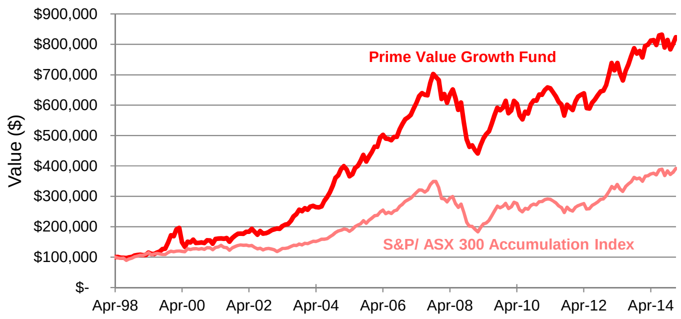
MONTHLY UPDATE
JANUARY 2015

Prime Value Growth Fund

Fund Performance

Annual Return (Class A Units)*	1 mth	3 mths	1 Yr	3 Yrs (pa)	5 Yrs (pa)	10 Yrs (pa)	Since Apr 98 (pa)	Since Apr 98 (cumulative)
Prime Value Growth Fund	**2.7%**	**1.1%**	**8.8%**	**10.4%**	**7.5%**	**7.8%**	**13.3%**	**723.6%**
S&P/ASX300 Accumulation Index	3.2%	1.9%	12.1%	14.0%	8.5%	7.6%	8.4%	291.5%
Relative Performance To Benchmark	-0.5%	-0.8%	-3.3%	-3.6%	-1.0%	0.2%	4.9%	432.1%
Approximate Annual Return (after Performance Fees)**			8.8%	10.4%	7.5%	7.7%	12.3%	635.1%

Value of $100,000 invested since inception (10 Apr 1998 – 31 Jan 2015)



This graph shows how $100,000 invested at the Fund's Inception has increased to $823,600 (net of fees excluding performance fees). This compares very favourably with the return of the market, where a $100,000 investment would have increased to $391,500 over the same period. The returns exclude the benefits of imputation credits.

Manager's Commentary

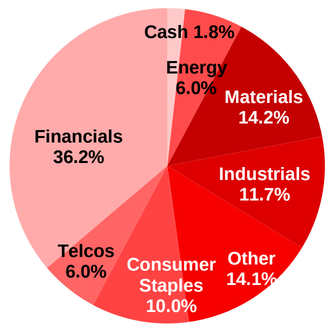
The share market performance in January (up 3.2%) continued on a theme that was largely similar to 2014—stocks with notable yield, such as telecommunication companies, REITs and banks continued to perform well into the new calendar year. At the same time, commodity related companies have been sold down regardless of value. This has been a self reinforcing loop: lower interest rates and bond yields have led to significant investor demand and therefore valuation re-rating of defensive and high yielding stocks. As a consequence, valuation of high yield-defensive sectors have risen to extreme levels, at least relative to history. Fund performance has lagged in recent months. Our holdings have not been full beneficiaries of the yield thematic we mention above whilst our investments in energy related companies has had a poor six months due to lower oil prices.

Under a persistently low interest rate or borrowing cost environment, we think that acquisitions would look attractive whilst capital management is also likely to be appealing. For example, Amcor and Rio Tinto both announced share buybacks at their recent results due to the strength of their balance sheets and cash flows. We further observe merger and acquisition intent amongst REITs and selected mid cap companies and expect to see opportunities in these sectors. We are generally careful on acquisitions—not all acquisitions make sense—for example, G8 Education's (we do not hold G8) ability to continue on it's acquisition strategy has recently been called in to question. We continue to assess such opportunities in the event there is latent value.

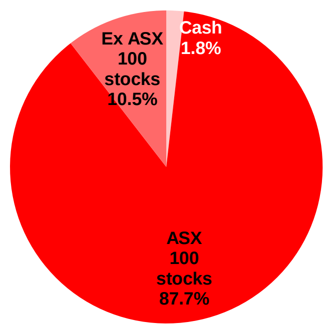
The Fund rose 2.7% (after fees) in January. In absolute terms, the Fund's major contributors to performance were Telstra (up 8.9%), Resmed (up 16.4%) and CBA (up 4.3%). The major detractors were Woodside (down 9.8%) Amcor (down 5.9%) and Monadelphous (down 13.1%). Newcrest (up 24.5%) was a beneficiary of the gold price rising over January in response to the Swiss National Bank removing the minimum exchange rate. The difficult iron ore environment affected Qube's (down 3.7%) share price. Qube has existing contracts with several mid tier iron ore producers such as Atlas, Arrium and Mineral Resources for stevedoring and haulage services. These contracts account for 14% of Qube's earnings—this is a worst case scenario. However, take-or-pay contracts, market share gains combined with the reality that not every mine will shut down will mitigate the impact on Qube. We continue to expect Qube to create value for shareholders from its strategic assets.

