

Prime Value Opportunities Fund

Fund Update - May 2016



- The RBA lowered the cash rate for the first time in 12 months, to 1.75%, underpinning a rally in Australian equities
- Resources and energy sectors fell but interest rate sensitive sectors including REITs and consumer discretionary rallied
- The Fund continues to perform well, up 4.4% in May. Healthcare companies Ramsay and CSL were key contributors to performance

	Total Return*	S&P/ASX300 Accumulation Index	Benchmark (8% pa)
Since inception (pa)	15.9%	10.0%	8.0%
3 Years (pa)	13.5%	7.7%	8.0%
1 Year (pa)	12.0%	-2.1%	8.0%
6 months	7.4%	6.6%	4.0%
3 Months	10.7%	11.7%	2.0%
1 Month	4.4%	3.1%	0.7%

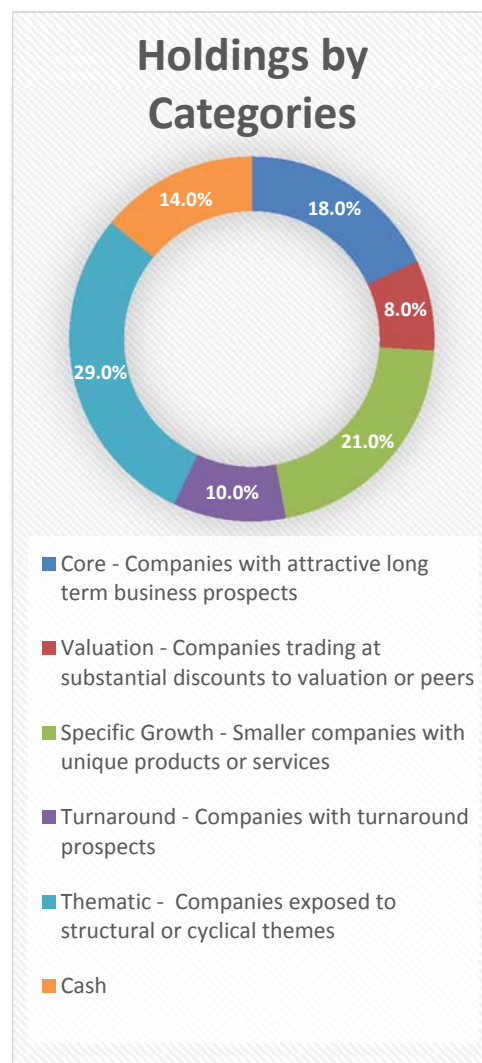
* Fund returns are calculated net of management fees, assuming all distributions are re-invested. Performance figures have been calculated in accordance with the Financial Services Council (FSC). The returns are calculated before performance fees which are charged against individual accounts. The returns 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%	-1.9%	3.6%	2.3%	4.4%		17.0%	69.5%

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 26.4% 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	15.9%
Research Rating	Lonsec - Investment Grade Zenith – Approved

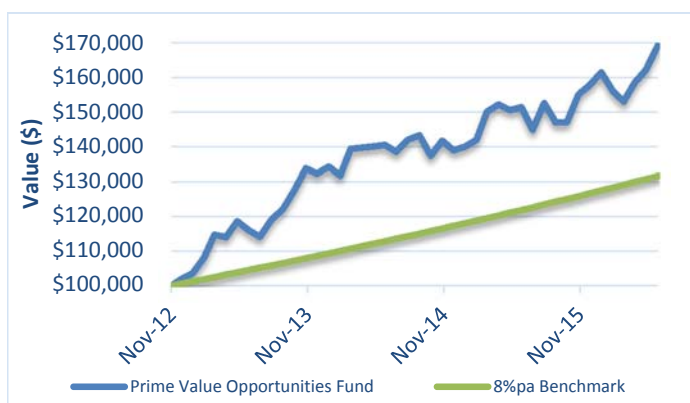


Market review

The ASX300 gained 3.1% in May – the third consecutive month of 3% plus returns. Australian equities outperformed global equities in local currency terms. The key driver of the strong May performance was the RBA's 25 basis point rate cut to a record low 1.75% and the prospect of further cuts. In contrast, global equities had a stronger end to the month following more 'hawkish' economic commentary from the US Fed.

Resource stocks underperformed in May after a strong rebound in recent months. Iron ore gave up all its April gains, collapsing 23.9% to US\$49.60.

The Health Care sector was the standout performer (up 9.5%) in May, while the Consumer Discretionary (+5.8%), Financials ex REITs (+5.2%) and Telco (+5.0%) sectors also performed strongly. As noted, resource stocks underperformed, with Materials down 3.2% and Energy down 1.8% despite a 3.0% gain in the oil price to US\$49.69 (Brent). With the exception of Consumer Staples (-0.8%), all other sectors posted gains. Mid-caps outperformed returning 5.7%, as did small-caps (+4.1%). Mega-caps and large-caps underperformed, both up 2.6%.



This graph shows how \$100,000 invested at the Fund's Inception has increased to \$169,480 (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 \$131,650 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	\$1.5749	\$1.5354
Withdrawal price	\$1.5629	\$1.5238
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 returned 4.4% for the month (after fees), and over the FYTD has returned 17%, outperforming its 8% pa benchmark by 9.6% (after fees), while significantly outperforming the S&P/ASX 300 Accumulation Index by 13.6%.

In absolute terms, the Fund's major contributors to performance for the month were Macquarie (+17.9%), Ramsay Health Care (+12.0%), and CSL (+10.1%), while BHP (-7.8%), Wesfarmers (-5.0%) and BWX Limited (-4.6%) were the three major detractors.

The 4.4% return for May was underpinned by our holdings in core companies CSL and Ramsay Healthcare and despite holding 14% in cash. Good performances from some of the Fund's mid-cap holdings including superfund administrator Link, telco company Vocus and plumbing supplier Reliance Worldwide contributed to the Fund's strong performance. As there wasn't any stock specific news that drove the Healthcare sector's strong performance, we attribute part of the performance to fund flows out of the resources sector as slowing global GDP growth and an easing of Chinese stimulus resulting in commodity prices posting broad declines.

Top contributors (absolute)	Sector
Macquarie Bank	Financials
Ramsay Health Care	Health Care
CSL Limited	Health Care

Top detractors (absolute)	Sector
BHP Billiton	Materials
Wesfarmers	Consumer Staples
BWX Limited	Consumer Staples

Platforms
Asgard, BT Wrap, Hub24, Netwealth, Powerwrap

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