Prime Value Asset Management Limited

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"Building Wealth Together"

Dear Investor,

Prime Value Growth Fund

4th Year Anniversary - cumulative return of 94%[1]

At the conclusion of the March Quarter (and just prior to our Fourth Anniversary on 10 April 2002), we are pleased to report a cumulative return for the Prime Value Growth Fund of 94.0%. This excludes imputation credits of around 1-2% per annum for investors who are tax residents of Australia.

This is an excellent outcome in both absolute and relative terms to the Australian market. Importantly, the Growth Fund, which comprises of a portfolio of predominantly Australian equities, continues to achieve its medium term management objective of producing high capital growth with some income.

We, as the Manager and significant investors of the Funds are particularly pleased with the result, which was achieved despite our somewhat conservative style of management. The portfolio is well diversified, but this does not mean that we are not willing to take strategic and aggressive positions to maximize return to our investors when market opportunities arise. Avoiding mistakes is a priority.

Fund return of 28.9% for the last twelve months

The return for the financial year to 31 March 2002 (the last nine months) was +14.6% compared to the Australian market S&P/ASX 300 Accumulation

Index of +0.6%. We are pleased with these results and the relative return of 14.0% is at the higher end of our medium term expectation.

Performance for the last 12 months to 31 March 2002 was 28.9% compared to the S&P/ASX300 Accumulation Index of 12.4%. We are very satisfied with the results and the relative return of 16.5% is again at the higher end of our medium term expectation. We remind our investors that any return over a period of less than one or two years will continue to be volatile. A truer indicator of performance for a Growth Fund is over a longer period of time.

The following table shows the Prime Value Growth Fund's (PVGF) relative performance to the S&P/ASX300 Accumulation Index for the last quarter, the financial year to date (nine months), 1 Year, 3 Years and since its inception (10 April 1998), to 31 March 2002. The first table shows the performance on an annual basis and the second table shows the cumulative return.

Table 1: Annual Return

Return *	Last Quarter#	Financial Year to date (nine months)	1 Year	3 Years (p.a.)	Since Inception (p.a.)
PVGF	**3.9%**	**14.6%**	**28.9%**	**21.4%**	**18.0%**
S&P/ASX300 Accumulation Index	0.8%	0.6%	12.4%	8.4%	8.7%
Relative Performance To Benchmark	3.1%	14.0%	16.5%	13.0%	9.3%

Table 2: Cumulative Return

Cumulative Return *	1 Year	3 Years	Since Inception
PVGF	**28.9%**	**78.8%**	**94.0%**
S&P/ASX300 Accumulation Index	12.4%	27.3%	39.6%
Relative Performance To Benchmark	16.5%	51.5%	54.4%

** Gross Return before Management fees (1.1% including GST) and Performance fees. The Gross Return excludes the imputation Credits of around 1-2% per annum (grossed-up for tax purposes for Australian residents only). The cumulative return assumes reinvestment of all income distributions. The Fund inception was 10 April 1998. Past performance is not necessarily an indicator of future performance.*

[1] Before fees and taxes

 # The unit price (mid) as at 31 March 2002 was 1.2515.

Solid Income Distribution is expected to continue

Following a good March quarter, we expect to be in a position to make another solid distribution for the half-year ending 30 June 2002. Table 3 shows the details of income distribution by financial year since inception.

Table 3: Income Distributions by financial years

All figures are in cents/unit	Interim Distribution	Final Distribution	Total Distribution	Imputation Credits
1998/99	2.44	6.60	9.04	1.37
1999/00	-	16.15	16.15	0.78
2000/01	7.00	8.56	15.56	2.34
2001/02	6.13	To be determined on 30 June 2002		0.74

Prime Value Imputation Fund

Imputation Fund has a good start ……..

A new product, the **Prime Value Imputation Fund (PVIF)** was launched on 20 December 2001. The primary objective of this Fund is to provide regular tax effective income and some capital growth over the medium term from a portfolio comprised mainly of Australian equities and fixed interest investments.

The return since inception to 31 March 2002 (just over three months) was 3.5%. This is 0.2% ahead of the return for the ASX 300 Accumulation index of 3.3% over the same period of time. The Imputation Fund is suitable for investors who prefer to receive regular income distribution and tolerate lower risk / volatility in the underlying capital investment. The estimated dividend yield of the current portfolio is around 4 – 5% of franked dividend. Australian tax residents will therefore receive an additional 1 – 2 % in imputation credits.

PORTFOLIO CONSTRUCTION AND INVESTMENT STRATEGY

The March quarter of 2002 has been a challenging one for the share market and Fund Managers alike. This was mainly due to a mixed reporting season and the anticipation of rising interest rates. For the first eight weeks or so of the quarter, the market appeared to be driven by sentiment rather than economic and financial fundamentals. In March, however, it reverted to more traditional drivers.

Some of our stocks, including Symex, did not perform well during the period. However, as the portfolio is sufficiently diversified the losses in non-performing stocks have been more than offset by gains in others: Amcor, Gunns, Iluka, Portman Mining, to mention a few, have performed well during the period under review. The portfolio performance of + 3.9% for the quarter compares favourably to our Benchmark Index (S&P/ASX 300 All Accumulation Index) performance of + 0.8%.

In our end of December 2001 report we mentioned the rebounding of US consumer confidence - a typical signal of economic recovery. With the global economic recovery now underway, central banks all around the world are gearing up to tighten monetary policy.

As we expect the recent rally in the bond market to be short lived, we do not find it necessary at this stage to change our bias towards cyclical and smaller capitalisation stocks. In fact, it is likely that over the next quarter or so, economic growth will benefit those stocks leveraged to a cyclical upturn. In particular, commodity and therefore resource companies' shares should experience a stronger rebound due to an improving global outlook. Strength in the Australian domestic economy should deliver opportunities in the building materials, contracting and media sectors.

We expect to maintain our focus on a "bottom-up" approach to investment management, ie attractive stock valuation, notwithstanding the economic fundamentals of the "top down" side of the equation which underpins our portfolio building and management.

Yours sincerely

Han K Lee
Managing Director

Y Yong Quek
Executive Director