

# Prime Value Opportunities Fund

## Fund Update – April 2019



- Share markets rose for a fourth consecutive month this year, recovering a substantial portion of declines posted during the December 2018 quarter
- The ASX300 Accumulation Index rose 2.5% in April led by the IT and consumer sectors. The IT sector was driven by strong performances of expensive technology stocks while the Federal election boosted consumer stocks
- The Fund rose 2.9% in April, and 4.1% in the 12 months to April 2019. A range of holdings contributed to performance during the month

	Total Return*	Benchmark (8% pa)	Value Add
Since inception (p.a.)	<b>11.4%</b>	8.0%	3.4%
5 Years (p.a.)	<b>7.6%</b>	8.0%	(0.4%)
3 Years (p.a.)	<b>7.5%</b>	8.0%	(0.5%)
1 Year	<b>4.1%</b>	8.0%	(3.9%)
3 Months	<b>6.6%</b>	1.9%	4.7%
1 Month	<b>2.9%</b>	0.6%	2.3%

\* 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). 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.

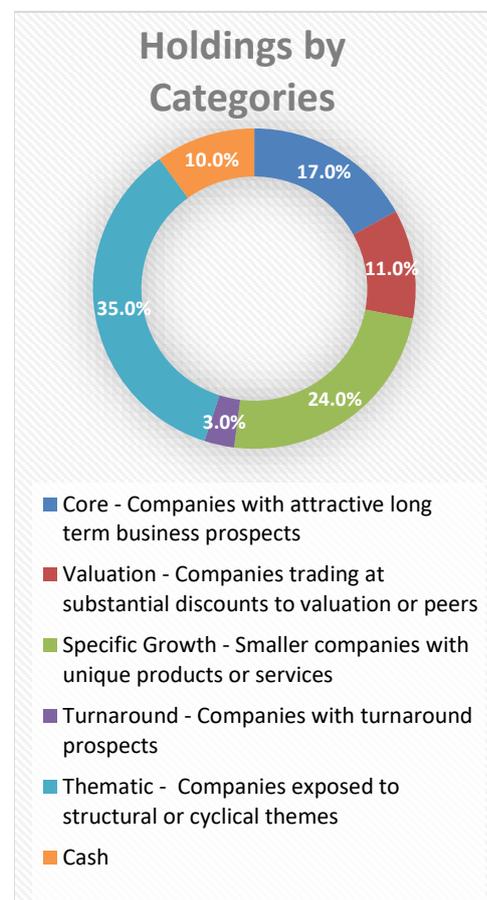
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FYTD	ITD
FY 2013					1.8%	1.7%	4.3%	6.2%	(0.6%)	4.0%	(2.2%)	(1.6%)	<b>14.1%</b>	<b>14.1%</b>
FY 2014	4.4%	2.6%	4.3%	5.0%	(1.1%)	1.5%	(1.9%)	5.9%	0.2%	0.3%	0.3%	(1.4%)	<b>21.4%</b>	<b>38.5%</b>
FY 2015	2.5%	1.0%	(4.1%)	3.1%	(1.9%)	0.7%	1.5%	5.7%	1.4%	(1.0%)	0.5%	(4.3%)	<b>4.6%</b>	<b>44.9%</b>
FY 2016	5.3%	(3.7%)	0.1%	5.5%	1.7%	2.4%	(3.4%)	(1.9%)	3.6%	2.3%	4.4%	(1.8%)	<b>14.9%</b>	<b>66.5%</b>
FY 2017	6.5%	(1.7%)	(0.5%)	(4.9%)	(0.2%)	2.7%	(1.1%)	2.4%	2.1%	1.3%	(1.2%)	1.2%	<b>6.3%</b>	<b>77.0%</b>
FY 2018	(1.2%)	1.0%	0.4%	4.2%	1.6%	0.4%	(0.2%)	2.5%	(2.5%)	3.0%	2.1%	2.4%	<b>14.3%</b>	<b>102.4%</b>
FY 2019	1.7%	2.6%	(1.9%)	(8.2%)	(1.9%)	(1.8%)	3.2%	3.4%	0.2%	2.9%			<b>(0.4%)</b>	<b>101.6%</b>

Top five holdings	Sector
BHP	Materials
Westpac	Financials
CSL	Health Care
Amcors	Materials
Macquarie Group	Financials

The top five holdings make up approximately 30.5% of the portfolio

Feature	Fund facts
Portfolio Manager	ST Wong
Investment Objective	To achieve superior absolute total returns by providing medium to long term capital growth without the constraints of a share market benchmark.
Benchmark	8.0% pa
Inception Date	5 November 2012
Cash	0 - 100%
International Exposure <sup>#</sup>	0 - 20%
Distributions	Half-yearly
Recommended Investment Period	3 + years
Research Rating	Zenith – Recommended Lonsec - Recommended

# The Prime Value SIV Opportunities Fund will have no exposure to international securities in accordance with SIV regulations



