

Prime Value Emerging Opportunities Fund Update – January 2016



- 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
- Portfolio construction continues to form a significant part of the investment process to build a diversified exposure
- Fund performance held up well, falling 0.2% in January 2016, compared to the ASX300 and ASX Small Ords Accumulation Indices falling in excess of 5%

	Total Return*	Benchmark (8% pa)	S&P/ASX Emerging Companies Accum Index
Since inception	9.5%	2.4%	-2.7%
3 Months	6.9%	1.9%	-5.0%
1 Month	-0.2%	0.6%	-3.3%

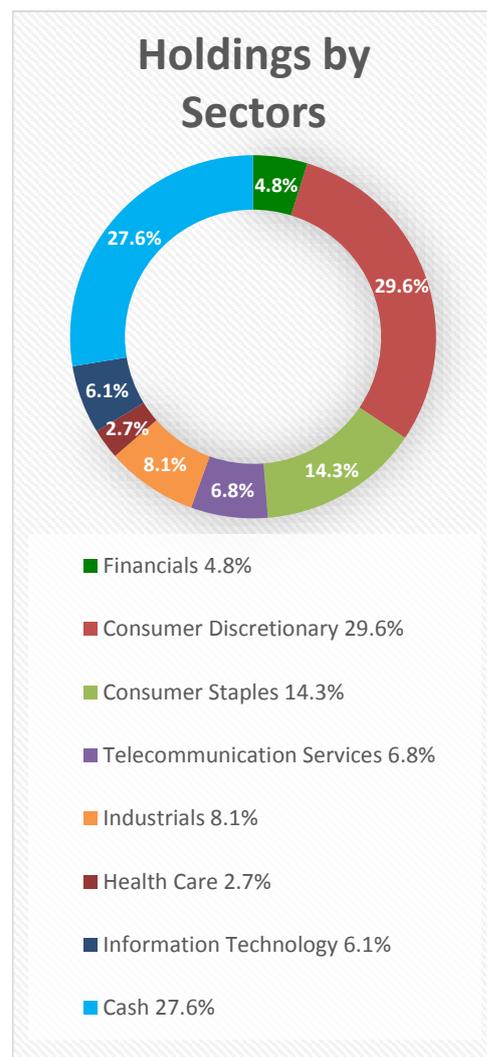
* Fund returns are calculated net of management fees and performance fees, assuming all distributions are re-invested. Performance figures have been calculated in accordance with the Financial Services Council (FSC). The returns exclude the benefits of imputation credits. Past performance is not necessarily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

* The top five holdings make up approximately 23.9% 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 had a difficult start to 2016, down 5.5% in January. Markets were concerned with slowing Chinese economic growth while the oil price continued to fall at a rapid pace. This led to a broad based sell-off with developed and emerging market indices both down more than 6% over the month.

Despite global concerns, the Australian economy is transitioning well. Sectors previously highlighted, particularly in service oriented industries are robust, leading to a steady unemployment rate of 5.8% for December 2015 which would indicate the economy has a good base to continue to transition away from the resource boom.

The REIT sector was the best performing sub-sector for the month, returning a modest 1.1%. Unsurprisingly, the defensive sectors outperformed - namely Utilities, Telcos and Consumer Staples. The resources sectors were hit hard, with Energy down -6.2% and the broader Materials sector down -9.5%. The major banks also came under renewed selling pressure, with Financials (ex REITs) down 9%.

Fund review & strategy

The Fund fell marginally, by 0.2%, in January 2016, despite the negative macro environment. Fund correlation to broader market indices is low as portfolio construction is benchmark agnostic. In absolute terms, the Fund's major contributors to performance for the month were Amaysim (+36.5%), Sky Dive the Beach (+22.2%) and Collins Food (+13.5%). Lifehealthcare (-14.0%), Capilano Honey (-10.6%) and Lindsay (-6.1%) were the three major detractors.

Amaysim is a mobile virtual network operator (MNVO) with telecommunication plans on the Optus network. The company is currently the fourth largest mobile service provider with a 2% market share. In January Amaysim announced the acquisition of Vaya Group, an online only MVNO for A\$70m. The acquisition will allow Amaysim to leverage off its platform for better scale.

We initiated two new positions in January, Hub24 and BWX Limited, bringing the total positions held to 21 companies. Cash remains high, at 30%, with the market volatility expected to introduce potential opportunities.

	Direct Investment	Platform Investment
APIR Code	TBC	TBC
Minimum Investment	\$20,000	N/A
Issue price	\$1.0996	\$1.0996
Withdrawal price	\$1.0908	\$1.0908
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
Amaysim	Telecommunications
Sky Dive the Beach	Consumer Discretionary
Collins Food	Consumer Staples

Top detractors (absolute)	Sector
Lifehealthcare	Health Care
Capilano Honey	Consumer staples
Lindsay	Industrials

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

The information contained in this Fact Sheet is general in nature and has no regard to the specific investment objectives, financial or particular needs of any specific recipient. It is not intended to constitute investment advice or a personal securities recommendation. This document is not a Product Disclosure Statement (PDS) or an offer of units, and contains a brief overview of the investment only. Any prospective investor wishing to make an investment in the Prime Value Emerging Opportunities Fund must obtain and read the PDS dated 23 October 2015 (particularly the risk factors discussed) and complete an application form. Neither Prime Value Asset Management Limited nor its associates or directors, nor any other person, guarantees the success of the Prime Value Emerging Opportunities Fund, the repayment of capital or any particular rate of capital or income return, or makes any representation in relation to the personal taxation consequences of any investor's investment.