Prime Value Emerging Opportunities Fund Update – April 2016

PrimeValue®
Building Wealth Together

- The Prime Value Emerging Opportunities Fund invests in companies in the diversified emerging companies sector
- A number of positions performed very well during the month, contributing to a 3.7% return in April
- Positive contributors to performance included MotorCycle (+35.5%), Pacific Smiles (+23.6) and Service Stream (+23.1%)

	Total Return*	Benchmark (8% pa)	S&P/ASX Emerging Companies Accum Index
Since inception	11.3%	4.4%	13.2%
6 Months	8.6%	4.0%	10.6%
3 Months	1.6%	2.0%	16.4%
1 Month	3.3%	0.6%	7.8%

* Fund returns are calculated net of management fees and performance fees, assuming all distributions are re-invested. Performance figures have been calculated in accordance with the Financial Services Council (FSC). The returns exclude the benefits of imputation credits. Past performance is not necessarily an indicator of future performance.

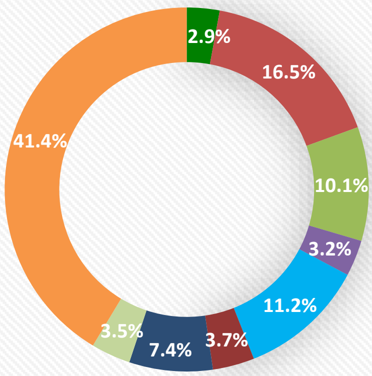
The Prime Value Emerging Opportunities Fund is a concentrated portfolio of companies with a market capitalisation of less than $500 million at the time of first purchase by the Fund. The Fund may hold up to 30% in previously held companies which have grown their market cap above $500m. Investors should be aware there may be greater price volatility with an investment in the small and micro-cap sector, than with larger companies.

Top five holdings	Sector
PWR Holdings	Consumer Discretionary
Infigen Energy	Utilities
Appen Limited	Information Technology
BWX Limited	Consumer Staples
Capilano Honey	Consumer Staples

* The top five holdings make up approximately 16.6% 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% pa
Inception date	8 October 2015
Typical number of stocks	25-50
Cash	0 - 20%
Unlisted Exposure	0 – 10%
International Exposure	0 – 20%
Distribution	Half-yearly
Recommended investment period	3 + years

Holdings by Sectors



- Financials 2.9%
- Consumer Discretionary 16.5%
- Consumer Staples 10.1%
- Telecommunication Services 3.2%
- Industrials 11.2%
- Health Care 3.7%
- Information Technology 7.4%
- Utilities 3.5%
- Cash 41.3%

Market review

Australian equities performed strongly in April gaining 3.3%, driven by the ongoing rebound in commodity prices. Mining stocks and to a lesser extent energy stocks significantly outperformed, with Fortescue (+33.7%), BHP (+22.7%), Rio Tinto (+20.8%) the best performing large cap stocks for the month. Iron ore surged 22.6% to US$65.20 a tonne, while the price of oil (Brent) rose 21.5% to US$48.13 a barrel, despite no agreement from major producers to limit supplies.

Having rallied to its highest level since mid-2015, weak first quarter inflation data saw the AUD finish the month lower at USD 0.7630 (down approximately 1%). The decline in the March quarter headline CPI and weak underlying inflation led the RBA to reduce interest rates by 25 basis points in early May.

The resource sectors were the standout performers in April, with Materials up 14.3% (mining & metals index up approximately 20%) and Energy up 7.5%. All other sectors posted modest gains, with the exception of Consumer Discretionary (-1.7%) and Utilities (-0.3%). Having significantly underperformed financial-year-to-date, mega caps (3.7%) and large caps (3.5%) outperformed both mid-caps (2.4%) and small-caps (3%) in April.

	Direct Investment	Platform Investment
APIR Code	TBC	TBC
Minimum Investment	$20,000	N/A
Issue price	$1.1175	$1.1175
Withdrawal price	$1.1085	$1.1085
Indirect Cost Ratio (ICR)	1.25%	1.25%
Performance fee	20%[1]pa	20%[1]pa

[1] of performance (net of management fees and administration costs) above the agreed benchmark, subject to positive performance

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Fund review & strategy

Fund performance continues to be good, despite a 41% cash holding. The Fund posted a 3.7% return in April and is up by 13.8% since inception in October 2015 against its benchmark of 4.4%. A number of positions performed very well during the month. Positive contributors to performance included MotorCycle (+35.5%), Service Stream (+23.1%) and Pacific Smiles (+23.6%).

We invested in MotorCycle at its IPO in April. The company is the dominant player in the A$2.8bn Australian motorcycle industry. The company maintains long and productive relationships with various motorcycle manufacturers with ongoing relationships with 8 of the top 10 motorcycle sellers in Australia including: Yamaha (27 years); Triumph (20 years); Honda (24 years); Suzuki (23 years); and Kawasaki (6 years). These franchise agreements typically last for three years and are staggered to mitigate any associated risks. We believe MotorCycle operates in an attractive industry--it's highly fragmented (large number of small, privately-owned players), exposed to increasing discretionary income and has reasonably high barriers to entry. Due to the company's short listing history, we intend to spend a period of time observing the company's performance and its management team before committing further funds.

One company in the portfolio that disappointed during April was Amaysim. Amaysim is a prepaid telecommunications provider and their subscriber trends have been disappointing this year which reflect the challenges to grow in a crowded market. Nevertheless, Amaysim added 46,000 new subscribers in 1H16 and managed to protect its margins. On a PER of 11x in FY17, the market appears to be pricing close to very little growth for the company beyond next year – a scenario we believe is too pessimistic and we continue to hold the company in the Fund.

Top contributors (absolute)	Sector
MotorCycle	Industrials
Service Stream	Industrials
Pacific Smiles	Health Care

Top detractors (absolute)	Sector
Amaysin	Telecommunications
Prophecy International	Information Technology
Collins Foods	Consumer Staple