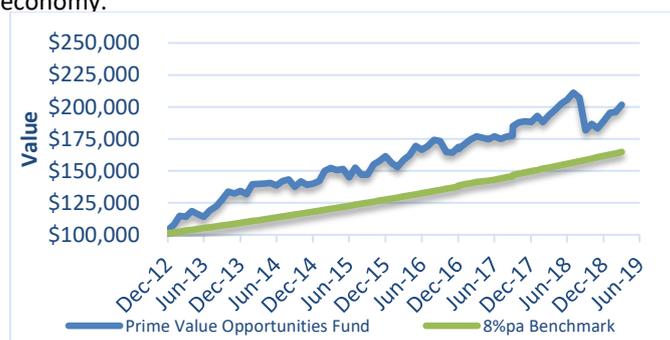
## Market review

Global equity markets rose for a fourth consecutive month in April with the MSCI World Index gaining +3.2%. Markets continued to post an impressive recovery from the sell-off of late 2018 due to a significant policy shift amongst major central banks. Across the major equity markets, the US S&P 500 Index gained a further +3.9% and hit new record highs in April, while Europe's Stoxx50 and Japan's Nikkei gained +4.2% and +4.5% respectively.

April's gains were supported by a solid set of US corporate earnings, while the release of benign US inflation continued to support the Federal Reserve's accommodative stance following its U turn on interest rates earlier in the year. However, late in the month Fed Chairman Jerome Powell's comments that the current low inflationary environment is "transitory" rather than "permanent" ruffled equity markets, as the comments seemed to remove the potential for a rate cut later in the year.

The ASX 300 Accumulation Index gained 2.5%, led by the IT (+7.4%), Consumer Staples (+7.3%) and Consumer Discretionary (+5.5%) sectors while the Resources (-2.5%) and REIT (-2.3%) sectors lagged.

The Australian Federal budget was announced earlier than usual due to the pending federal election. The budget announcement together with the announcement of election commitments provided a boost for companies exposed to the domestic economy.



This graph shows how \$100,000 invested at the Fund's Inception has increased to \$201,600 (net of fees excluding performance fees). This compares very favourably with the return of the benchmark, where a \$100,000 investment would have increased to \$164,800 over the same period. The returns exclude the benefits of imputation credits.

	Direct Investment (Class A)	Platform Investment (Class B)
APIR code	PVA0005AU	PVA0006AU
Minimum Investment	\$20,000	N/A
Issue price	\$ 1.6352	\$ 1.6030
Withdrawal price	\$ 1.6228	\$ 1.5908
Distribution (31/12/2018)	\$ 0.0300	\$ 0.0290
Indirect Cost Ratio (ICR)*	0.95% p.a.	0.95% p.a.
Performance fee**	15%	15%

\* Unless otherwise stated, all fees quoted are inclusive of GST and less the relevant RITC  
 \*\* Of performance (net of management fees) above the agreed benchmark, subject to a high water mark

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## Fund review and strategy

The Fund posted good performance in April gaining 2.9%, with contributions from a range of holdings. For the 12 months to April 2019, the Fund gained 4.1%.

Key contributors during the month included **Reliance Worldwide** (+13.2%), **A2 Milk** (+17.2%) and **Westpac** (+6.1%). The banks had a good month in April, due to expectations of the forthcoming reported results and dividends; and perhaps the prospect of interest rate cuts in Australia.

Key detractors during the months included **BHP** (-2.8%), gold miner **Evolution Mining** (-12.8%) and toll road owner/operator **Atlas Arteria** (-3.0%). BHP has had a strong share price appreciation over the past year which prompted us to reduce our holdings during the month. There was little new information to report on **BHP**, except to highlight that the resources sector lagged the broader Australian share market after a sustained period of outperformance. **Evolution Mining** declined during the month on the back of a weaker gold price and a weaker quarterly report.

Fund activity was minimal during the month. We are expecting further shorter term news flow in May due to a large investor conference and updates on banks' earnings. In addition, the run up to the Federal election that could contain policy announcements from both the Coalition and Labor parties. Our base case scenario is for the Australian economy to continue on an expansion phase over the next 12 months. Consumer and housing related activity is expected to remain soft, which is one reason why the Reserve bank of Australia could be considering cutting interest rates. Within the context of the Federal election, both the Coalition and Labor parties have been supportive of large investments into infrastructure which should be positive for the employment market and sectors involved in the construction markets – we expect our investments in companies such as rail and maintenance provider Downer and equipment supplier Seven Group to be beneficiaries of future fiscal spending.

We are optimistic about our pipeline of potential investment opportunities – the companies operate in a range of different industries but more importantly, a number are in growing businesses that can thrive as they build market share in their respective segments.

Top contributors (absolute)	Sector
Reliance Worldwide	Industrials
Westpac	Financials
A2 Milk	Consumer Staples

Top detractors (absolute)	Sector
BHP	Materials
Evolution Mining	Financials
Atlas Arteria	Industrials

Platforms
BT Wrap, Macquarie Wrap, Netwealth, Hub24, Powerwrap

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