In light of the recent changes to interest rates both in Australia and in selected countries offshore, we have adjusted our view compared to several months ago. The lower interest rate environment appears to be supportive of equity valuation in general. As we have mentioned above, the more defensive sectors of the market appear somewhat expensive to us. As a result we look to allocate capital to areas of the market where companies are able to post sustainable earnings growth on reasonable valuations. We remain focussed on investing in companies that will offer us sustainable earnings growth, are well managed with strong balance sheets. This forms the foundation of wealth creation for our co-investors.

Holdings by Sectors



Holdings by Market Cap



Top Five Holdings

ANZ	Financials
BHP	Materials
CBA	Financials
Telstra	Telcos
Wesfarmers	Consumer Staples

The portfolio is generally comprised of 25 - 45 stocks.

* Performance figures have been calculated in accordance with the Financial Services Council (FSC). The returns are calculated after management fees but before performance fees which are charged against individual accounts. The returns exclude the benefits of imputation credits. No allowance has been made for taxation. Performance assumes the reinvestment of income distributions. Past performance is not necessarily an indicator of future performance.

** Post-performance fee returns are an APPROXIMATION only. Performance fees are only payable where the return of the Fund exceeds the performance of the benchmark and the net return is positive.

Investment Objectives

The Growth Fund aims to provide superior medium to long-term capital growth, with some income, by managing a portfolio of predominantly Australian equities listed on any recognised Australian Stock Exchange.

The Fund has achieved a positive return in 13 of the last 16 financial years and has out-performed its benchmark in 11 of the last 16 years. Most importantly, the Prime Value Growth Fund has preserved capital and outperformed strongly in negative years.

Investor Profile

The Prime Value Growth Fund is appropriate for an investor seeking medium to long-term capital growth, who is prepared to accept some fluctuations in short-term returns. This type of investment is appropriate as a significant part of a properly diversified investment portfolio for individuals, companies, trusts and superannuation funds.

Launch Date: 10 April 1998	Direct Investment (Class A)		Indirect Investment via IDPS or IDPS-Like Schemes (Class B)	
APIR Code	PVA0001AU (PVGF)		PVA0011AU (PVGF)	
Income Distributions	Half-yearly		Half-yearly	
Benchmark	S&P / ASX 300 Accumulation Index		S&P / ASX 300 Accumulation Index	
Minimum Initial Investment	$20,000		N/A	
Minimum Additional Investment	$2,000		N/A	
Indirect Cost Ratio (ICR)	1.435% p.a.[1]		1.23% p.a.[1,2]	
Performance Fee	20.5% p.a.[1] of performance (net of management fees and administration costs) above the agreed benchmark, subject to positive performance		20.5% p.a.[1] of performance (net of management fees and administration costs) above the agreed benchmark, subject to positive performance	
Contribution Fee	Nil[3]		N/A	
Withdrawal Fee	Nil		N/A	
Research Rating	Lonsec Zenith	Investment Grade Approved	Lonsec Zenith	Investment Grade Approved
Unit Prices @ 31 Jan 2015	Issue Price: Withdrawal Price:	$3.1853 $3.1611	Issue Price: Withdrawal Price:	$3.1664 $3.1424

1 Unless otherwise stated, all fees quoted are inclusive of GST and the relevant RITC.
2 Fees for indirect investments do not include the fees charged by the IDPS operator. The fund is available in the following platforms: Asgard, Ausmaq, Beacon, BT Wrap, First Wrap, IOOF Global One, Macquarie Wrap, netwealth, Premium Choice, Symetry, Wealthtrac.
3 Up to 3% may be charged where a Direct Investor is introduced by an adviser to the Fund, as mutually agreed between the investor & adviser.

For more information

PrimeValue®
Building Wealth Together

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