

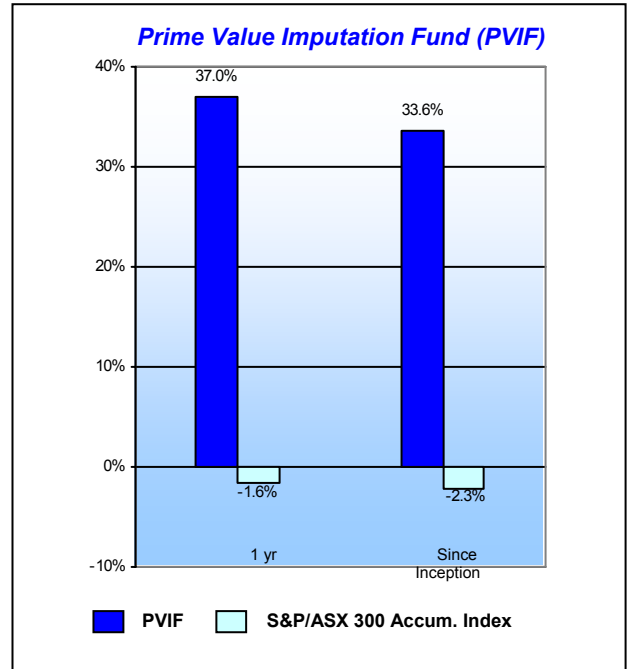
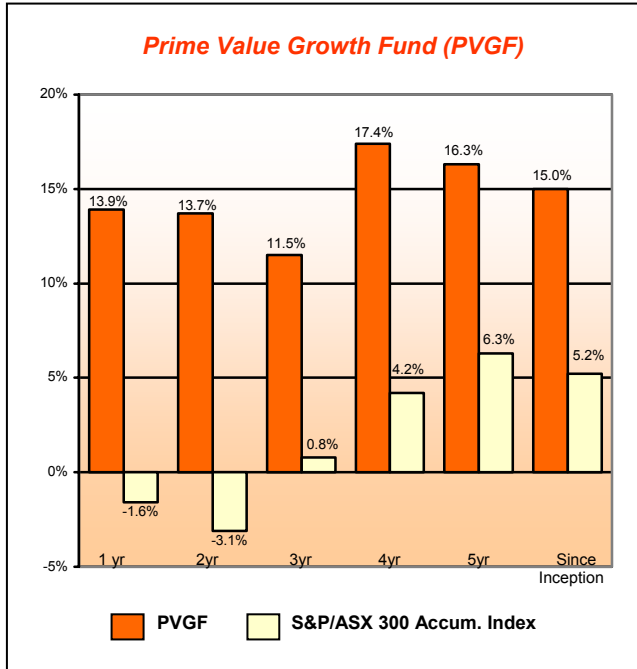


*Prime Value Growth Fund*  
 - increased by 108.8%\*  
 since it was established  
 10 April 1998.

For more information see page 2.....

*Prime Value Imputation Fund*  
 - increased by 58.2%\*  
 since it was established  
 20 December 2001

For more information see page 3.....



**Graphs: Annual Return of PVGF, PVIF and S&P/ASX 300 Accumulation Index for period ended 30 June 2003**

\* All returns in this Newsletter are calculated after management fees (1.25% including GST) and disbursements (assumed to be 0.2%) but before performance fees. The returns exclude imputation credits of approximately 1% - 1.5% per annum (grossed up for tax purposes for Australian residents only). No allowance has been made for taxation. Performance assumes the reinvestment of income distributions. Past performance is not necessarily an indication of future performance.

## Prime Value Growth Fund

The **Growth Fund**, which comprises of a portfolio of predominantly Australian equities, continues to achieve its medium term management objective of producing superior capital growth with some income. Overseas investors benefited further from the appreciation in the Australian dollar, particularly over the last year against USD and other currencies linked to the USD.

### Fund return of 13.9% for the last 12 months...

We are particularly pleased to report a return of 13.9% in a year where the general market has fallen by 1.6%. The out-performance is a result of the portfolio's concentration on the value/safety/yield end of the growth stock sector. We continue to remind investors to focus on medium term returns.

Tables 1 and 2 show the PVGF's relative performance to the S&P/ASX 300 Accumulation Index for the last quarter, 1 year, 2 years, 3 years, 4 years, 5 years and since its inception (10 April 1998), to 30 June 2003. Table 1 shows the performance on an annual basis and Table 2 shows the cumulative return.

