

Prime Value Growth Fund

Fund Update - December 2015



- A key overhang for markets was removed with the US Fed raising interest rates for the first time in close to a decade
- Consumer discretionary stocks led the Australian share market higher, particularly during the latter half of December
- The Fund has a long standing exposure to the soft commodities sector. Bega Cheese(+28.5%), a core holding in that sector, was the Fund's best performing stock

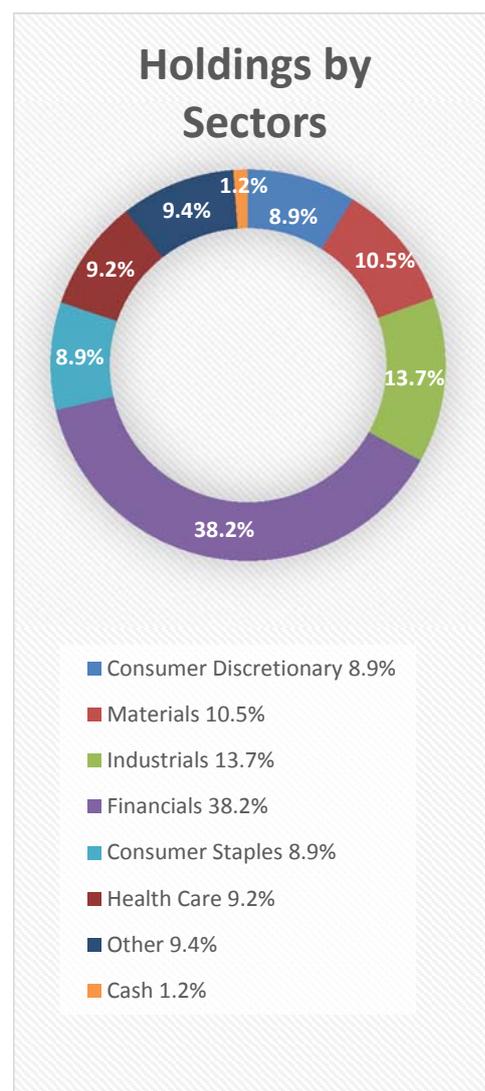
	Total Return*	S&P/ASX 300 Accumulation Index	Relative Performance to Benchmark
Since inception (pa)	12.6%	8.0%	4.6%
10 Years (pa)	6.3%	5.5%	0.8%
5 Years (pa)	5.3%	6.7%	-1.4%
3 Years (pa)	7.3%	9.0%	-1.7%
1 Years (pa)	2.4%	2.8%	-0.4%
3 Months	7.3%	6.5%	0.7%
1 Month	2.5%	2.7%	-0.2%

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

Top five holdings	Sector
Commonwealth Bank Australia	Financials
National Australia Bank	Financials
Wesfarmers	Consumer Staples
BHP Billiton	Materials
Telstra	Telecommunications

* The top five holdings make up approximately 30.5% of the portfolio

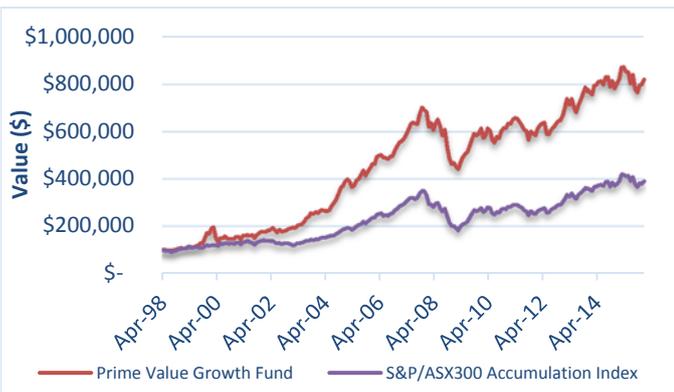
Feature	Fund facts
Portfolio Manager	ST Wong
Investment objective	To provide superior medium to long term capital growth, with some income, by managing a portfolio of predominantly Australian equities listed on any recognised Australian Stock Exchange.
Benchmark	S&P / ASX 300 Accumulation Index
Inception Date	10 April 1998
Cash limit	0 - 30%
Distribution	Half-yearly
Recommended investment period	3 + years
Annualised Return	12.6%
Research Rating	Lonsec - Investment Grade Zenith - Approved



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%).



This graph shows how \$100,000 invested at the Fund's Inception has increased to \$821,300 (net of fees excluding performance fees). This compares very favourably with the return of the market, where a \$100,000 investment would have increased to \$389,900 over the same period. The returns exclude the benefits of imputation credits.

	Direct Investment (Class A)	Platform Investment (Class B)
APIR code	PVA0001AU	PVA0011AU
Minimum Investment	\$20,000	N/A
Issue price	\$2.9197	\$2.9072
Withdrawal price	\$2.8975	\$2.8852
Distribution (31/12/2015)	\$0.0750	\$0.0767
Indirect Cost Ratio (ICR)	1.435% pa	1.23% pa
Performance fee	20.5% ¹	20.5% ¹

¹ of performance (net of management fees and administration costs) above the agreed benchmark, subject to positive performance and a high water mark

Fund review & strategy

The Fund rose 2.5% after fees, underperforming the benchmark by 0.2% for the month. For the FYTD, the Fund is 2.8% above its performance benchmark. In absolute terms, the Fund's major contributors to performance for the month were Bega Cheese (+28.5%), Wesfarmers (+9.2%) and CBA (+7.7%), while Oil Search (-18.3%), Resmed (-10.7%) and Suncorp (-9.3%) were the three major detractors.

We have held Bega Cheese since the Fund's inception and continue our long standing positive investment thesis on soft commodities. Our interest in soft commodities commenced a decade ago when we recognised the strong demand emerging from rising Asian income levels. Getting an exposure to this theme is difficult in the Australian market but we have found that by being patient investors the sector yields profitable investment opportunities.

Suncorp issued a profit downgrade in December. Although confident Suncorp is well positioned for future growth, we did not envisage the recently appointed CEO to rebase expectations as aggressively.

Top contributors (absolute)	Sector
Bega Cheese	Consumer Staples
Commonwealth Bank	Financials
Wesfarmers	Consumer Staples

Top detractors (absolute)	Sector
Oil Search	Energy
Resmed	Health Care
Suncorp	Financials

Platforms
Asgard, Ausmaq, Beacon, BT Wrap, First Wrap, Hub24, IOOF, Global One, Macquarie Wrap, Netwealth, Powerwrap Premium Choice, Symetry, Wealthtrac

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