

Prime Value Opportunities 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 market higher, particularly during the latter half of December
- Fund performance has been solid and consistent. The Fund posted a return of 11.5% for first half of FY16, substantively above both its 8% benchmark and the broader market (ASX300 Accumulation Index posted -0.4%)

	Total Return*	S&P/ASX300 Accumulation Index	Benchmark (8% pa)
Since inception (pa)	16.4%	10.1%	8.0%
3 Years (pa)	16.0%	9.0%	8.0%
1 Year (pa)	15.4%	2.8%	8.0%
3 Months	9.8%	6.5%	2.0%
1 Month	2.4%	2.7%	0.7%

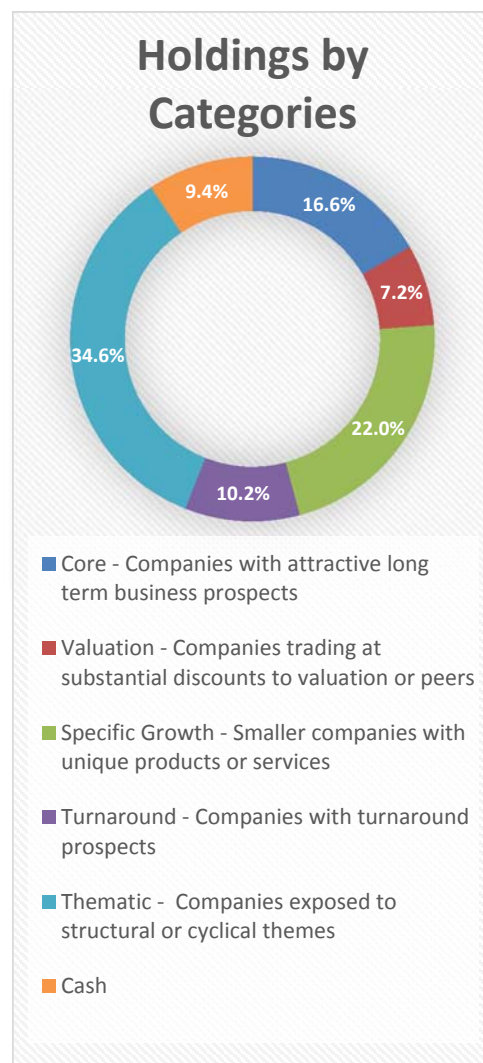
* Fund returns are calculated net of management fees, assuming all distributions are re-invested. Performance figures have been calculated in accordance with the Financial Services Council (FSC). The returns are calculated before performance fees which are charged against individual accounts. The returns 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%	0.1%	5.5%	1.7%	2.4%							11.5%	61.5%

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

* The top five holdings make up approximately 28.5% of the portfolio

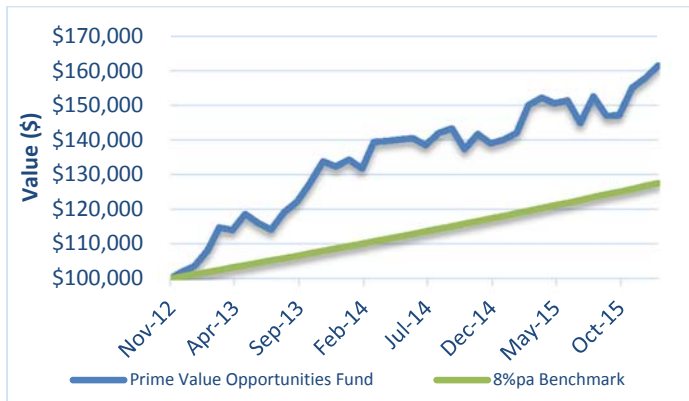
Feature	Fund facts
Portfolio Manager	ST Wong
Investment objective	To achieve superior absolute total returns by providing medium to long term capital growth without the constraints of a share market benchmark.
Benchmark	8% pa
Inception Date	5 November 2012
Cash	0 - 100%
International Exposure	0 - 20%
Distribution	Half-yearly
Recommended investment period	3 + years
Annualised Return	16.4%
Research Rating	Lonsec - Investment Grade Zenith - Approved



Market review

The Australian share market finished the year on a positive note, up 2.7% during 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 \$161,500 (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 \$127,500 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	\$1.5219	\$1.4879
Withdrawal price	\$1.5103	\$1.4767
Distribution (31/12/2015)	\$0.0207	\$0.0133
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

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Fund review & strategy

The Fund rose 2.3% for the month after fees, outperforming its absolute return benchmark. Over the FYTD, the Fund has outperformed its benchmark by 7.4%, as well as the S&P/ASX 300 Accumulation Index by 11.7%. In absolute terms, the Fund's major contributors to performance were Bega Cheese (+28.5%), CBA (+7.7%) and Westpac (+4.4%), while Oil Search (-18.3%), Suncorp (-9.3%) and Sydney Airport (-3.8%) 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
Westpac Banking Corporation	Financials

Top detractors (absolute)	Sector
Oil Search	Energy
Suncorp Group	Financials
Sydney Airport	Industrials

Platforms
BT Wrap, Hub24, Netwealth, Powerwrap

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