

Prime Value Emerging Opportunities Fund Update – July 2016



- The Prime Value Emerging Opportunities Fund invests in companies in the diversified emerging companies sector
- The Fund performed very well in July, returning 9.0% for the month. Since inception (Oct 2015), the Fund has returned 27.0%
- Sports analytics company Catapult (+25.3%) was a significant contributor to fund performance during the month

	Total Return*	Benchmark (8% pa)	S&P/ASX Emerging Companies Accum Index
Since inception	22.2%	6.4%	25.2%
6 Months	11.6%	4.0%	22.3%
3 Months	9.8%	2.0%	11.5%
1 Month	7.4%	0.6%	8.6%

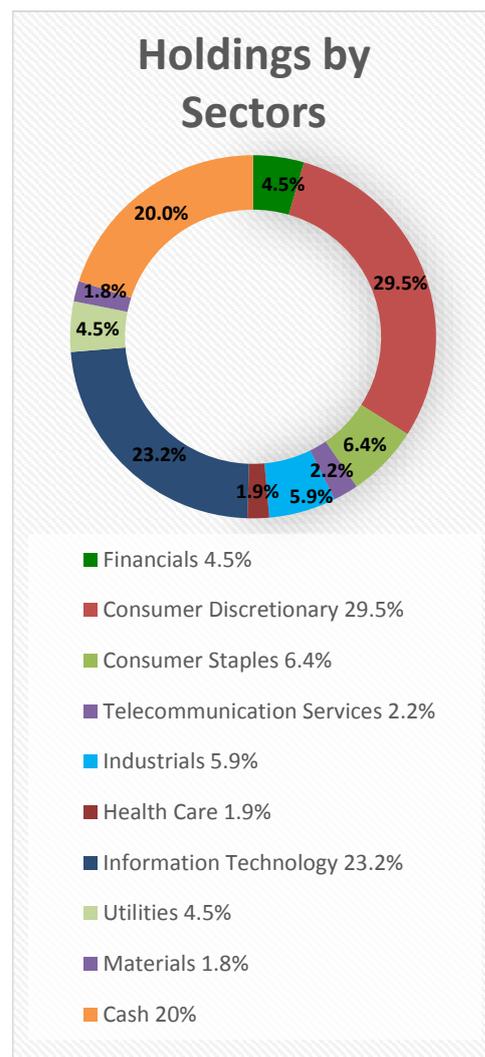
* Fund returns are calculated net of management fees and performance fees, assuming all distributions are re-invested. Performance figures have been calculated in accordance with the Financial Services Council (FSC). The returns exclude the benefits of imputation credits. Past performance is not necessarily 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
Catapult	Information Technology
Infigen Energy	Utilities
Appen Ltd	Information Technology
PWR Holdings	Consumer Discretionary
Motorcycle Holdings Ltd	Consumer Discretionary

* The top five holdings make up approximately 26.4% 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

July was an exceptionally strong month for domestic equities with the ASX300 closing 6.4% higher as investors pushed aside last's month's political uncertainties. Global equity markets strengthened on expectations of further stimulus to mitigate the fallout from the Brexit vote, with the Australian market a strong beneficiary of the resulting yield pursuit. Above expectation US payrolls (nonfarm) and Chinese economic data (GDP, IP & retail sales) also contributed to the strong momentum within equity markets. The energy sector was the month's major laggard (flat), with the oil price down 13.9% to US\$41.60 a barrel (WTI). The gold price was volatile over the month but closed up 2.2% (US\$1351) on lower-for-longer interest rate expectations. The Australian dollar rose 1.9% to 76 US cents despite the increased odds of an August rate cut, which the RBA delivered on 2 August.

The consumer sectors were the best performing local sectors in July, with Discretionary up 8.9% and Staples up 8.5%. All other sectors posted very solid returns with the exception of Energy (+0.2%). Small-caps once again outperformed (+8.6%) aided by the ongoing rally in small-cap resources. Mid-caps returned +8.3%, outperforming large-caps (+5.8%) and mega-caps (+5.7%).

	Direct Investment	Platform Investment
APIR Code	PVA0013AU	PVA0013AU
Minimum Investment	\$20,000	N/A
Issue price	\$1.2267	\$1.2267
Withdrawal price	\$1.2169	\$1.2169
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

The Fund returned a strong 9.0% in July as global share markets turned positive during the month after the Brexit vote came out in favour of Britain leaving the EU.

Top contributors to fund performance in July were positions in **Catapult** (+25.6%), **Motorcycle Holdings** (+24.5%) and **Xref** (+24.1%), whilst negative contributors included **Xenith IP Group** (-10.6%), **Eureka** (-8.2%) and **Nick Scali** (-4.2%).

Catapult, a sports analytics company whose products are based around athlete tracking and monitoring technology, made two offshore acquisitions in July. Both are significant in enhancing **Catapult's** future direction and earnings.

Motorcycle Holdings upgraded its FY16 pro-forma profit forecast by 10-15%. The company cited strong trading conditions as the reason for the upgrade. Overall, it's been a very good start to **Motorcycle's** first few months as a publicly listed company.

Patent and IP legal firm **Xenith** fell 10.6% during the month. We attribute the share price decline to investors selling down their positions to raise cash for other opportunities as **Xenith** has performed very well since its IPO last year. There has not been any fundamental change to the company's prospects, which are driven by an increase in patent and intellectual property filings by its clients so we are comfortable continuing to hold the stock. Acquisitions are likely to feature over the next year and these acquisitions should add scale to **Xenith's** business. The company is a high-quality business with experienced management, steady cash flows and revenues. We believe it is well placed to continue to grow strongly.

Top contributors (absolute)	Sector
Catapult	Information Technology
Motorcycle Holdings	Consumer Discretionary
Xref	Information Technology

Top detractors (absolute)	Sector
Xenith IP Group	Industrials
Eureka	Financials
Nick Scali	Consumer Discretionary

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