

QUARTERLY UPDATE DECEMBER 2013



Fund Performance

The following table shows the performance of the PVOF for the period to 31 December 2013.

Return (Class A Units)*	3 mths	6 mths	1 Yr (pa)	Since 5 Nov 12 (pa)
Prime Value Opportunities Fund	5.3%	17.8%	29.7%	28.8%
Benchmark (8% pa)	2.0%	4.0%	8.0%	7.9%
Relative Performance To Benchmark	3.3%	13.8%	21.7%	20.9%
Approximate Return (after Performance Fees)#	4.8%	15.7%	26.5%	25.6%

* Performance figures have been calculated in accordance with FSC Standard No 6.0, Product Performance – “Calculation of Returns” and FSC Standard No 10 – “Presentation of Past Performance Information”. 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, as performance fees are charged half yearly on 30 June and 31 December (or on withdrawal), based on the performance of each investment. Performance fees are only payable where the return of the Fund exceeds the performance of the benchmark and is subject to a high water mark.

December Quarter Commentary

The Fund rose 5.3% through the December quarter to round out 2013 with a 29.7% return for the year. In comparison the S&P/ASX300 Accumulation Index rose 3.4% over the December quarter, also closing out a strong year for the Australian share market for 2013. It has been a volatile year and it did not escape our attention that the financial sector accounted for 60% of the Australian market's 20% rise (including dividends) in 2013.

A key theme for the portfolio was how prevalent M&A activity was during the quarter. PVOF is not an event driven fund. We do not invest explicit for M&A activities. However, a number of the Fund's investments has the characteristic of enjoying strong financial positions. In our view, such financial flexibility accords companies with the ability to create value for shareholders. We look for financial strength primarily because there are opportunities to reveal both defensive and offensive capabilities of a strong balance sheet. Under a capable management team, there is scope for value creating transactions.

The following are some of the M&A announcements from our investment holdings: Westpac announced the acquisition of Lloyds A\$8.4bn Australian portfolio across equipment finance, motor vehicle finance and corporate loans for A\$1.45bn. Flexigroup announced the acquisition of Thinksmart's Australian and New Zealand business for A\$43m cash. Ramsay announced the acquisition of France's second largest psych hospital provider, Medipsy for EUR152m. Amcor announced the acquisition of Detmold Flexibles for A\$50m and Constar's US assets. Corporate Travel announced the acquisition of 75% of Westminster Travel for A\$49.2m.

Portfolio Strategy

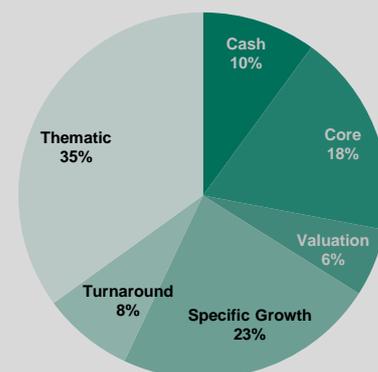
At the start of every year we are often asked: where do we think the market will be by the end of the year? Perhaps which sectors or stocks may be worth investing in for upside. Forecasting is difficult, so we never set out to try and predict where the index may settle. Our energies are allocated to the exercise of diligent, and patient, search for opportunities on a stock by stock basis—the yardstick typically used by the investment community, stock market indices, is of little use to us when it comes to stock selection.

Since inception, the portfolio has comprised about 25 investment positions. Our top ten positions have accounted for 40% to 50% of the Fund. We believe concentrating our investments in the highest conviction ideas without regard to benchmark weightings provides for maximisation of long term returns. In addition to having a prudently concentrated portfolio we have other portfolio management tools in place. One of these tools is the flexibility to hold a high cash balance when new investment opportunities are hard to find. While the prospect of holding an extremely high cash balance is likely to be rare, we believe the flexibility of utilising other portfolio management tools to supplement those holdings enhances the likelihood of continued success.

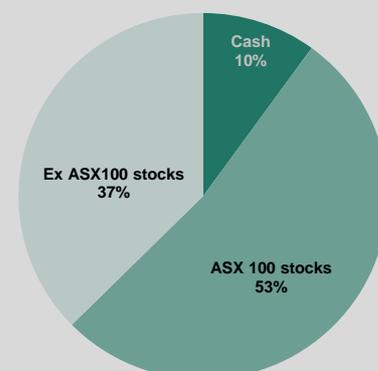
From the outset of the Fund, we have focussed on finding opportunities within a broader set of companies, regardless of whether or not they are benchmark constituents. As a result, we have a much wider investment universe than most. While the breadth of companies is large and will at times stretch our resources, we believe the ability to invest in these companies is a competitive advantage for the Fund, and for Prime Value more broadly.

