Prime Value Opportunities Fund
Fund Update – May 2018

- Developed countries' share markets posted small gains in May, in contrast to large falls in Emerging Markets
- The Australian share market performed better than most of its developed market peers. The Healthcare sector was a standout performer whilst Telstra fell heavily, exerting a considerable drag on the index
- The Fund posted another strong month, rising by 2.1%. The Fund's focus on investing in growing companies, and not the Index, is underlined by the performances of key holdings such as Bapcor, CSL and Reliance Worldwide

	Total Return*	Benchmark (8% pa)	Value Add
Since inception (p.a.)	**13.0%**	8.0%	5.0%
5 Years (p.a.)	**11.3%**	8.0%	3.2%
3 Years (p.a.)	**9.3%**	8.0%	1.3%
1 Year	**13.1%**	8.0%	5.1%
3 Months	**2.4%**	2.0%	0.4%
1 Month	**2.1%**	0.7%	1.4%

* 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.

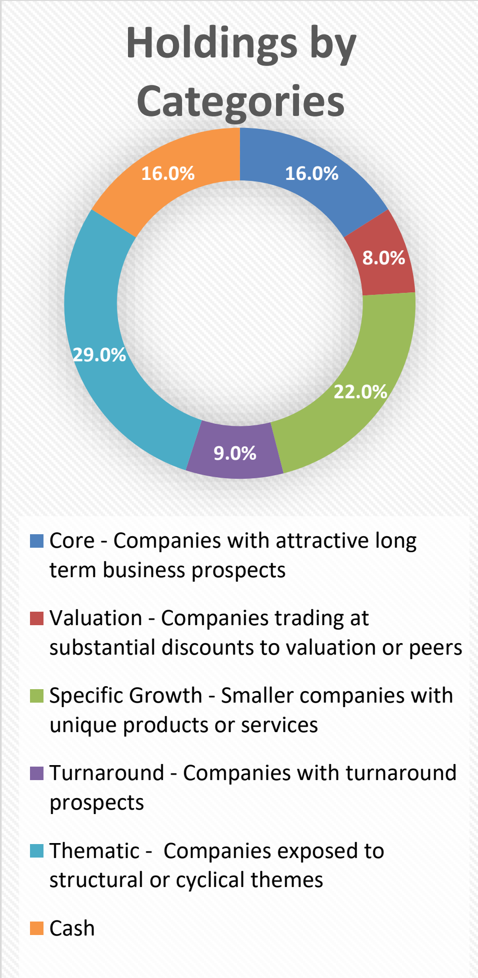
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FYTD	ITD
FY 2013					1.8%	1.7%	4.3%	6.2%	(0.6%)	4.0%	(2.2%)	(1.6%)	**14.1%**	**14.1%**
FY 2014	4.4%	2.6%	4.3%	5.0%	(1.1%)	1.5%	(1.9%)	5.9%	0.2%	0.3%	0.3%	(1.4%)	**21.4%**	**38.5%**
FY 2015	2.5%	1.0%	(4.1%)	3.1%	(1.9%)	0.7%	1.5%	5.7%	1.4%	(1.0%)	0.5%	(4.3%)	**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%		**11.7%**	**97.7 %**

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

The top five holdings make up approximately 29.4% 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

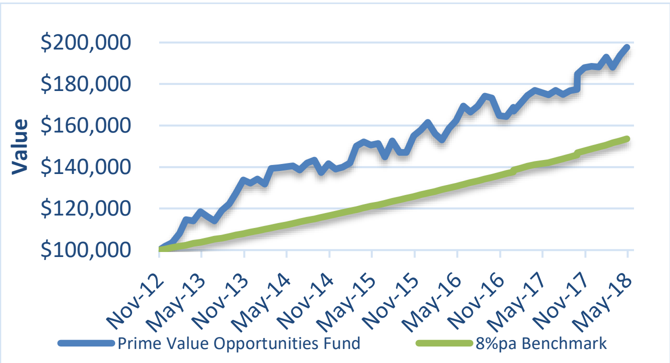
The Prime Value SIV Opportunities Fund will have no exposure to international securities in accordance with SIV regulations



Market review

Most equity markets built on the stability seen in April to post small gains in May. Nevertheless, it was a volatile month, and was difficult for Emerging Markets (Index falling -3.8% for the month). Eurozone geopolitical pressures, Argentinian and Turkish economic issues and continued trade policy friction limited share markets gains with selling escalating as some of these issue came to attention. It was also notable that quickly as bond yields rose this year, on concerns of inflation rising, they fell as quickly due to some of the above macro concerns.

The S&P/ASX 200 Accumulation Index rose 1.2% in May, better than most developed stock markets. The Healthcare (+5.6%) and Discretionary (+5.1%) sectors were the top performers, although Telecommunications fell 10.2%, exerting a considerable drag on the index. May marked the release of the federal budget, which confirmed the government's commitment to lower corporate and income taxes and increased infrastructure spend. Business indicators continue to paint an upbeat picture with the NAB conditions index rising 6 points to reach a new series high of +21. The Australian dollar was resilient, rising 0.5% to close out the month just below the US76c mark, buoyed by gains in commodity prices.



This graph shows how $100,000 invested at the Fund's Inception has increased to $197,700 (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 $153,600 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	$ 1.7237	$ 1.6838
Withdrawal price	$ 1.7107	$ 1.6710
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 rose 2.1% in May, and is up by 11.7% for FY18 to date.

For many investors, its end-of-financial-year time. We often get asked: Is it time to take profits, hold cash, and wait for a correction before making further investments? Or perhaps markets have further to run? Our answer this question rarely changes. Invest in companies, not in the market.

In our case, we look to invest in companies whose revenues and profits are rising as increase demand for the goods or services they provide, enabling them to gain new customers, sell more to existing customers, raise prices – or perhaps a combination of all three. This philosophy is evident in our holding in **Reliance Worldwide** (RWC).

We invested in RWC at its IPO approximately 2 years ago. RWC is not a 'household' name in the traditional sense. RWC manufactures and sells plumbing parts—things that go behind the wall, and are rarely seen. The reason we own RWC is for the growth potential of its push-to-connect product. Faster and more efficient than the incumbent way of soldering together copper pipes, push-to-connect will form a greater part of plumbing practices. In May, RWC announced the acquisition of UK based plumbing fittings manufacturer, John Guest, for A$1.2bn. It's a large acquisition but their strategic positives to be supportive of the acquisition such as new products and entry into new markets. This acquisition will test management's capabilities and depth, something we expect to be following closely.

We have identified several companies that fit RWC's mould. Their share prices are currently depressed because of short term or cyclical issues but in our view, their fundamentals are strong. We hope to capitalise on these opportunities in the near future and look forward to updating you with our progress.

Top contributors (absolute)	Sector
CSL	Health Care
Reliance Worldwide	Industrials
BHP	Materials

Top detractors (absolute)	Sector
Link Administration	IT
Treasury Wines	Consumer Staples
Westpac	Financials

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

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