Table 1:

Annual Return*	Last Quarter	1 Year (p.a.)	2 Years (p.a.)	3 Years (p.a.)	4 Years (p.a.)	5 Years (p.a.)	Since Inception (p.a.)
Prime Value Growth Fund	8.1%	13.9%	13.7%	11.5%	17.4%	16.3%	15.0%
S&P/ASX300 Accumulation Index	6.0%	-1.6%	-3.1%	0.8%	4.2%	6.3%	5.2%
Relative Performance To Benchmark	2.1%	15.5%	16.8%	10.7%	13.2%	10.0%	9.8%

Table 2:

Cumulative Return*	1 Year	2 Years	3 Years	4 Years	5 Years	Since Inception
Prime Value Growth Fund	13.9%	29.2%	38.5%	89.7%	112.4%	108.8%
S&P/ASX300 Accumulation Index	-1.6%	-6.1%	2.5%	17.9%	36.0%	30.3%
Relative Performance To Benchmark	15.5%	35.3%	36.0%	71.8%	76.4%	78.5%

\* Returns are calculated after management fees (1.25% including GST) and disbursements (assumed to be 0.2%) but before performance fees. Returns are not annualised for 3 months period. The returns exclude imputation credits of approximately 1% - 1.5% per annum (grossed up for tax purposes for Australian residents only). No allowance has been made for taxation. Performance assumes the reinvestment of income distributions.

Past performance is not necessarily an indication of future performance.

Charts 1 and 2 provide a breakdown of the stocks in the Growth Fund as at 30 June 1993

Chart 1: Holdings by Sectors

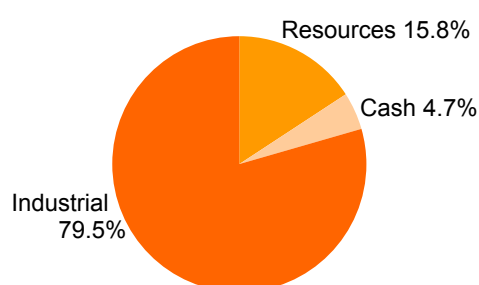
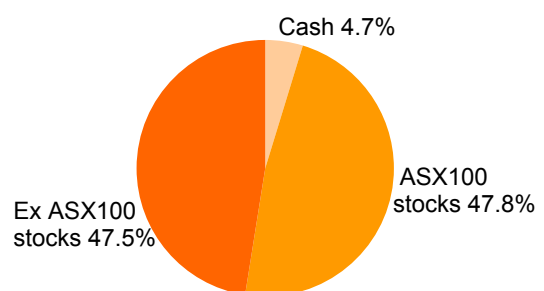


Chart 2: Holdings by Market Cap



## Prime Value Imputation Fund

The **Imputation Fund** was established on 20 December 2001. PVIF aims to provide capital growth over the medium to long term combined with regular tax-effective income by managing a portfolio of assets comprised mainly of Australian equities listed on the ASX. This type of investment is appropriate as a significant part of a properly diversified investment portfolio for individuals, companies, trusts and superannuation funds.

### Fund return of 37.0% for the last 12 months...

We are particularly pleased to report a return of 37.0% in a year where the general market has fallen by 1.6%. The cumulative return since inception to 30 June 2003 was 58.2%. This is 61.8% ahead of the return for the S&P/ASX 300 Accumulation Index of -3.6% over the same period. The returns exclude an additional 1% - 1.5% per annum of imputation credits.

PVIF's excellent performance is mainly due to stock specific factors in the portfolio as well as a general shift from growth oriented stocks to defensive stocks over the last two years or so. The size of the out-performance is significantly above management expectation.

Tables 3 and 4 show the PVIF's relative performance to the S&P/ASX 300 Accumulation Index for the last quarter, 1 year, and since its inception (20 December 2001), to 30 June 2003. Table 3 shows the performance on an annual basis and Table 4 shows the cumulative return.

**Table 3:**

Annual Return*	Last Quarter	1 Year (p.a.)	2 Years (p.a.)	Since Inception (p.a.)
<b>Prime Value Imputation Fund</b>	<b>14.5%</b>	<b>37.0%</b>	<b>N/A</b>	<b>33.6%</b>
S&P/ASX300 Accumulation Index	6.0%	-1.6%	N/A	-2.3%
Relative Performance To Benchmark	8.5%	38.6%	N/A	35.9%

**Table 4:**

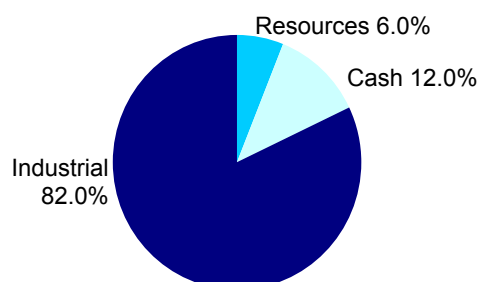
Cumulative Return*	1 Year	2 Years	Since Inception
<b>Prime Value Imputation Fund</b>	<b>37.0%</b>	<b>N/A</b>	<b>58.2%</b>
S&P/ASX300 Accumulation Index	-1.6%	N/A	-3.6%
Relative Performance To Benchmark	38.6%	N/A	61.8%

\* Returns are calculated after management fees (1.25% including GST) and disbursements (assumed to be 0.2%) but before performance fees. Returns are not annualised for 3 months period. The returns exclude imputation credits of approximately 1% - 1.5% per annum (grossed up for tax purposes for Australian residents only). No allowance has been made for taxation. Performance assumes the reinvestment of income distributions.

