

Prime Value Emerging Opportunities Fund Update – December 2015



- The Prime Value Emerging Opportunities Fund invests in companies in the diversified smaller emerging companies sector
- The Fund is benchmark agnostic and is managed actively to identify opportunities and preserve capital
- The Fund is 65% invested with the top 10 holdings accounting for 41.2% of fund assets
- The Fund has returned 11.6% since inception (8 Oct 2015)

	Total Return*	Benchmark (8% pa)	S&P/ASX Emerging Companies Accum Index
Since inception	9.7%	1.8%	0.6%
1 Month	0.7%	0.7%	1.1%

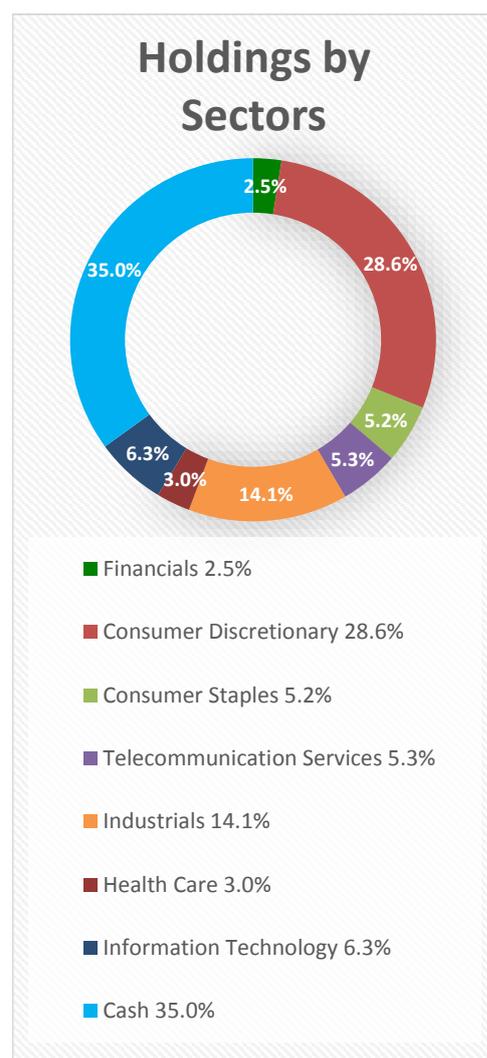
* Fund returns are calculated net of management fees and performance fees, assuming all distributions are re-invested. Performance figures have been calculated in accordance with the Financial Services Council (FSC). The returns exclude the benefits of imputation credits. Past performance is not necessarily 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
Surfstitch	Consumer discretionary
Collins Foods	Consumer discretionary
Appen	Information Technology
QMS Media	Consumer discretionary

* The top five holdings make up approximately 23.8% 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



Market review

The Australian share market finished the year on a positive note, up 2.7% in December. Although much anticipated, the key development for the month was the lifting of the US Fed Funds rate for the first time in almost a decade. While 2015 marked another year of modest returns for Australian equity investors, a small positive return (after dividends) could be viewed as a reasonable outcome in the context of a transitioning economy and further major declines in our key commodity markets.

December was a strong month for most sectors, with Energy the only major decliner (down 7.5% for the month and 25.1% for the financial-year-to-date). The consumer sectors were the best performers over their key December trading period with staples up 7.1% and discretionary up 6.3%. Consumer discretionary has been the best performing sector FYTD, up 14.7%. The major banks (+4.9%) and telecoms (+4.3%) recovered some lost growth, having lagged all other industrial sectors FYTD. Small caps outperformed again in December (up 3.9%), ahead of mega caps (3.2%), large caps (2.7%) and mid-caps (2%).

Fund review & strategy

The Fund posted another positive month, up 0.7%, bringing total returns to 11.6%, since inception in early October 2015. Fund performance compares favourably to the Fund's 8% p.a. benchmark and also to the Small Ordinaries Accumulation Index's 6.3% increase since the Fund's October 2015 inception.

Our cash position remains high but we see an opportunity to deploy cash into selected investments as the market continues to be volatile and we expect this volatility to continue into 2016 and provide us with investment opportunities.

We initiated a new investment during the month into the Fund in the legal services sector. The firm, Xenith IP Group (XIP) has a 156 year history with revenues that are generally long-dated based on services that require ongoing renewals. The firm is a high-quality business with experienced and sensible management, strong cash flows and recurring revenues.

The Fund now hold positions in 19 companies and has a cash balance of 35%.

	Direct Investment	Platform Investment
APIR Code	TBC	TBC
Minimum Investment	\$20,000	N/A
Issue price	\$1.1013	\$1.1013
Withdrawal price	\$1.0925	\$1.0925
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

Top contributors (absolute)	Sector
Appen	IT
QMS Media	Consumer Discretionary
Baby Bunting	Consumer Discretionary

Top detractors (absolute)	Sector
Surfstitch Group	Consumer discretionary
Vitaco Holdings	Consumer staples
Speedcast International	Telecommunications

Contact details:

Phone: 03 9098 8088

Fax: 03 9098 8099

Email: info@primevalue.com.au

Mail:

Prime Value Asset Management Ltd

Level 9, 34 Queen Street

Melbourne VIC 3000

Web: www.primevalue.com.au

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