

Prime Value Opportunities Fund

Fund Update - June 2016



- Our Fund recorded another successful financial year, posting a gain of 14.9% for FY16
- Large capitalisation companies bore most of the volatility that came with Brexit, but bounced significantly at month-end on expectation of central bank stimulus
- The probability of an interest rate cut in the next few months has risen against the backdrop of low inflation and growth

	Total Return*	S&P/ASX300 Accumulation Index	Benchmark (8% pa)
Since inception (pa)	15.0%	9.1%	8.0%
3 Years (pa)	13.4%	7.7%	8.0%
1 Year (pa)	14.9%	0.9%	8.0%
3 Months	5.0%	4.0%	2.0%
1 Month	-1.8%	-2.4%	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.

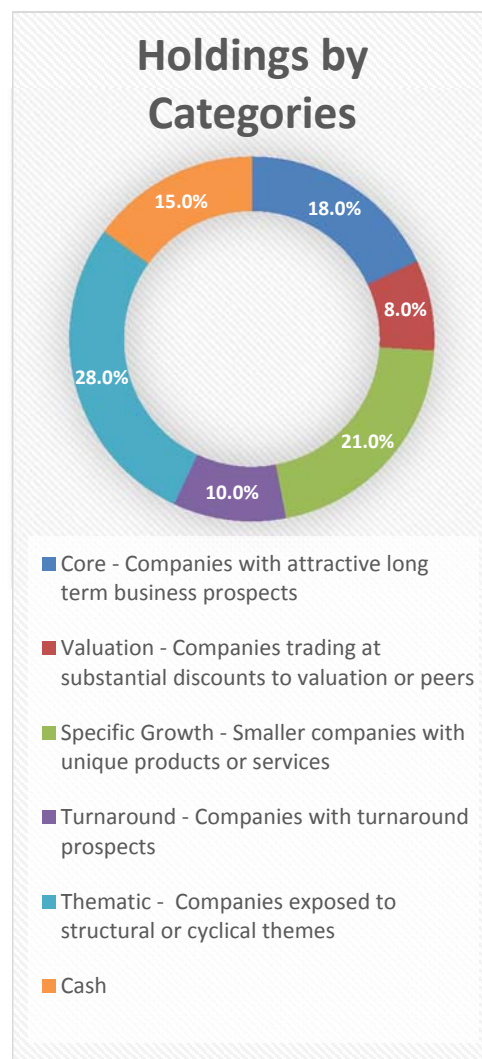
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FYTD	ITD
FY 2013					1.8%	1.7%	4.3%	6.2%	-0.6%	4.0%	-2.2%	-1.7%	14.1%	14.1%
FY 2014	4.4%	2.6%	4.4%	5.0%	-1.1%	1.5%	-1.9%	5.9%	0.2%	0.3%	0.3%	-1.4%	21.4%	38.5%
FY 2015	2.5%	1.0%	-4.1%	3.1%	-1.9%	0.7%	1.5%	5.7%	1.4%	-1.0%	0.5%	-4.3%	4.6%	44.9%
FY 2016	5.3%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

Top five holdings	Sector
Westpac	Financials
CBA	Financials
CSL Limited	Health Care
Ramsay Health Care	Health Care
Orora Limited	Materials

* The top five holdings make up approximately 26.2% 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 + years
Annualised Return	15.0%
Research Rating	Lonsec - Investment Grade Zenith – Approved

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

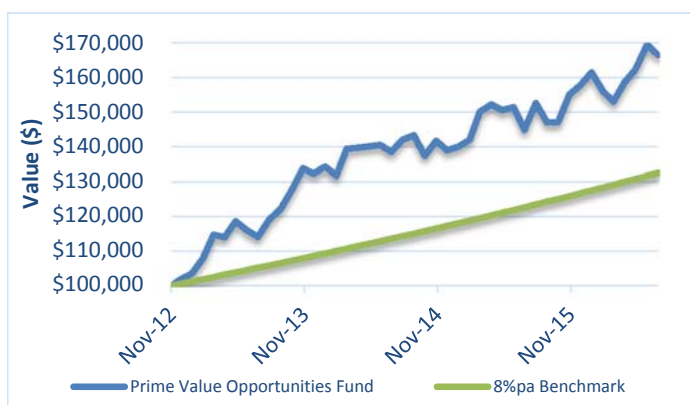


Market review

The Australian share market declined 2.4% in June to finish FY16 up 0.9% (including dividends). Political uncertainties (both global and local) added to what has been a volatile year for equities. The surprise UK referendum result triggered a sharp spike in volatility across asset classes, with financial markets having expected the "Remain" vote to prevail. The UK FTSE 100 index initially fell 9% but has now recovered most of those losses, while the British pound hit a 30 year low. European financials performed poorly, while gold and REITs were bought up. European indices were also hit hard but rebounded in the last few days of the month.

Interest-rate sensitive yield sectors were the best performing local sectors in June, with Utilities up 5.6% and REITs up 3.5%. The major banks fell 5%, in-line with global market movements. IT was the worst performing sector (-7.6%). Small-caps (-1.3%) outperformed mid-caps (-2.1%), large-caps (-2.6%) and mega-caps (-3.6%).

This high volatility investment environment however is offering opportunities in companies we view as having strong management who can deliver shareholder value regardless of the macro trends or market conditions.



This graph shows how \$100,000 invested at the Fund's Inception has increased to \$166,500 (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 \$132,500 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	\$1.5469	\$1.5351
Withdrawal price	\$1.5133	\$1.5019
Distribution (30/06/2016)	\$0.0298	\$0.0227
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 recorded another successful financial year, posting a gain of 14.9% for FY16. Since inception, the Fund has posted a compounded annual return of 15.0% and has consistently outperformed both the Fund's 8% benchmark and the ASX300 Accumulation Index (9.1%).

Contributors to the Fund performance was broad based in FY16 and is consistent with Prime Value's all-cap approach in seeking investment opportunities. Investments in emerging companies such as Aconex complemented our holdings in core companies including large cap company CSL.

Data and devices was a successful area of focus for the Fund. The explosion of data consumption is a global theme, and Australia is no different. We sought to gain exposure to data and devices through iiNet, which has been acquired by TPG Telecom. Demographic change was another successful investment theme in FY16 with the Fund invested in Ramsay Healthcare and retirement home provider Aveo Group.

We recently exited our investment in National Storage as the valuation became too expensive compared to the company's NTA. We were early investors in the company and backed management's plan to drive operational improvements in its storage centres and acquired well positioned properties.

Top contributors (absolute)	Sector
Aconex Limited	Information Technology
REA Group	Consumer Discretionary
Burson Group	Consumer Discretionary

Top detractors (absolute)	Sector
Vocus Communications	Telecommunications
IPH Limited	Industrials
National Storage	Financials

Platforms
Asgard, BT Wrap, Hub24, Netwealth, Powerwrap

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