

Prime Value Opportunities Fund

Fund Update - January 2016



- The Australian share market fell 5.5% in January, in line with global share markets and the falling oil price
- The Fund fell 3.4% in January 2016 but is up 7.7% FYTD16. Since inception the fund has delivered a return of 56.0% versus the ASX300 return of 28.3%
- Key positive contributors to the fund for January were Baby Bunting, Sydney Airport and Harvey Norman

	Total Return*	S&P/ASX300 Accumulation Index	Benchmark (8% pa)
Since inception (pa)	14.7%	8.0%	8.0%
3 Years (pa)	13.1%	5.3%	8.0%
1 Year (pa)	9.9%	-5.8%	8.0%
3 Months	0.6%	-3.5%	2.0%
1 Month	-3.4%	-5.5%	0.7%

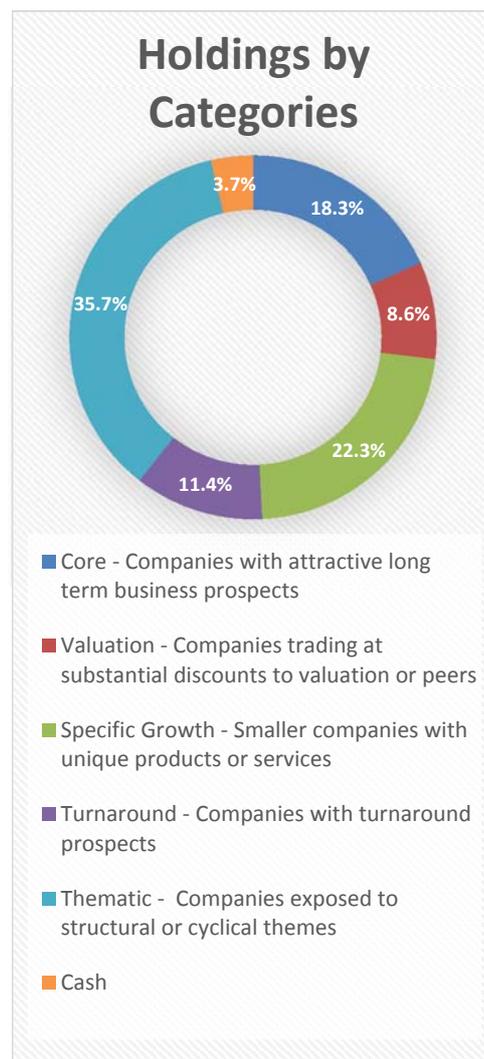
* Fund returns are calculated net of management fees, assuming all distributions are re-invested. Performance figures have been calculated in accordance with the Financial Services Council (FSC). The returns are calculated before performance fees which are charged against individual accounts. The returns 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%	-3.4%						7.7%	56.0%

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

* The top five holdings make up approximately 30.0% 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	14.7%
Research Rating	Lonsec - Investment Grade Zenith – Approved

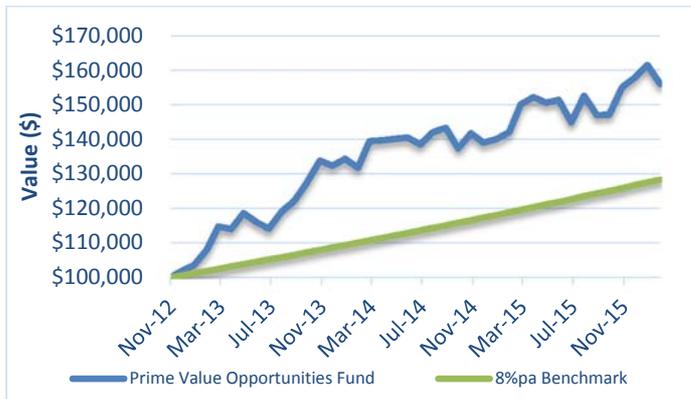


Market review

The Australian share market had a difficult start to 2016, down 5.5% in January. Markets were concerned with slowing Chinese economic growth while the oil price continued to fall at a rapid pace. This led to a broad based sell-off with developed and emerging market indices both down more than 6% over the month.

Despite global concerns, the Australian economy is transitioning well. Sectors previously highlighted, particularly in service oriented industries are robust, leading to a steady unemployment rate of 5.8% for December 2015 which would indicate the economy has a good base to continue to transition away from the resource boom.

The REIT sector was the best performing sub-sector for the month, returning a modest 1.1%. Unsurprisingly, the defensive sectors outperformed - namely Utilities, Telcos and Consumer Staples. The resources sectors were hit hard, with Energy down -6.2% and the broader Materials sector down -9.5%. The major banks also came under renewed selling pressure, with Financials (ex REITs) down 9%.



This graph shows how \$100,000 invested at the Fund's Inception has increased to \$156,000 (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 \$128,300 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	\$1.4500	\$1.4241
Withdrawal price	\$1.4390	\$1.4133
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 declined 3.4% for the month after fees. FYTD, the Fund has returned a positive 7.7% outperforming the broader market measured by the S&P/ASX 300 Accumulation Index (down 5.3%) by 13%. In absolute terms, the Fund's major contributors to performance in January were Baby Bunting (+10.5%), Sydney Airport (+3.6%) and Harvey Norman (+6.2%), while CBA (-8%), Westpac (-8.1%) and Ramsay Health Care (-10.8%) were the three major detractors.

The Fund is positioned to capitalise on a number of themes including soft commodities, tourism, demographic change and telecommunications. We commented on our exposure to the soft commodities sector last month—a position that was established given our view of the transitioning Chinese economy. It is also important to highlight that we do not invest in a company solely on account of gaining exposure to a specific theme. We look to invest in well managed companies that are positioned to grow their businesses whilst capitalising on a specific trend. Company specific risk is further reduced by identifying companies that are financially sound.

Top contributors (absolute)	Sector
Baby Bunting	Consumer Discretionary
Sydney Airport	Industrials
Harvey Norman	Consumer Discretionary

Top detractors (absolute)	Sector
Commonwealth Bank	Financials
Westpac Banking Corporation	Financials
Ramsay Health Care	Health Care

Platforms

BT Wrap, Hub24, Netwealth, Powerwrap

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