

Prime Value Opportunities Fund

Fund Update - August 2015



- Concerns of slowing Chinese economic growth rippled through financial markets causing sharemarkets to retreat in August
- Fund performance was robust in a difficult market, falling 3.7% compared to the broader market's 7.7% drop
- Strong portfolio performers included IPH Ltd (+12.5%), Asciano (+4.4%) and Burson Group (+6.0%)

	Total Return*	S&P/ASX300 Accumulation Index	Benchmark (8% pa)
Since inception (pa)	14.6%	10.1%	8.0%
2 Years (pa)	9.7%	5.1%	8.0%
1 Year (pa)	2.5%	-3.2%	8.0%
3 Months	-2.9%	-8.8%	2.0%
1 Month	-3.7%	-7.7%	0.7%

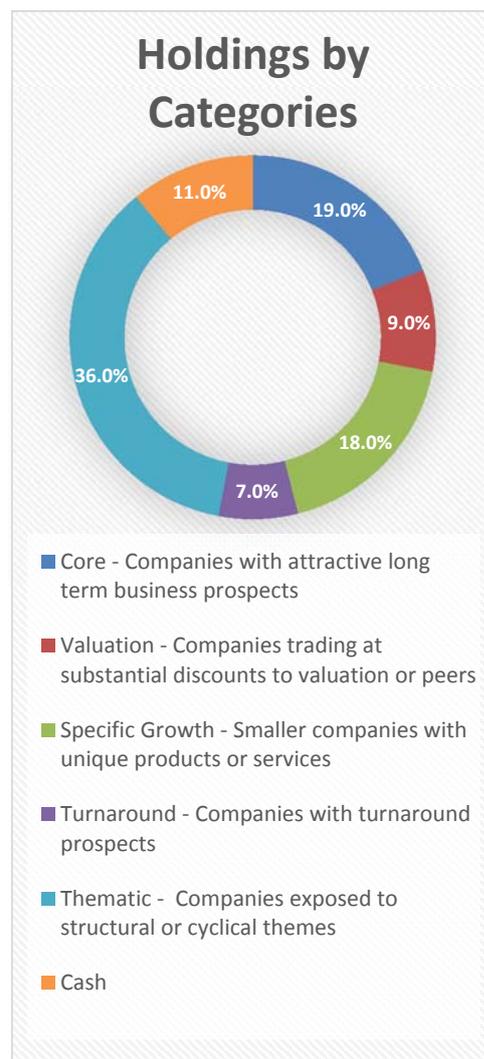
* Fund returns are calculated net of management fees, assuming all distributions are re-invested. Performance figures have been calculated in accordance with the Financial Services Council (FSC). The returns are calculated before performance fees which are charged against individual accounts. The returns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

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FYTD	ITD
FY 2013					1.8%	1.7%	4.3%	6.2%	-0.6%	4.0%	-2.2%	-1.7%	14.1%	14.1%
FY 2014	4.4%	2.6%	4.4%	5.0%	-1.1%	1.5%	-1.9%	5.9%	0.2%	0.3%	0.3%	-1.4%	21.4%	38.5%
FY 2015	2.5%	1.0%	-4.1%	3.1%	-1.9%	0.7%	1.5%	5.7%	1.4%	-1.0%	0.5%	-4.3%	4.6%	44.9%
FY 2016	5.3%	-3.7%											1.4%	47.0%

Top five holdings	Sector
National Australia Bank	Financials
Commonwealth Bank Australia	Financials
Ramsay Health Care	Health Care
Sydney Airport	Industrials
CSL Limited	Health Care

* The top five holdings make up approximately 29.2% 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	5 November 2012
Cash	0 - 100%
International Exposure	0 - 20%
Distribution	Half-yearly
Recommended investment period	3 - 5 years +
Annualised Return	14.6%
Research Rating	Lonsec - Investment Grade Zenith - Approved

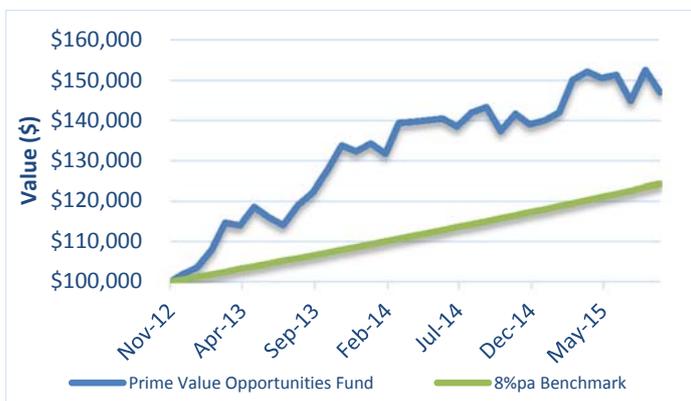


Market review

August was a difficult month for growth assets. Concerns of a slowing Chinese economy and its impact on the global economy rippled through asset classes. The Australian share market declined 7.7%, the worst monthly performance since October 2008. The underperformance of the Australian market was larger in US dollar terms given the fall in the Australian dollar, which declined a further 2.4 cents to \$0.7133 at the end of August.

We make the observation that China took steps to underpin growth with the Chinese central bank cutting interest rates and bank reserve requirements, both aimed at introducing monetary stimulus into the economy. China also announced a surprise devaluation of its currency. We are currently watching for the implications of the Renminbi devaluation whilst expecting the drop in the Australian Dollar to exert a positive impact on our export sectors.

Oil was the roller coaster commodity of the month – hitting a 7 ½ year low of US\$42.70 (Brent) on 24 August before rebounding 27% over the subsequent trading days to actually finish up on the month (US\$54.15).



This graph shows how \$100,000 invested at the Fund's Inception has increased to \$147,000 (net of fees excluding performance fees). This compares very favourably with the return of the benchmark, where a \$100,000 investment would have increased to \$124,300 over the same period. The returns exclude the benefits of imputation credits.

	Direct Investment (Class A)	Platform Investment (Class B)
APIR code	PVA0005AU	PVA0006AU
Minimum Investment	\$20,000	N/A
Issue price	\$1.3844	\$1.3599
Withdrawal price	\$1.3740	\$1.3497
Indirect Cost Ratio (ICR)	0.95% pa	0.95% pa
Performance fee	15% ¹	15% ¹

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

Fund review & Strategy

The Fund posted a negative return of -3.7% for the month, outperforming the S&P/ASX 300 Accumulation Index by 4% after fees. In absolute terms, major contributors to performance were IP services firm IPH (+12.5%), Asciano (+4.4%) and automotive parts distributor Burson Group (+6.0%). Major detractors were CBA (-13.9%), NAB (-10.4%) and Veda (-14.7%).

The Fund's focus was on the reporting season and generally speaking, we were pleased with our holding's earnings performance. When assessing companies we endeavour to balance out near term earnings softness with long term performance drivers. Asciano continued to perform well with Brookfield formalising its takeover offer. We are currently assessing Brookfield's offer of an implied value of \$9.15 per share with 39 cents in franking credits.

We believe the Fund's performance through positive and negative markets underlines Prime Value's philosophy of wealth creation and capital preservation. The Fund has maintained its 100% record of outperformance in all negative months and careful stock selection and strong portfolio construction are the Fund's cornerstones.

Top contributors (absolute)	Sector
IPH Limited	Industrials
Asciano	Industrials
Burson Group	Consumer Discretionary

Top detractors (absolute)	Sector
Commonwealth Bank	Financials
National Australia Bank	Financials
Veda Group	Industrials

Platforms

BT Wrap, Hub24, Netwealth, Power Wrap

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