

# Prime Value Opportunities 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/ASX300 Accumulation Index	Benchmark (8% pa)
Since inception (pa)	13.7%	7.2%	8.0%
3 Years (pa)	10.1%	2.9%	8.0%
1 Year (pa)	2.0%	-13.5%	8.0%
3 Months	-2.9%	-4.6%	1.9%
1 Month	-1.9%	-1.7%	0.6%

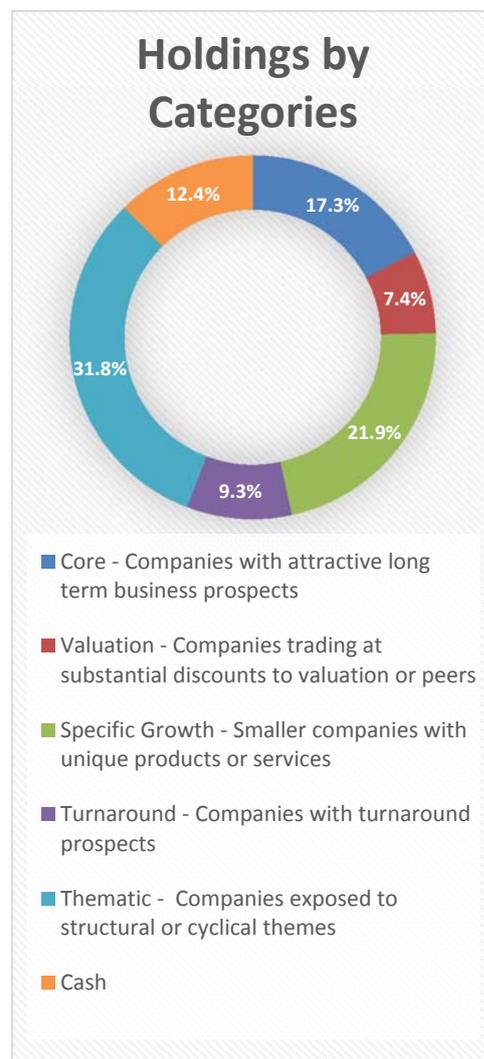
\* Fund returns are calculated net of management fees, assuming all distributions are re-invested. Performance figures have been calculated in accordance with the Financial Services Council (FSC). The returns are calculated before performance fees which are charged against individual accounts. The returns 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%	-3.4%	-1.9%					5.7%	53.1%

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 27.8% of the portfolio

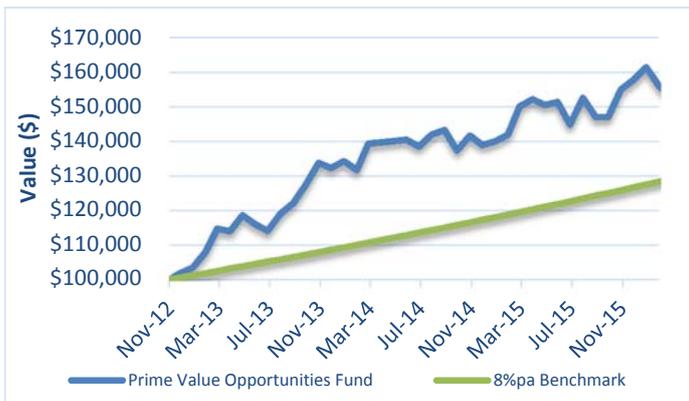
Feature	Fund facts
Portfolio Manager	ST Wong
Investment objective	To achieve superior absolute total returns by providing medium to long term capital growth without the constraints of a share market benchmark.
Benchmark	8% pa
Inception Date	5 November 2012
Cash	0 - 100%
International Exposure	0 - 20%
Distribution	Half-yearly
Recommended investment period	3 + years
Annualised Return	13.7%
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 \$153,100 (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 \$129,100 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	\$1.4230	\$1.3976
Withdrawal price	\$1.4122	\$1.3870
Distribution (31/12/2015)	\$0.0207	\$0.0133
Indirect Cost Ratio (ICR)	0.95% pa	0.95% pa
Performance fee	15% <sup>1</sup>	15% <sup>1</sup>

<sup>1</sup> 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 declined 1.9% during February (after fees). During the FYTD, the Fund has outperformed the S&P/ASX 300 Accumulation Index by 12.6%. We expect share markets to remain volatile over the course of the year characterised by the ebbs and flow of liquidity buffeting markets and individual stock prices likely to exhibit unusual movements due to short term outlooks. We believe however, that such periods offer opportunities and with the Fund's cash position at a reasonably high level of 12%, this provides the optionality of deploying capital when opportunities arise.

In absolute terms, the Fund's major contributors to performance were Ramsay Health Care (+9.3%), Burson (+11.9%) and Steadfast (+13.7%), while IPH (-23.6%), CBA (-10.8%) and Westpac (-6.8%) were the three major detractors. Ramsay, Burson and Steadfast, all reported very solid operating metrics that were underlined by good cash flows from operations. Their results reaffirm our positive views on these companies, particularly their growth prospects.

Top contributors (absolute)	Sector
Ramsay Health Care	Health Care
Burson Group	Consumer Discretionary
Steadfast Group	Financials

Top detractors (absolute)	Sector
IPH Limited	Industrials
Commonwealth Bank	Financials
Westpac Banking Corporation	Financials

### Platforms

BT Wrap, Hub24, Netwealth, Powerwrap

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