Prime Value Growth Fund
Fund Update – May 2016

- The RBA lowered the cash rate for the first time in 12 months, to 1.75%, underpinning a rally in Australian equities
- Resources and energy sectors fell but interest rate sensitive sectors including REITs and consumer discretionary rallied
- Healthcare stocks and Macquarie Group were key contributors to performance

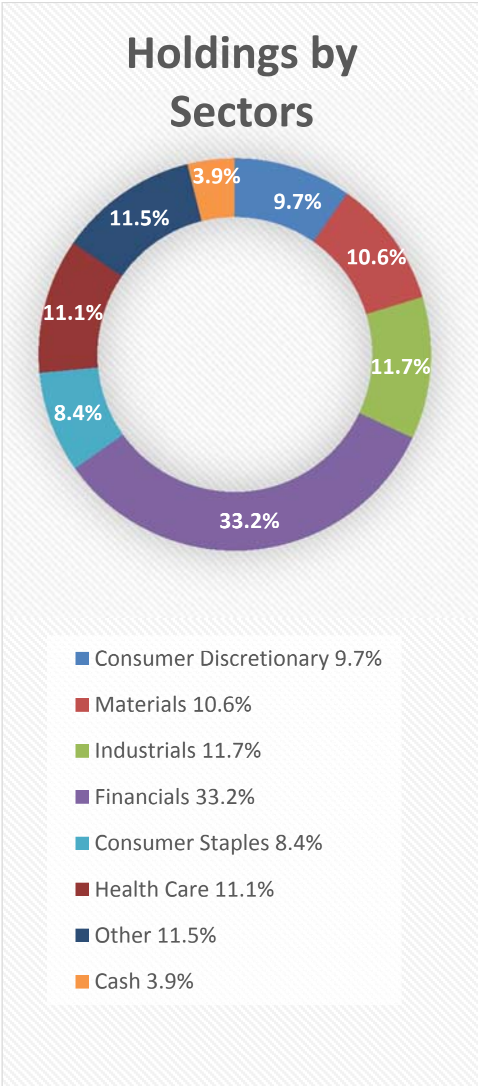
	Total Return*	S&P/ASX 300 Accumulation Index	Relative Performance to Benchmark
Since inception (pa)	12.3%	8.0%	4.3%
10 Years (pa)	5.4%	5.2%	0.2%
5 Years (pa)	5.2%	7.3%	-2.1%
3 Years (pa)	5.5%	7.7%	-2.2%
1 Year (pa)	-2.9%	-2.1%	-0.8%
3 Months	9.4%	11.7%	-2.3%
1 Month	2.6%	3.1%	-0.5%

*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
NAB	Financials
BHP Billiton	Materials
Telstra	Telecommunications

* The top five holdings make up approximately 28.5% 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	12.3%
Research Rating	Lonsec - Investment Grade Zenith - Approved

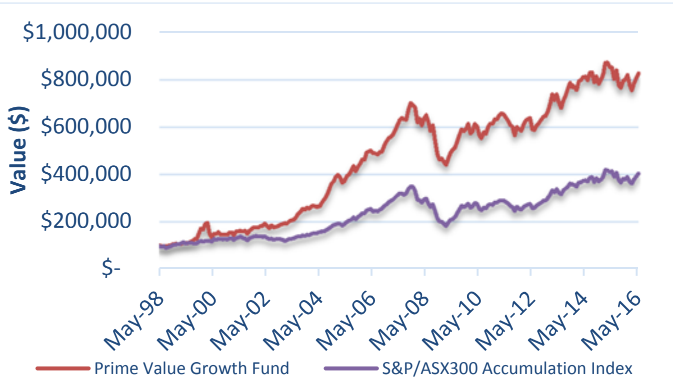


Market review

The ASX300 gained 3.1% in May – the third consecutive month of 3% plus returns. Australian equities outperformed global equities in local currency terms. The key driver of the strong May performance was the RBA's 25 basis point rate cut to a record low 1.75% and the prospect of further cuts. In contrast, global equities had a stronger end to the month following more 'hawkish' economic commentary from the US Fed.

Resource stocks underperformed in May after a strong rebound in recent months. Iron ore gave up all its April gains, collapsing 23.9% to US$49.60.

The Health Care sector was the standout performer (up 9.5%) in May, while the Consumer Discretionary (+5.8%), Financials ex REITs (+5.2%) and Telco (+5.0%) sectors also performed strongly. As noted, resource stocks underperformed, with Materials down 3.2% and Energy down 1.8% despite a 3.0% gain in the oil price to US$49.69 (Brent). With the exception of Consumer Staples (-0.8%), all other sectors posted gains. Mid-caps outperformed returning 5.7%, as did small-caps (+4.1%). Mega-caps and large-caps underperformed, both up 2.6%.



This graph shows how $100,000 invested at the Fund's Inception has increased to $827,250 (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 $404,590 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	$2.8651	$2.8535
Withdrawal price	$2.8435	$2.8319
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 returned a +2.6% in May, slightly underperforming the benchmark. In absolute terms, the Fund's major contributors to performance for the month were Macquarie (+17.9%), CSL (+10.1%) and CBA (+4.8%). BHP (-7.8%), Qube (-5.2%) and Wesfarmers (-5.0%) were the three major detractors.

Supply chain management is a global theme critical for Australia due to inefficiencies that reside within the country. We believe innovation, scale and automation are keys to successful supply management as they can reduce costs and improve productivity. Qube's focus on supply chain efficiencies via the consolidation of landside logistics and capitalising on new transport infrastructure has the potential to create shareholder value over the longer term. We are mindful that a number of Qube's plans, such as the Moorebank development in Sydney, are long term in nature – it requires patience to allow competent management to execute on such plans, which otherwise would be unlikely to proceed. Qube is currently working through its proposal to acquire Asciano, with Brookfield. Obtaining clearance from the ACCC is a major hurdle but Qube has put in place a number of measures to mitigate any concerns the regulator has.

Top contributors (absolute)	Sector
Macquarie Bank	Financials
CSL Limited	Health Care
Commonwealth Bank	Financials

Top detractors (absolute)	Sector
BHP Billiton	Materials
Qube Holdings	Industrials
Wesfarmers	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