

Prime Value Growth Fund

Fund Update – July 2016



- Share markets globally performed well during July on expectations interest rates would remain low for an extended period
- The Australian share market benefitted from similar sentiments although we note investors are generally cautious ahead of the August reporting period
- The Fund outperformed the ASX300 Accumulation Index by 0.4% with Monadelphous contributing to the strong performance

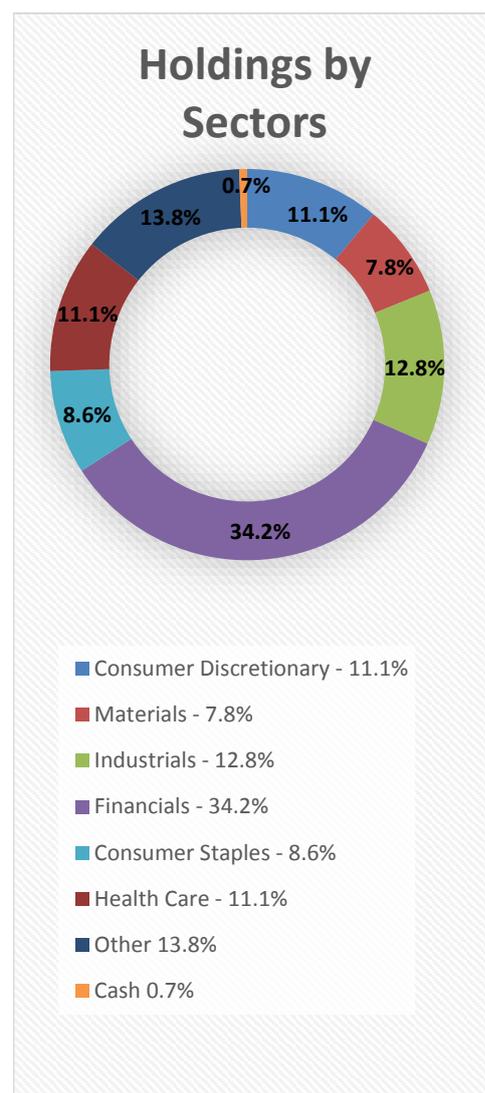
	Total Return*	S&P/ASX 300 Accumulation Index	Relative Performance to Benchmark
Since inception (pa)	12.4%	8.1%	4.3%
10 Years (pa)	5.9%	5.6%	0.3%
5 Years (pa)	7.0%	9.4%	-2.4%
3 Years (pa)	6.3%	8.1%	-1.8%
1 Year (pa)	1.8%	2.8%	-1.0%
3 Months	6.2%	7.0%	-0.8%
1 Month	6.8%	6.4%	0.4%

*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
CBA	Financials
Wesfarmers	Consumer Staples
NAB	Financials
Telstra	Telecommunications
ANZ	Financials

* The top five holdings make up approximately 29.1 % of the portfolio

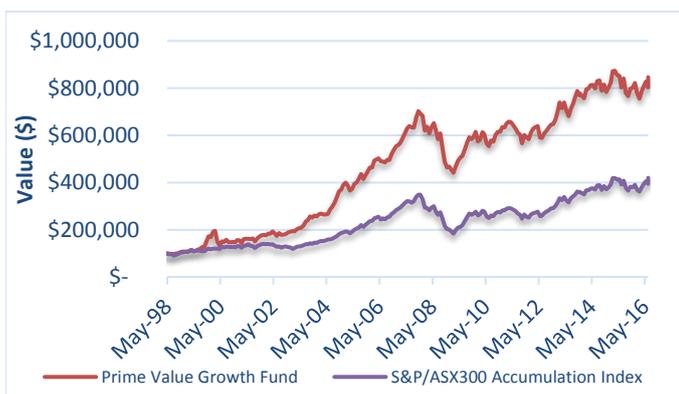
Feature	Fund facts
Portfolio Manager	ST Wong
Investment objective	To provide superior medium to long term capital growth, with some income, by managing a portfolio of predominantly Australian equities listed on any recognised Australian Stock Exchange.
Benchmark	S&P / ASX 300 Accumulation Index
Inception Date	10 April 1998
Cash limit	0 - 30%
Distribution	Half-yearly
Recommended investment period	3 + years
Annualised Return	12.4%
Research Rating	Lonsec - Investment Grade Zenith - Approved



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%).



This graph shows how \$100,000 invested at the Fund's Inception has increased to \$846,030 (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 \$419,810 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	\$2.7641	\$2.7504
Withdrawal price	\$2.7431	\$2.7296
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 returned 6.7% in July, outperforming its benchmark by 0.4% (after fees). In absolute terms, the Fund's major contributors to performance for the month were **Monadelphous** (+41.1%), **Infigen Energy** (+18.4%) and **APN Outdoor** (+16.8%). The only company in the portfolio that recorded a negative month was **Capilano Honey** (-2.2%).

Monadelphous' share price rose significantly on recent announcements by the company including its entry into a joint venture agreement to diversify into the renewable energy market and the resolution of contractual claims at the Wiggins Island Coal Export Terminal project. Whilst both announcements were welcomed they alone were unlikely to be responsible for the sharp rise in the share price.

Rather, **Monadelphous**, amongst a number of other well managed mining services companies, have rallied at the prospect of commodity prices bottoming. With the capital market open for miners to fund new and shelved mining projects, contractors such as **Monadelphous** are expected to benefit from some of these developments. The company is in a net cash position, has an excellent management and has negotiated the difficult mining downturn well.

Top contributors (absolute)	Sector
Monadelphous	Industrials
Infigen Energy	Utilities
APN Outdoor	Consumer Discretionary

Top detractors (absolute)	Sector
Capilano Honey	Consumer Staples

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

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

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