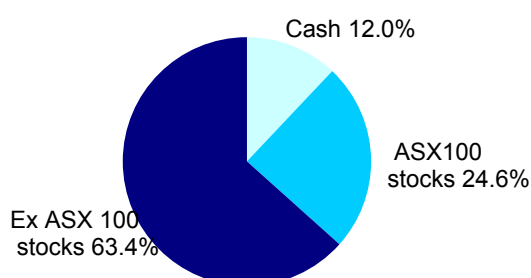
Past performance is not necessarily an indication of future performance.

**Charts 3 and 4 provide a breakdown of the stocks in the Imputation Fund as at 30 June 2003**

**Chart 3: Holdings by Sectors**



**Chart 4: Holdings by Market Cap**



Dear Investors,

### **Celebrating 5 Consecutive Years of Success....**

*Prime Value celebrated its 5<sup>th</sup> birthday on 10 April 2003. We are pleased to report another solid positive return for the last five consecutive financial years.*

*We are particularly thankful that both the Growth Fund and the Imputation Fund managed to deliver double-digit returns for 2002/03, when the general equity market has been poor.*

*We want to thank all our investors who have been in this journey of adding value and "Building Wealth Together". We are committed to continue the stewardship of achieving the medium term goal of delivering superior long-term returns in excess of the Australian markets.*

### **Investment Philosophy... Foundation of our Success**

*We wish to remind our investors that Prime Value is not seeking a reputation for wisdom nor credit for courageous and heroic decision making. Prime Value will continue to focus on the four (4) investment factors, namely investment philosophy, portfolio strategy, stock selection and market timing. Of utmost importance to us is the avoidance or minimisation of mistakes. This is the foundation of our success!*

*Stock selection, especially those outside S&P/ASX100 Index has contributed significantly to our past successes, and will continue to drive our future performance.*

### **The Same Highly Qualified and Experienced Team**



*We are privileged to have three independent Board of Directors (Alan Haintz – Chairman, Richard Giles, and Dr Edward Shann) who are bringing industry wide business, investment, and compliance expertise.*

*The current Board of five Directors collectively have more than 140 years of investment experience. We take pride in a team that has gone through the high inflation years of 1970's and 1980's and the bull market of the 90's.*

*This same highly qualified and experienced team will help to navigate our future success. The administrative team will continue to assure our investors a transparent and friendly service together with added personal touch.*

### **Reflect Back...**

*Share market sentiments were quite bearish when we first established Prime Value Growth Fund 5 years ago. We then had the Asian economic crisis, and investors were more concerned about preservation of capital rather than the creation of wealth. Our view at that time was that the Australian share market should rise by an average of 8 – 10% per annum over the ensuing 5 – 10 years. We were hoping that PVGF's gross performance would average somewhere between 10 – 15 % per annum. In other words, we were aiming for the Fund to outperform the share market by 2 – 5 % per annum.*

*As it turned out, the Australian share market – as measured by the S&P/ASX 300 Accumulation Index – only recorded a 6.3% per annum gain during the past 5 years (30 June 98 – 30 June 03), whereas PVGF managed to produce a performance figure of 16.3% per annum (after management fees and disbursements, but before performance fees), representing an out-performance of 10.0% per annum against the relevant benchmark.*

*The Prime Value Imputation Fund achieved even better return, with a 37.0% return for the last 12 months. (vs. -1.6% Index return) and 33.6% annualised return since inception date (vs -2.3% Index return).*

*It may be noted here that during 1945 – 1980, economic policy making have been greatly influenced by Keynesian economics, which was not averse to deficit financing, resulting in inflationary economic environments. The abandonment of Keynesian economics around 1980 and the adoption of a more laissez faire economic system introduced dis-inflation, resulting in dramatic re-pricing of share prices. We believe that at present this re-pricing process is largely complete.*

### **...and Look to the Future**

*We now believe that it would be more prudent to expect a 6 – 8 % per annum growth rate for the Australian share market, over the medium to long term; with gains likely to be limited to the elimination of the under valuation that accompanies the current economic uncertainties. However, we believe that with careful stock selection investors can achieve satisfactory investment returns. We will continue to diversify portfolio risk with stock specific, or industry specific calls that are likely to perform well regardless of the macro view. Our objective is still to achieve an average returns of 10%+ per annum over the medium to long term, for both the Prime Value Growth Fund and the Prime Value Imputation Fund.*

Han K Lee  
Managing Director

Y Yong Quek  
Executive Director

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