we use to manage the risk of permanent capital loss. These two factors are cornerstones of delivering against the Fund's objective of superior absolute returns on a medium to long term basis.

The Fund's current portfolio positioning is diversified but has larger bias to large cap companies. This bias purely reflects the opportunities that we uncover on stock-by-stock basis. Some would refer to the process as bottom up focussed. In recent months one of the factors for the large cap bias has been our holding in Amcor, a top 20 company in the ASX.

We had built a sizeable position in Amcor from the December quarter as the company's share price had been declining for some time due to a number issues including higher raw material costs, challenging customer demand in the US and Latin America and finally, Amcor's decision to undertake a large acquisition in the US. Having exited our holding in Amcor several years ago, we capitalised on the opportunity to invest again in a well-managed and in our view, a better positioned company. It was icing on the cake to have made the reinvestment into Amcor at a more attractive price.

Top Contributors (Absolute)	Sector
BHP	Materials
Collins Foods Limited	Consumer Discretionary
Bravura	Information Technology
Top Detractors (Absolute)	**Sector**
ANZ	Financials
Westpac Bank	Financials
Commonwealth Bank	Financials

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

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