

Prime Value Emerging Opportunities Fund Update – March 2016



- The Prime Value Emerging Opportunities Fund invests in companies in the diversified emerging companies sector
- The Fund is managed actively to identify opportunities and preserve capital
- The Fund rose 2.4% in March, up 9.7% since inception (Oct 2015)
- Largest positive contributors to performance were Infigen Energy, Prophecy International and AMA Group.

	Total Return*	Benchmark (8% pa)	S&P/ASX Emerging Companies Accum Index
Since inception	7.8%	3.8%	5.0%
6 Months	7.8%	3.8%	5.0%
3 Months	-1.8%	2.0%	4.4%
1 Month	2.4%	0.7%	4.7%

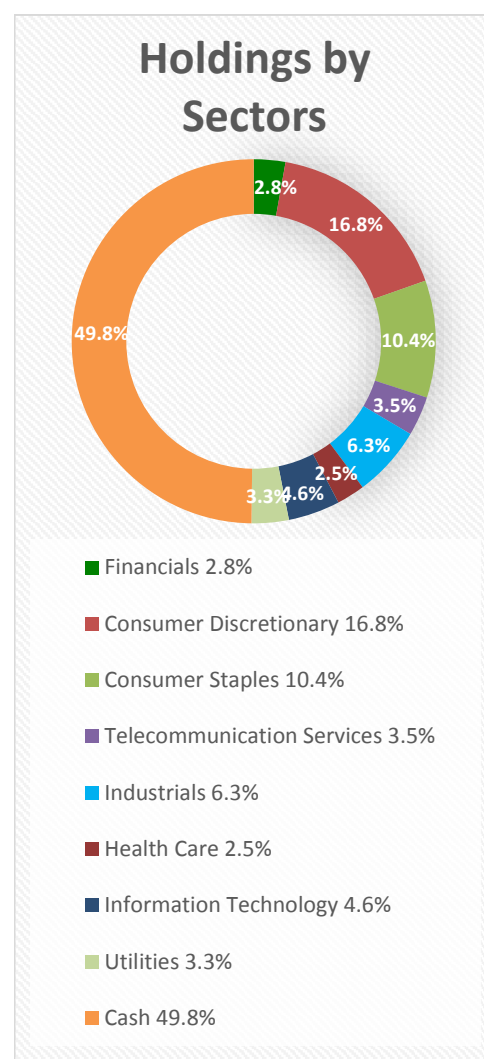
* Fund returns are calculated net of management fees and performance fees, assuming all distributions are re-invested. Performance figures have been calculated in accordance with the Financial Services Council (FSC). The returns exclude the benefits of imputation credits. Past performance is not necessarily 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	Information Technology
BWX Limited	Consumer Staples
Capilano Honey	Consumer Staples

* The top five holdings make up approximately 15.7% 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

Equity markets recovered strongly in March boosted by accommodative ECB monetary policies and more “dovish” commentary from the Fed, with the latter leading to a major sell-off in the US dollar. Cyclical outperformed defensives, while emerging markets outperformed developed markets. The rebound in commodity prices continued with Brent oil up 10.1% to US\$39.60 and iron ore up 8.8% to US\$53.20 during the month. Higher commodity prices and the outlook for interest rate differentials led to the AUD strengthening by 7.7% to USD 0.7690.

March was a strong month across the board, with all ASX sectors posting a positive return. The strongest returns came from cyclicals (Energy + 6.2%, Materials +6.0% and Financials +5.9%). Defensives lagged, in particular Health Care +0.4% and Utilities 1.3%. The banks were the best performing sub-sector (+6.5%). Mid-caps and small-caps (+5.5%) performed in-line with mega caps (5.4%) but outperformed large caps (4.6%). The Australian economy continues to hold-up well, recording better than expected growth in the final quarter of 2015; however, recent soft economic news flow and softening house prices will test the resilience of consumer demand as the federal budget draws closer.

	Direct Investment	Platform Investment
APIR Code	TBC	TBC
Minimum Investment	\$20,000	N/A
Issue price	\$1.0820	\$1.0820
Withdrawal price	\$1.0734	\$1.0734
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

Fund review & strategy

The Fund rose 2.4% in March with top contributors to fund performance being positions in Infigen Energy, Prophecy International and AMA Group. Negative contributors included Collins Food, Pacific Smiles and Sky Dive the Beach.

The Fund’s strategy continues to focus on investing in companies that can grow over time. In simple terms, we assess the quality of a company, how a business will improve or grow, whether management will be able to execute their plans and the strength of the balance sheet. Cash flows are the lifeline of small but growing businesses—we place high importance on this aspect as it’s often an indicator of financial stress.

The first quarter of 2016 has been one of the more volatile share market periods for some time. Whether it’s because share markets are in a correction phase or otherwise we can’t conclusively say. However, we observe that some businesses, including many of our companies, are improving and growing—while valuations have declined. This scenario accords the Fund opportunities to deploy our resources.

Top contributors (absolute)	Sector
Infigen Energy	Utilities
Prophecy International	Information Technology
AMA Group	Consumer Discretionary

Top detractors (absolute)	Sector
Collins Food	Consumer Discretionary
Pacific Smiles	Health Care
Sky Dive the Beach	Consumer Discretionary

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