

Prime Value Opportunities Fund

Fund Update – June 2018



- The Australian share market stood out as one of the best performing markets in June, rising 3.2%
- Global share market performance was varied in FY18, with the Australian and US share markets posting double digit total returns while Europe and Asia markets saw more subdued returns
- Fund performance was good through FY18, increasing 14.3% over the year, and returns were generated from a variety of companies covering a broad range of businesses and market capitalisation.

	Total Return*	Benchmark (8% pa)	Value Add
Since inception (p.a.)	13.3%	8.0%	5.3%
5 Years (p.a.)	12.1%	8.0%	4.1%
3 Years (p.a.)	11.8%	8.0%	3.8%
1 Year	14.3%	8.0%	6.3%
3 Months	7.6%	1.9%	5.7%
1 Month	2.4%	0.6%	1.8%

* 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.

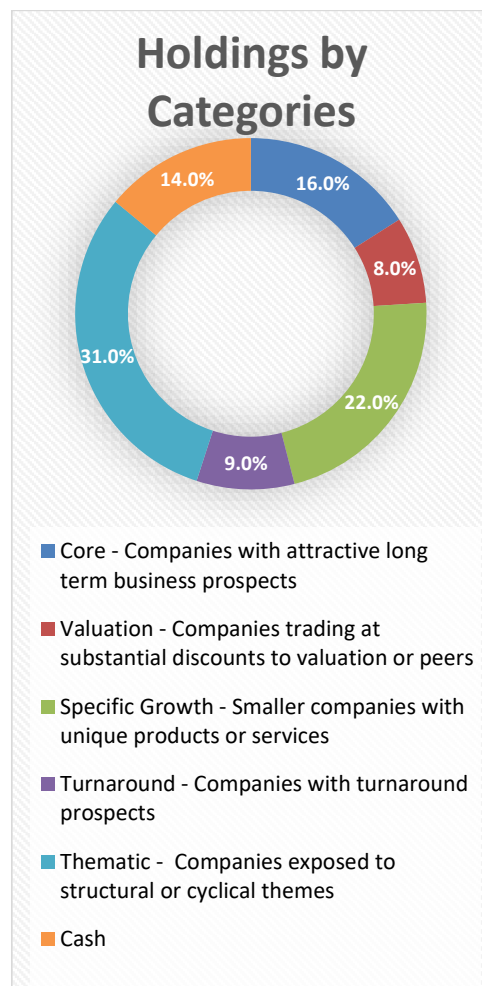
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FYTD	ITD
FY 2013					1.8%	1.7%	4.3%	6.2%	(0.6%)	4.0%	(2.2%)	(1.6%)	14.1%	14.1%
FY 2014	4.4%	2.6%	4.3%	5.0%	(1.1%)	1.5%	(1.9%)	5.9%	0.2%	0.3%	0.3%	(1.4%)	21.4%	38.5%
FY 2015	2.5%	1.0%	(4.1%)	3.1%	(1.9%)	0.7%	1.5%	5.7%	1.4%	(1.0%)	0.5%	(4.3%)	4.6%	44.9%
FY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

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

The top five holdings make up approximately 30.3% 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 - Investment Grade

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

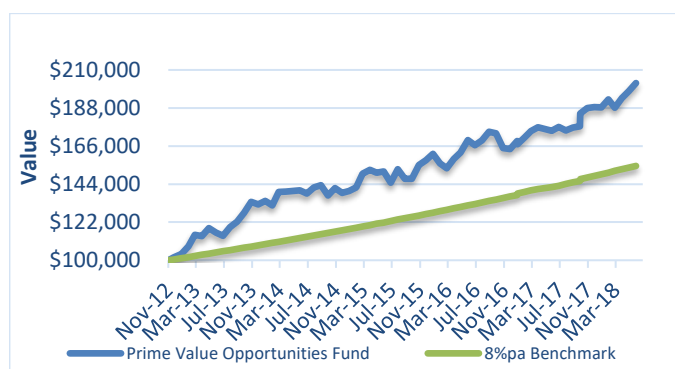


Market review

Equity markets finished the 2018 financial year mixed. The US market was up marginally by 0.5% in June but Europe's Stoxx50 Index fell 0.3%. Emerging equity markets fell for a third consecutive month – notably, the Shanghai Composite Index fell 8% in June and the Chinese Yuan also weakened significantly. With the exception of oil, commodity prices and resources stocks were lower on account of emerging market developments and US-China trade tensions.

The S&P/ASX 200 Accumulation Index rose 3.2% in June and was up 13.2% for the financial year. Large cap companies performed well during the month, with the ASX Small Ords Accumulation Index posting a more modest 1.1% rise.

Most sectors gained in June, with the exception of the Telco sector (-5.8%) which was carried lower on Telstra's share price decline. The Energy (+7.8%) sector gained the most due to a rally in the crude oil price (+10.6%), backed by strong performances from the IT (+6.3%) and Consumer Staples (+6.2) sectors. It was notable that the ASX Small Ords Index lagged towards the end of the month, reflecting the view that valuations of smaller capitalisation companies are becoming expensive.



This graph shows how \$100,000 invested at the Fund's Inception has increased to \$202,400 (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 \$154,500 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	\$ 1.7733	\$ 1.7266
Withdrawal price	\$ 1.7599	\$ 1.7136
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

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Fund review and strategy

The Fund rose 2.4% in June and posted a strong 14.3% return for the 2018 financial year. Investors would be aware that we structure the portfolio across a range of categories, rather than by industries, to generate returns from a range of ideas. The positive outcome from this approach was evident in the key contributors to fund performance in FY18, which included **A2 Milk (A2M)**, **Reliance Worldwide (RWC)**, **CSL**, **Orora (ORA)** and **Bapcor (BAP)**.

A core Prime Value philosophy is our belief that minimising mistakes leads to superior long-term performance. That discipline has helped us avoid a number of companies which underperformed during the financial year, including retail-related companies such as Baby Bunting (BBN), Domino's Pizza (DMP), and Harvey Norman (HVN) and IT/telco companies such as Hansen Technologies (HSN) and Vocus (VOC).

There is an old investing rule-of-thumb that says when there is modest and stable global growth, consider buying growth stocks. The rule has applied over the last few years but we don't know if it will continue to apply for the next, so we are not hanging our "investing" hat on it. Rather, the Prime Value portfolios remain favourably positioned in well-managed companies able to compound earnings growth - backed by reasonable valuations - from a diverse range of sectors. They have generally paid solid and consistent franked dividends, and have cash ready to take advantage of market volatility.

Finally, we are pleased to announce that the Prime Value Opportunities Fund has received a "Recommended" rating from Zenith Investment Partners, who cited a "unique and attractive investment approach which can target opportunities across the market capitalisation spectrum". The Fund has returned 13.3% p.a. since inception.

Top contributors (absolute)	Sector
Macquarie Group	Financials
Westpac	Financials
CSL	Health Care

Top detractors (absolute)	Sector
RWC	Industrials
Seven Group	Industrials
Credit Corp	Financials

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

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