

Prime Value Growth Fund

Fund Update – February 2016



- The Australian share market fell 1.7% in February, but recovered significantly from its lows of the month
- Most of the pessimism came early in the month and resulted from global macro issues rather than domestic ones
- Earning season results were generally in line with expectations, which helped the market recover toward the end of February

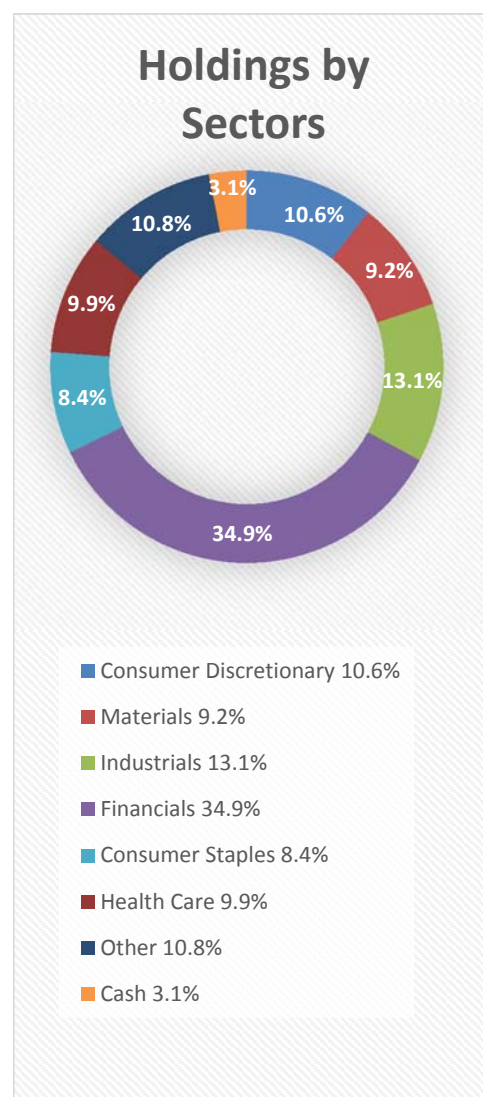
	Total Return*	S&P/ASX 300 Accumulation Index	Relative Performance to Benchmark
Since inception (pa)	12.0%	7.5%	4.5%
10 Years (pa)	5.0%	4.3%	0.7%
5 Years (pa)	3.1%	4.6%	-1.5%
3 Years (pa)	0.8%	2.9%	-2.1%
1 Years (pa)	-13.4%	-13.5%	0.1%
3 Months	-5.7%	-4.6%	-1.1%
1 Month	-2.8%	-1.7%	-1.1%

*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
Wesfarmers	Consumer Staples
Telstra	Telecommunications
National Australia Bank	Financials
CSL	Health Care

* The top five holdings make up approximately 27.8% of the portfolio

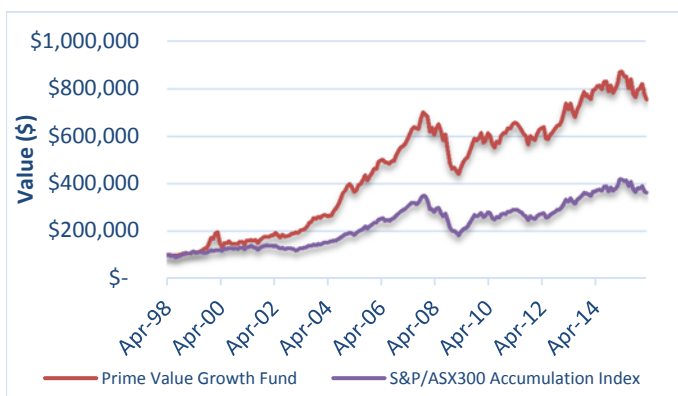
Feature	Fund facts
Portfolio Manager	ST Wong
Investment objective	To provide superior medium to long term capital growth, with some income, by managing a portfolio of predominantly Australian equities listed on any recognised Australian Stock Exchange.
Benchmark	S&P / ASX 300 Accumulation Index
Inception Date	10 April 1998
Cash limit	0 - 30%
Distribution	Half-yearly
Recommended investment period	3 + years
Annualised Return	12.0%
Research Rating	Lonsec - Investment Grade Zenith - Approved



Market review

Equity markets declined in February with the S&P/ASX300 Accumulation Index falling 1.7%. Despite the decline, equity markets took on a 'risk-on' tone midway through February which continued into March. A weakening global economic backdrop (particularly in China) and deflationary fears in Europe continued to weigh on markets in the first half of February, while the global sell-off in banks continued. By contrast, the metals and mining sector performed strongly on rising iron ore (+17.8%) and gold prices (+10.3%). Brent oil closed the month 3.5% higher.

Overall, the reporting season delivered slightly better than expected outcomes. Generally speaking, the reporting season is rarely a reliable predictor of future market performance but the outcomes indicate that the Australian economy is holding-up better than the general market commentary would suggest. The local bank sector continued to sell-off (-8.2%), while the mining sector had a reprieve, with Materials up 9% for the month and Energy flat (+0.3%).



This graph shows how \$100,000 invested at the Fund's Inception has increased to \$755,900 (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 \$362,300 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	\$2.6179	\$2.6058
Withdrawal price	\$2.5981	\$2.5860
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 underperformed its benchmark by 1.1% in February (after fees). For the FYTD, the Fund is 1.7% above its performance benchmark. The Fund's investments generally fared well through the February reporting season with a number of companies posting good results and robust outlook statements. Nevertheless, selected companies, such as IPH Limited, were sold off despite a good underlying result as short term considerations overshadowed the company's potential to post sustainable earnings growth over the next few years. We continue to hold a position in the company.

In absolute terms, the Fund's major contributors to performance for the month were Brambles (+12.2%), Healthscope (12.2%) and Goodman Group (+6.7%). CBA (-10.8%), NAB (-6.3%) and Bega (-17.3%) were the three major detractors. Brambles provided updated guidance for FY16, guiding to Underlying Profit growth of 8-10% in constant currency, vs. previous guidance of 6-8%. Goodman Group's 1H16 results underlined the company's global diversity backed by a growing development pipeline. The major banks were sold down, in line with the weaker performances of global financial companies.

Top contributors (absolute)	Sector
Brambles	Industrials
Healthscope	Health Care
Goodman Group	Financials

Top detractors (absolute)	Sector
Commonwealth Bank	Financials
National Australia Bank	Financials
Bega Cheese	Consumer Staples

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

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