

Prime Value Opportunities Fund

Fund Update - July 2016



- Share markets globally performed well during July on expectations interest rates would remain low for an extended period
- The Australian share market benefitted from similar sentiments although we note investors are generally cautious ahead of the August reporting period
- The Fund posted a return of 6.5% for the month, with holdings in the consumer discretionary sector contributing positively

	Total Return*	S&P/ASX300 Accumulation Index	Benchmark (8% pa)
Since inception (pa)	16.6%	10.6%	8.0%
3 Years (pa)	14.2%	8.1%	8.0%
1 Year (pa)	18.2%	2.9%	8.0%
3 Months	9.2%	7.0%	2.0%
1 Month	6.5%	6.4%	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.

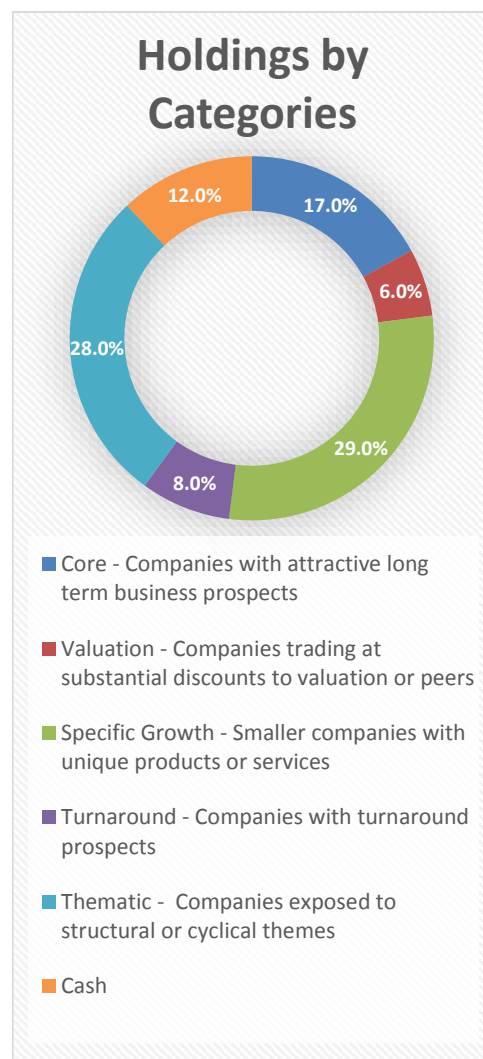
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FYTD	ITD
FY 2013					1.8%	1.7%	4.3%	6.2%	-0.6%	4.0%	-2.2%	-1.7%	14.1%	14.1%
FY 2014	4.4%	2.6%	4.4%	5.0%	-1.1%	1.5%	-1.9%	5.9%	0.2%	0.3%	0.3%	-1.4%	21.4%	38.5%
FY 2015	2.5%	1.0%	-4.1%	3.1%	-1.9%	0.7%	1.5%	5.7%	1.4%	-1.0%	0.5%	-4.3%	4.6%	44.9%
FY 2016	5.3%	-3.7%	0.1%	5.5%	1.7%	2.4%	-3.4%	-1.9%	3.6%	2.3%	4.4%	-1.8%	14.9%	66.5%
FY 2017	6.5%												6.5%	77.3%

Top five holdings	Sector
Westpac	Financials
Commonwealth Bank Australia	Financials
CSL Limited	Health Care
Ramsay Health Care	Health Care
Orora Limited	Materials

* The top five holdings make up approximately 26% 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	16.6%
Research Rating	Lonsec - Investment Grade Zenith – Approved

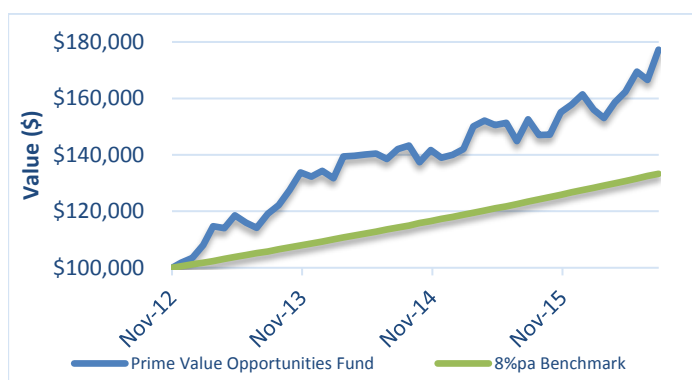
Prime Value SIV Opportunities Fund units will have 0% of International Exposure in accordance with SIV regulations



Market review

July was an exceptionally strong month for domestic equities with the ASX300 closing 6.4% higher as investors pushed aside last's month's political uncertainties. Global equity markets strengthened on expectations of further stimulus to mitigate the fallout from the Brexit vote, with the Australian market a strong beneficiary of the resulting yield pursuit. Above expectation US payrolls (nonfarm) and Chinese economic data (GDP, IP & retail sales) also contributed to the strong momentum within equity markets. The energy sector was the month's major laggard (flat), with the oil price down 13.9% to US\$41.60 a barrel (WTI). The gold price was volatile over the month but closed up 2.2% (US\$1351) on lower-for-longer interest rate expectations. The Australian dollar rose 1.9% to 76 US cents despite the increased odds of an August rate cut, which the RBA delivered on 2 August.

The consumer sectors were the best performing local sectors in July, with Discretionary up 8.9% and Staples up 8.5%. All other sectors posted very solid returns with the exception of Energy (+0.2%). Small-caps once again outperformed (+8.6%) aided by the ongoing rally in small-cap resources. Mid-caps returned +8.3%, outperforming large-caps (+5.8%) and mega-caps (+5.7%).



This graph shows how \$100,000 invested at the Fund's Inception has increased to \$177,270 (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 \$133,290 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	\$1.6154	\$1.5750
Withdrawal price	\$1.6032	\$1.5630
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 returned 6.5% for the month with a number of holdings in the consumer discretionary sector contributing significantly. Positive contributors to Fund performance included **Wisetech** (+19.6%), **BWX** (+18.7%) and **APN Outdoor** (+16.8%). No companies in the portfolio recorded negative performance in July.

The Fund invested in **Wisetech** at its IPO in May this year. The economy around supply chain and logistics is growing rapidly globally as companies seek to gain efficiencies and the online economy grows. We believe **Wisetech's** logistics management software, used by 6,000 clients globally will be a prime beneficiary of growth in global supply chains.

Digital outdoor advertising continues to grow strongly, in contrast to traditional advertising mediums such as print and TV. **APN Outdoor** is a market leader in the outdoor media segment and has been securing new sites to add to its outdoor digital portfolio. We expect profitability to lift as these sites begin to generate returns. Whilst the current trend is in favour of **APN Outdoor**, we view out-of-home media as a cyclical business and as contracts are reviewed, it's inevitable some will be lost to competitors or to budget constraints that will dampen the company's earnings outlook. Therefore we are watching this sector closely.

Top contributors (absolute)	Sector
Wisetech	Information Technology
BWX	Consumer Staples
APN Outdoor	Consumer Discretionary

Top detractors (absolute)	Sector
None	

Platforms
Asgard, BT Wrap, Hub24, Netwealth, Powerwrap

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