

Prime Value Opportunities 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 2.6% in August to be up 19.4% over the last year

	Total Return*	Benchmark (8% pa)	Value Add
Since inception (p.a.)	13.7%	8.0%	5.7%
5 Years (p.a.)	11.6%	8.0%	3.6%
3 Years (p.a.)	12.8%	8.0%	4.8%
1 Year	19.4%	8.0%	11.4%
3 Months	6.8%	2.0%	4.8%
1 Month	2.6%	0.7%	1.9%

* 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.

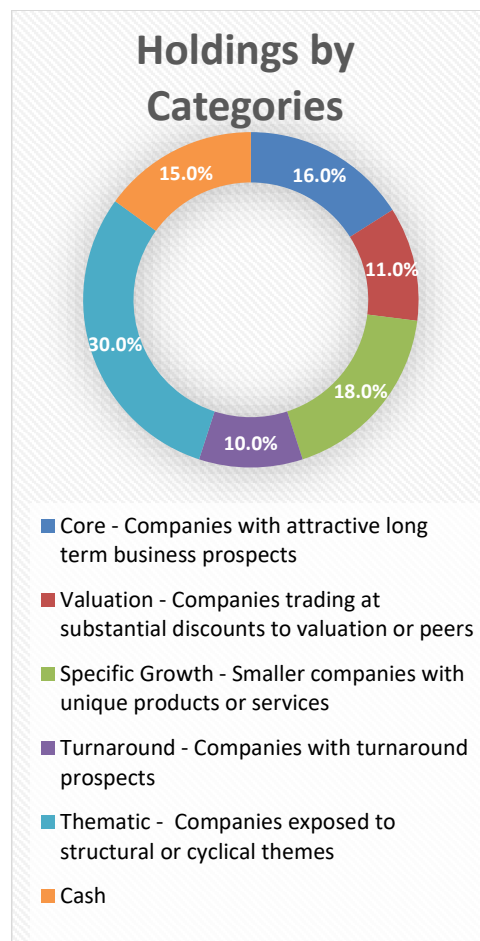
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FYTD	ITD
FY 2013					1.8%	1.7%	4.3%	6.2%	(0.6%)	4.0%	(2.2%)	(1.6%)	14.1%	14.1%
FY 2014	4.4%	2.6%	4.3%	5.0%	(1.1%)	1.5%	(1.9%)	5.9%	0.2%	0.3%	0.3%	(1.4%)	21.4%	38.5%
FY 2015	2.5%	1.0%	(4.1%)	3.1%	(1.9%)	0.7%	1.5%	5.7%	1.4%	(1.0%)	0.5%	(4.3%)	4.6%	44.9%
FY 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%)	14.9%	66.5%
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%	6.3%	77.0%
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%	14.3%	102.4%
FY 2019	1.7%	2.6%											4.3%	111.1%

Top five holdings	Sector
CSL	Healthcare
BHP	Materials
Westpac	Financials
Orora	Materials
Macquarie Group	Financials

The top five holdings make up approximately 28.9% 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 [#]	0 - 20%
Distributions	Half-yearly
Recommended Investment Period	3 + years
Research Rating	Zenith – Recommended Lonsec - Recommended

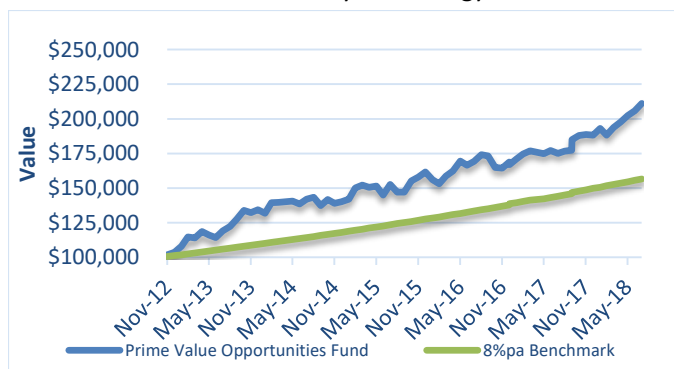
[#] The Prime Value SIV Opportunities Fund will have no exposure to international securities in accordance with SIV regulations



Market review

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 \$211,100 (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 \$156,600 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	\$ 1.7578	\$ 1.7157
Withdrawal price	\$ 1.7444	\$ 1.7027
Distribution (30/06/2018)	\$ 0.0792	\$ 0.0673
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

This document 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 Opportunities 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 Opportunities 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.

Fund review and strategy

We are pleased to report that the Fund rose 2.6% in August to be up 19.4% over the year, tracking well against both the Fund's 8% p.a. return objective and the 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** and waste management company **Bingo**. Detractors during the month included plumbing equipment supplier **Reliance Worldwide**, **Flight Centre** and **BHP Billiton**.

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**, 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	Healthcare
Bravura	IT
Bingo	Industrials

Top detractors (absolute)	Sector
Reliance Worldwide	Industrials
Flight Centre	Consumer Discretionary
BHP	Materials

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

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