

Prime Value Opportunities Fund

Fund Update – March 2018



- “Big picture factors”, particularly concerns about tit-a-tat trade restrictions between China and the US, drove share market performances in March. The Australian ASX300 Accumulation Index fell 3.7%.
- While this fall seems significant in light of the recent long period of benign share market volatility, it is within the norms of market ebbs and flows.
- The Fund continued to exhibit strong capital preservation, and has outperformed in 81% of months where the market return was negative.

	Total Return*	Benchmark (8% pa)	Value Add
Since inception (p.a.)	12.4%	8.0%	4.4%
5 Years (p.a.)	10.5%	8.0%	2.5%
3 Years (p.a.)	7.3%	8.0%	(0.7%)
2 Years (p.a.)	8.9%	8.0%	0.9%
1 Year	7.8%	8.0%	(0.2%)
3 Months	(0.2%)	2.0%	(2.2%)
1 Month	(2.5%)	0.7%	(3.2%)

* 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.

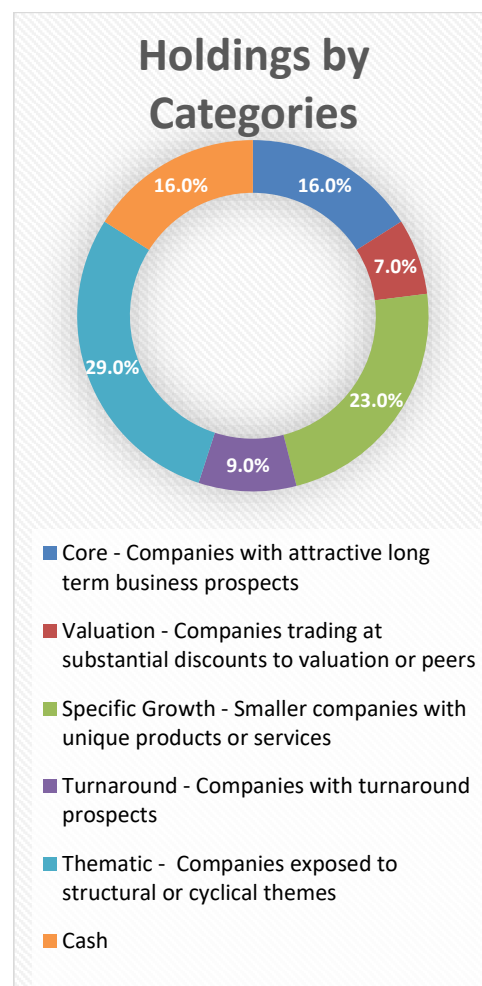
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FYTD	ITD
FY 2013					1.8%	1.7%	4.3%	6.2%	(0.6%)	4.0%	(2.2%)	(1.6%)	14.1%	14.1%
FY 2014	4.4%	2.6%	4.3%	5.0%	(1.1%)	1.5%	(1.9%)	5.9%	0.2%	0.3%	0.3%	(1.4%)	21.4%	38.5%
FY 2015	2.5%	1.0%	(4.1%)	3.1%	(1.9%)	0.7%	1.5%	5.7%	1.4%	(1.0%)	0.5%	(4.3%)	4.6%	44.9%
FY 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%)				6.3%	88.1%

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

The top five holdings make up approximately 29.7% of the portfolio

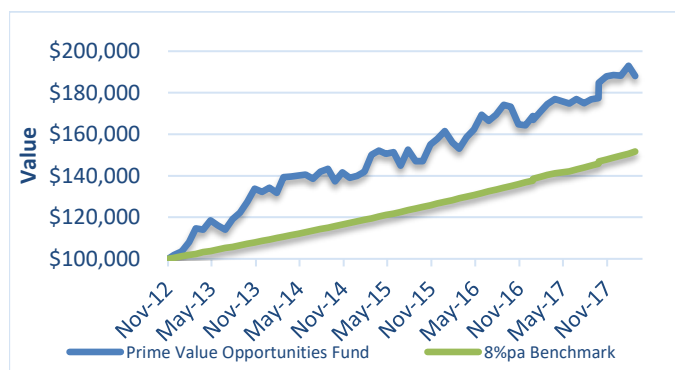
Feature	Fund facts
Portfolio Manager	ST Wong
Investment Objective	To achieve superior absolute total returns by providing medium to long term capital growth without the constraints of a share market benchmark.
Benchmark	8.0% pa
Inception Date	5 November 2012
Cash	0 - 100%
International Exposure [#]	0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

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



Market review

Equity markets declined towards the end of March, largely due to concerns of a trade tariff tit-a-tat between China and the US. The Australian share market underperformed (down -3.7%), weighed down by the banks amid new misconduct allegations at the Banking Royal Commission hearings. The Materials sector also underperformed, reflecting a large decline in bulk commodity prices, namely iron ore and coal. Higher beta sectors such as Financials, Materials and IT also drove the decline in global equity markets. The Australian dollar fell US1.2 cents to USD 0.7670, reflecting the decline in bulk commodity prices, while US bond yields remained higher than their Australian counterparts. Oil prices rose 2.8% to US\$67.64 a barrel (Brent), largely driven by a surprise drop in US inventories. The only sector to produce a positive return during the month was the REITs (+0.1%), supported by the decline in global bond yields. Utilities, also considered a bond proxy, also performed well in a relative sense (-0.8%). Telecommunications (-6.2%) was the major laggard, followed by financials (-5.8%) and Materials (-4.2%). Consistent with FY18 market performance-to-date, company size was a key factor, with small-caps (-2.3%) outperforming mid-caps (-2.9%), large-caps (-4.1%), and mega-caps (-4.7%).



This graph shows how \$100,000 invested at the Fund's Inception has increased to \$188,100 (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 \$151,700 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	\$ 1.6403	\$ 1.6070
Withdrawal price	\$ 1.6279	\$ 1.5948
Distribution (31/12/17)	\$ 0.0200	\$ 0.0197
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

Fund review and strategy

The Fund outperformed the broader market during March, falling 2.5% compared to the market decline of 3.7%. Outperformance in negative markets is a key component of the Fund's investment objective, and it has outperformed in excess of 80% of such months, demonstrating the Fund's success in meeting this objective and its consistency in preserving investor's capital.

We don't own "the market", which means the major banks, resources companies and other large companies do not form the core of our portfolio. It's instructive, for example, that the top three contributors to Fund performance in March were **Bingo Industries, Reliance Worldwide** and **REA Group**, which are all small and mid-sized companies. The major detractors during the month were **BHP, Westpac** and **CSL**.

One of the key advantage of the Fund is that it is not managed to any stock market index, providing significant opportunities to invest in a large universe of ideas. It underlines our optimism on Fund performance, regardless of how the "market" performs.

Our current investment strategy is focused on smaller and mid cap companies, which we believe offer better value and stronger growth opportunities. We are also on the look-out for investment opportunities that will arise from the short-term focus of markets. Mild corrections, such as those seen in March, will provide excellent opportunities to demonstrate our advantage of being non-benchmark focused, having a longer-term view, and having a reasonable cash position.

The Fund's portfolio construction and stock selection processes are the cornerstones to consistent and superior Fund performance, regardless of "market" conditions.

Top contributors (absolute)	Sector
Bingo Industries	Industrials
Reliance Worldwide	Industrials
REA Group	IT
Top detractors (absolute)	Sector
BHP	Materials
Westpac	Financials
CSL	Health Care
Platforms	
BT Wrap, Macquarie Wrap, Netwealth, Hub24, Powerwrap	

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