We thank you for your continued support and look forward to updating you next quarter.

Holdings by Categories



Holdings by Market Cap



Top Five Holdings

ANZ	Financials
BHP Billiton	Materials
Ramsay Health Care	Health Care
Suncorp	Financials
Westpac	Financials

The portfolio is generally comprised of 10 – 30 stocks.

Key Fund Details

Investment Background

The Fund was established on 5 November 2012 and had returned 28.8% p.a as at 31 December 2013.

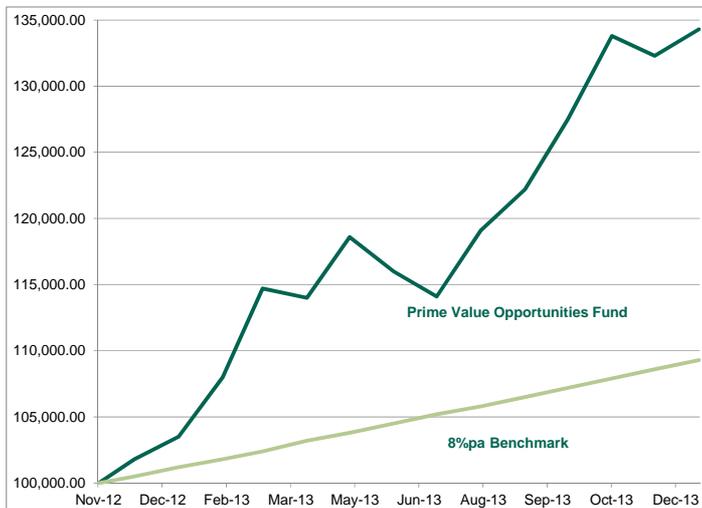
The Opportunities Fund is a highly concentrated portfolio of securities invested across the broad market (i.e. large, mid, small or micro cap stocks). There are no index weightings or sector limit constraints and the Fund can invest in global equities (up to 20%). The Fund may at times invest largely in cash and fixed interest (up to 100%) based on the attractiveness of investment opportunities and market conditions.

Investor Objectives and Investor Profile

The Fund is designed for an investor seeking to achieve superior absolute total returns by providing medium to long term capital growth without the constraints of a share market benchmark. Composition of the Fund will differ from the typical Australian equity fund.

Historical Performance (Class A Units)

Value of \$100,000 Invested Since Inception (5 Nov 2012 – 31 Dec 2013)



This graph shows how a notional \$100,000 invested at the Fund's Inception (5 November 2012) has increased to \$134,300 (net of fees excluding performance fees) as at 31 December 2013. After performance fees, the amount would be approximately \$130,550. This compares with an 8% absolute return, where a \$100,000 investment would have increased to \$109,310 over the same period. The returns exclude the benefits of imputation credits.

Launch Date: 5 November 2012	Direct Investment (Class A)		Indirect Investment via IDPS or IDPS-Like Schemes (Class B)	
APIR Code	PVA0005AU		PVA0006AU	
Indirect Cost Ratio (ICR)	0.95% pa ¹		0.95% pa ^{1,2}	
Performance Fee	15% ¹ of performance (net of management fees) above 8% pa, subject to a high water mark		15% ¹ of performance (net of management fees) above 8% pa, subject to a high water mark	
Benchmark	8% pa		8% pa	
Minimum Initial Investment	\$50,000		N/A	
Minimum Additional Investment	\$5,000		N/A	
Withdrawal Fee	Nil		N/A	
Income Distributions	Half-yearly		Half-yearly	
Research Rating	Lonsec	Investment Grade	Lonsec	Investment Grade
Unit Prices @ 31 Dec 2013	Issue Price:	\$1.3432	Issue Price:	\$1.3085
	Withdrawal Price:	\$1.3330	Withdrawal Price:	\$1.2985
	Distribution:	\$0.0235	Distribution:	\$0.0129

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.

Prime Value Asset Management Ltd

Level 9, 34 Queen St,
Melbourne VIC 3000

Tel: +61 3 9098 8088

Fax: +61 3 9098 8099

Website: www.primevalue.com.au

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